

MANAGED CARE, BUNDLED PAYMENTS, AND ACCOUNTABLE CARE -UNDERSTANDING THE MARKET

Disclosures

- Patty Crawford is the President of LTCPCMS, Inc. The conflict of interest was resolved by peer review of the slide content.
- Rodney Burton is the Chief Operating Officer and co-owner of LTCPCMS, Inc. and PCMS, LLC. The conflict of interest was resolved by peer review of the slide content.

Learning Objectives

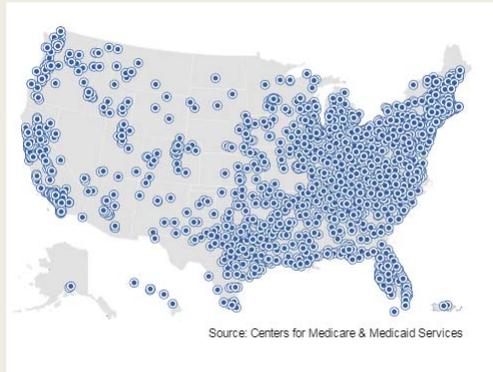
- Discuss process changes for medication management in an accountable care environment.
- Describe how bundled payments differ and how they affect pharmacy and facility reimbursements.
- Outline how GSOs can facilitate changes to pharmacy process to improve partnerships with SNFs.

Bundled Payment – Part of the ACO model

- Bundled payments are part of the Affordable Care Act Accountable Care Organizations episodic care reimbursement model.
- There are two main models of payment that effect LTC communities
 - *The first model includes payment for hospital, physicians, and post acute care to be paid from one payment. This very aggressive program has not been widely accepted and very limited trials exist.*
 - *The second model is the one we are going to spend the most time discussing today. This is the bundled program is retrospective post acute care stay that happens within 30 days of the acute care stay.¹*

¹ Bundled Payments for Care Improvement initiative: general information. Centers for Medicare & Medicaid Services website. <http://innovation.cms.gov/initiatives/bundled-payments>.

BPCI initiatives links



<https://innovation.cms.gov/initiatives/bundled-payments/>

How current payment system works

- Care is paid for based on resident engagement such as; therapy services, nursing services, etc..
- Costs are managed by the facility that is delivering the care to the resident.
- Care ends at discharge with little to no care coordination extending beyond discharge.



How the ACO payment system works.

- A flat rate is paid for each episode of an identified disease state.
- If care costs more than the flat rate for that episode of care the amount in excess must be paid back to Medicare.
- If the care costs less than the flat rate for that episode of care the difference is kept by the ACO



How do these programs affect the L pharmacies that service them?

- Great care and attention must be paid to resident outcomes.
 - *Important issues at hand are pain management*
 - *Reduction of antipsychotics.*
 - *Close attention should be paid to managing medication * Your consultant pharmacist is key here.*
- Opportunities for pharmacies
 - *Provide medications on discharge*
 - *Establish a collaborative relationships that extend beyond the SNF stay*
 - *Provide tools and/or services to your SNF customer that supports and expands medication literacy.*



Reimbursement challenges ...

- Thus far the reimbursement has been challenging in these ACO bundled care demonstrations.
- Facilities must build their referral sources and contacts.
- Data is a key element. Successful SNFs are hiring data analysts to track, align, and report data to all partners.
- Leadership, we are seeing many LTC communities restructure, hire additional and new leadership, and/or break up into smaller organizations.
- Technology is key to profitability.



Reimbursement challenges for LTC Pharmacies



- SNFs are demanding lower fee schedules from their pharmacies.
 - *Be strategic when addressing these requests.*
- Many of the SMAC pricing schedules are at or below cost. Pharmacies must respond to their state Medicaid organizations to achieve higher reimbursement.
 - *Work with your GSO to fight back against below cost pricing.*
- Data and reporting is critical – what kind of reports are available to you in your host system.
 - *Does your GSO have systems to help you achieve reporting requirements*

Manage Care - SNF



- Managed care makes up a significant portion of the SNF skilled stays.
 - *Many times SNF facilities will create aggressive terms around all services provided during the managed care post acute stay.*
 - *Contract terms are negotiated to address the potential cost of every service provided including pharmacy.*
 - *Examples of negotiations that take place for pharmacy costs are; Carve out of specific high cost medications by class, by cost, or by disease state.*
 - *A SNF could have numerous contracts representing each payer, different disease states, or level of care.*

Manage Care - Pharmacy



- It is important that the pharmacy and the SNF engage in conversations regarding how the SNF has negotiated contracts for bundled/Managed Care services
 - *Pharmacy should engage with the facility to identify where medications are carved out of the facilities reimbursement.*
 - *Pharmacy should understand when a medications must be billed by the pharmacy directly to the managed care plan regardless that the resident is skilled.*
 - *Pharmacy should be able to identify medications relating to specific disease states that are carved out yet billed by the facility on a special carve out form.*

Ways your pharmacy can excel in this evolving market place

- This is a very new way of participating with payers in the SNF arena
- Many SNF billing and clinical staff are not completely trained and up to speed on the managed care contracts that they have negotiated.
- Communication is the single most important element of your pharmacy/SNF relationship
- Honest conversations regarding the cost to do business. Be aware of falling reimbursements.
- Train your staff how in reading a census and be sure that you are billing the correct payer.

Questions?