Post-Acute Care Innovation Promotes Vitality While "Bending the Cost Curve"

By Alfredo Fernandez-Concha

Some of the most significant opportunities to create value in the U.S. health care system are in the post-acute care (PAC) space. It accounts for nearly 17% of Medicare dollars spent and is one of Medicare's fastest rising costs in the health care sector. Additionally, there are significant variations in quality and cost of PAC providers largely because it is such a highly fragmented marketplace with few incentives to control either. In a recent analysis conducted by Kurt Salmon and Milliman, it was found that in the Houston, Texas, MSA there were 39 skilled nursing facilities with over 10 Medicare admits for total joint surgery. The analysis showed it was common for facilities to vary in allowed cost for Medicare patients by more than $10,000 and for readmission rates to vary by more than 10%.

As the "Baby Boomer" generation ages, an average of 10,000 people will turn 65 years old every day for the next 20 years. Furthermore, advances in care are allowing people to live longer. The average life expectancy of someone born in1900 was 50 years, while for those born today, it is over 81 years. As the population continues to age, it will also become increasingly frail and many will need additional care prior to being discharged to home. Additionally, health care providers will need to place a greater emphasis on the management of chronic diseases and long-term disabilities, requiring PAC to play a larger role in the care for our aging population. The current generation of elderly Americans demand to age with vitality and dignity. This means avoiding hospitalization and, many times, receiving care outside of a hospital and in more appropriate settings such as the home.

Health systems and hospitals face shifting regulatory, financial and patient preferences, and these shifts are especially pronounced in the PAC space. In 2014, Congress passed the Improving Medicare Post-Acute Care Transformation (IMPACT) Act, with the goal to develop a PAC

prospective payment system. Furthermore, the Centers for Medicare and Medicaid Services published final rules for the Comprehensive Care for Joint Replacement (CCJR) model, which mandates bundled payments for all hip and knee replacements in 67 markets nationwide, including the provision of care up to 90 days post-discharge. In summary, PAC providers will need to develop innovative approaches to thrive in this new paradigm. As a result of the changes coming to PAC, there have been a number of new entrants offering technologies and services that address current challenges facing the industry.

Post-Acute Care Innovators

As commented on in previous Kurt Salmon Center for Health Care Innovation posts, capital investments have been increasing for digital health technologies as the industry has attracted non-traditional players vying to establish a presence in a massive industry. Many of the new entrants have targeted the aging population, given its projected growth and, in turn, have developed technologies and services for post-acute care. According to StartUp Health, investments in the "50+ market," as defined by services and solutions targeted to patients and consumers over the age of 50, was $1.7B in the first three quarters of 2015. This is up from $0.7B for all of 2010 and accounted for 48% of total deal count and 51% of total digital health funding in 2015.

Many of the innovators have been focused on tackling the issues of cost, quality and patient preference. While the new solutions are wide ranging, one can classify many of the technologies and services into the themes of patient monitoring, care coordination, post-discharge navigation

and aging at home:

Theme	Representative Startups	Services
Patient Monitoring	AgeWell biometrics greatcall people you can count on JORDAN HEALTH SERVICES "home is where healing begins" sensassure	As with many companies entering the health care space, these are firms that provide wearable technologies or sensors or that have home health aides performing digital assessments. The targeted end-user is a caregiver (working as part of a skilled nursing facility, in-patient rehab facility, home health agency or as a family caregiver) who can leverage the solution to identify early changes in condition and avoid any later medical complications. Many of these monitoring systems or digital assessment tools automatically trigger clinical care teams to intervene if it appears a patient is decompensating. The monitoring can allow greater independence for seniors.
Care Coordination	caremerge wellframe	These startups are addressing the fragmented communication which occurs many times between the patient's care team-including primary care physicians, specialists, post-acute care providers and family caregivers. These coordination platforms are HIPAA compliant and offer mobile and Web-based interfaces. The aim is that increased coordination, in conjunction with patient monitoring, will lead to improvements in standardization and quality of care and, in turn, lower the chances of future hospitalizations or complications.
Post-Discharge Navigation	RIGHTCARE Open PLACEMENT Archway Health	These firms provide software solutions for hospitals, health systems, patients and family members to assess patients for post-acute care needs, determine risk of readmission and coordinate patient discharges to post-acute care providers. Solutions also include analyses of performance on bundled payments and evaluation of post-acute providers in one's network. Furthermore, some platforms incorporate real-time monitoring of patients to ensure adherence to care plan and budget. The goals of these firms are to improve health transitions and outcomes.
Aging at Home	CareLinx honor	These firms provide "matchmaking" services between families and home health caregivers. The solutions provide vetted, independent home care providers armed with application technologies to provide daily living care to clients in their home. Acting similarly to a marketplace, the caregivers can receive higher pay than through a traditional agency, while patients and families have greater say and insight into the caregivers being hired.

Key Takeaways

Post-acute care providers will continue to be pushed toward the “Triple Aim” (enhancing the patient experience, improving the health of populations and reducing the per capita cost of health care) by both the payors and “upstream” providers. Moving forward, post-acute care will need to be more closely integrated with other providers in the care continuum as reimbursement models force greater collaboration and coordination and as patients demand that aging care services offer convenient solutions that promote vitality. Traditional providers should look to new solutions and business models as they navigate the new waters in post-acute care.

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