

HOW TO SURVIVE (OR THRIVE)

HOW TO SURVIVE (OR THRIVE) AS A SKILLED NURSING FACILITY OPERATING OUTSIDE FORMAL NETWORKS

Are you an independent skilled nursing facility (SNF) operator in a market where you are not a part of your local hospital's or health system's formal network? The future is not as bleak as you may think. *The Sky Is Not Falling!*

As an independent SNF operator attending trade organization meetings or education sessions in the last several years, you have likely heard that the sky is falling and that if you do not formally partner with a hospital or health system, the future of your business is dire. While partnering and integrating with hospitals and health systems is a solid strategic direction, there are other ways to ensure the success of your SNF while continuing to operate as an independent provider, meeting revenue goals and providing high-value, quality care.

WHY NOT FORMALLY PARTNER?

There are a number of reasons why a formal partnership with a hospital or health system is not possible or, in some cases, even desirable, including:

- The local hospital or health system owns or has ownership interest in SNFs and has developed their own post-acute network; therefore, they are not looking to align with partners with whom they do not retain ownership or operational interest.
- The SNFs were not selected during the hospital's or health system's formal partnership development. In some cases, perhaps, the SNF could not meet the health system's network selection criteria or accept the system's terms for participation that may have changed ownership structure or autonomy of the SNF.
- The SNF is disadvantaged due to geographical location, creating barriers for partnership oversight.
- The SNF has organizational specific limitations on the types of alignments possible – including community-operated SNFs, government-owned SNFs, or religiously owned and/or operated SNFs.

Through execution of the following strategies, SNFs can survive, and even thrive, while maintaining autonomy and alignment with other stakeholders.

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COLLABORATIVE CARE

Even if you are not a formal partner of the local hospital or health system, you are likely caring for their patients. They have an interest in the care and wellness of the population you both serve once patients are discharged from the acute care setting. Do not view care provision as an autonomous activity; use opportunities to collaborate on care through medical specialist involvement, information sharing, and proactive communication to the hospital or health system. A SNF's ability to effectively communicate around its clinical and quality outcomes will position the SNF favorably in the eyes of the care providers at the health systems. Even though communication with hospital and health system caregivers does not typically involve senior-level executives, the reputation of good care and confidence will typically make its way to the hospital's leadership. It is often advantageous for SNFs to share in collaborative approaches in care delivery whereby the hospital and SNFs share in physician, nurse practitioner, and other medical provider services to the residents of the SNF. This type of collaboration promotes improved continuity of care during the patient's stay in the SNF.

BECOME A VALUED CUSTOMER

Your local health system is most likely operating a complex and diverse business and offers many of the services and products that your SNF must purchase to operate. These include:

- Medical directors
- Rounding physicians, nurse practitioners, and physician assistants
- Laboratory and phlebotomy services
- Oxygen and durable medical equipment
- Home health and hospice

It is important to quantify the positive financial impact that you have as a customer of the hospital or health system. Internally tracking these expenses and requesting historical data from the hospital or health system is key to using this data in leveraging conversations with the hospital or health system. Keep in mind, it is common that a significant percentage of revenue derived from services to your residents is being billed and collected by the hospital or health system directly through third-party payors. When interacting with a hospital or health system, don't be shy in reminding them of the positive financial impact that these revenue sources have on the hospital or health system. As a customer able to articulate the value of the relationship, you may find hospital or health system leadership a bit more accessible than previously thought.

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Utilizing the hospital's or health system's home health services as a post-SNF service provider also creates a number of ways to collaborate around patient throughput and leakage avoidance – both extremely important areas for any hospital.

FIND YOUR SPECIALTY

Even robust post-acute networks sometimes lack the type of specialized post-acute care that hospitals and health systems need for the timely discharge of certain patients. By developing advanced competencies in specialty care, such as wound care, geriatric psychiatric support, or chronic illness management, you set yourself apart from many SNFs whose programming may focus on more common competencies such as orthopedics or cardiac care. While you must maintain your proficiency in those areas as well, having a specialty that is unique will position you as a location of choice for the hospital and health system medical providers. These providers want to discharge their patients to SNFs they know can care for those patients without the high rehospitalization rates sometimes associated with certain diagnoses. SNFs that can provide specialized care that is not available in a formal network will receive referrals from the hospitals that need a place to discharge that population to.

Take the lead in researching the type of specialty care your referring hospitals or health systems may need by evaluating the hospital's length of stay metrics by diagnosis. Readily available through third parties that compile such statistics, this information is invaluable in positioning you to help alleviate one or more significant pain points for any hospital. Where statistics show a diagnosis results in a higher-than-peer-group length of stay, you may have discovered an area of specialization and programming underserved by the market.

THERE IS ALWAYS A NEED

Even in markets with well-developed post-acute networks, there are times when a certain type of specialty care SNF, or one that accepts a certain payor type, is needed. There are also times that, due to higher-than-normal hospital occupancy rates or during events such as community outbreaks of influenza, most beds in network communities are full. Stay on the radar of care managers and discharge planners in the community and be readily available when they need you. To stay ahead of the competition, conducting business with your SNF must be an easy, barrier-free process. Always look for ways to streamline intake and make those admission decisions as quickly as possible.

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Don't forget the various managed care payors in your market. Be proactive. Don't wait to negotiate a one-time agreement with a payor at the time of admission. Use commonly available government databases to explore who all the payors are in your county and initiate conversations with contracting agents within these organizations. Leverage the same positive outcomes data you share with hospitals to become a preferred provider in their network.

STAY FOCUSED AND ENGAGED

Even if you were not included in a formal network or, at the time of development, were not interested, stay engaged in the conversation and changing landscape. The market, your business, and the needs of the community will always change and evolve. Stay focused on improving your outcomes, quantifying your value, and sharing your value proposition with hospitals and health systems and all others who will listen. Your ability to demonstrate the value you bring to any relationship always improves your ability to find and secure new opportunities for success.

PATIENT CHOICE

Last, but certainly not least, with the exception of some payment models or insurance coverage restrictions, patients have a say in where they receive post-acute care. By becoming a provider of choice in the community, you will see repeat stays, more referrals, and increased census. If being in a formal network with your local hospital or health system is not possible at this time, focus on patient care and the strategies above and you will not just survive, you will thrive.

For more information on the implementation of the strategies outlined in this paper and Health Dimensions Group's industry-leading expertise in consulting and management services to hospitals, health systems, post-acute, long-term care, and senior living providers across the nation, please contact Darrin Hull at darrinh@hdgi1.com or Erin Shvetzoff Hennessey at erinh@hdgi1.com.

