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Health Plan

To: Subcommittee to Conduct a Study on Post-Acute Care

From: Scott Heinze, Senior Director of Business Development and Government Affairs

Date of Meeting: 2/17/15

Our Chief Medical Officer had an obligation out of town that he could not break, but has shared with me his thoughts. He offers to be part of any future discussion and this is a topic of great interest with him.

Prominence Health Plan is a statewide commercial insurer that insures through the small group and large group market, the health insurance exchange and insures seniors through its Medicare Advantage plan.

Prominence Health Plan is part of Universal Health Services (UHS). UHS is a nationwide health system that owns and operates Northern Nevada Medical Center in the North and the Valley Health System in the South. UHS is a provider of mental health services in Nevada, and owns and operates four inpatient mental health facilities.

Health insurers have three tools to help manage post-acute care costs. These tools include managing an effective provider network, utilization management that includes prior authorization and Case Management.

As a commercial payer, Prominence has contracted rates with post-acute care facilities that are most likely significantly higher than the rates paid by Medicaid. This rate differential between what a commercial payer will pay providers and what Medicaid would pay is not unique to post-acute care facilities, but reflects a differential that providers expect from commercial carriers. Having stated this, we do understand the role post-acute care facilities play in a patient's treatment cycle and that it is often a necessary step on a patient's road to recovery. However, we also see understand that there are significant advantages in the greater post-acute care community including outpatient rehabilitation, home health and the role aides can have in a patient's success outside a hospital. A comprehensive look must be viewed in order to truly understand how to best manage the cost of care while providing the highest quality, most satisfying care to members. The ultimate goal is to get the patient back to the home environment to live independently and with maximum functionality.

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The first resource a health insurer can provide to both the member and the managing physician is a comprehensive provider network; one with robust ambulatory service providers. This network must include facilities such as inpatient rehabilitation centers and skilled nursing facilities. But as importantly, it must include home health care providers, outpatient rehabilitation services, wound care nurses, home infusion providers, nutritionists, and other providers that will facilitate post-acute care. Many of these services are provided on an outpatient basis or in the patient's home.

With a comprehensive network in place, the second role of a health insurer involves utilization management (UM). With UM, case managers work to authorize the payment for medically necessary covered services. The prior authorization process, which is an essential part of UM, gives the providers, facilities and members advanced notice of what services would be covered and which services and facilities would be excluded. For example, most health insurance plans do not cover custodial care. The prior authorization process helps to inform the managing providers that requests for pure custodial care would not be covered. This process helps to assure that the premium dollars are spent consistently with the insurance product that is purchased by the member.

A third activity that is essential in managing post-acute care costs is case management services provided by the health plan and inpatient facilities. Case managers take an important role in the discharge planning process. The health insurance company's case managers have specific training which they use to work with the inpatient facilities, providers and the patient to assure a smooth transition of the member to the next level of care. Discharge planning begins when the member is first admitted to an inpatient facility or post-acute care facility.

Part of the care manager's role in discharge planning is to assure that if the provider believes that home care or outpatient care is the next step in care, that the patient has no environmental impediments that may make that option unacceptable. If the patient does not have the home environment, transportation or capability to be discharged to the home, then a skilled nursing facility, or other post-acute care facility, becomes the only option.

In order for the patient to be successful when discharged to the home or an outpatient setting the discharge plan must look at the environmental obstacles of the outpatient setting, as well as the basic medical needs that would be involved. For example, a patient that has no transportation will have difficulty obtaining their medications, getting to outpatient appointment and ever getting food. In these instances, the case manager may have to arrange

home aides or home health nurses that take care of these essentials so that the patient may be discharged home. By assuring the environmental needs to the patient are taken care increases the confidence that is necessary for a provider to discharge a patient outside the walls of a sub-acute facility.

By working with hospitals and providers, a commercial insurer works through the treatment cycle with the patient with the goal of transitioning every patient to the appropriate level of care that would maximize their health and their lifestyle. The result of a carefully followed and facilitated care plan is lower overall costs, better outcomes and more satisfied clients.

Thank you for letting Prominence Health Plans share and for allowing us to be part of this process.

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