

LTACH Renewal: The Pandemic showcased the importance of Long Term Acute Care Hospitals in the care continuum, but what does the future hold?

How LTACHs are retooling for an uncertain future.

EXECUTIVE SUMMARY

During the pandemic, LTACHs have showcased their ability to treat critically ill patients who need a longer time to recover. Additionally, LTACH hospital beds have served as an important overflow option when short-term hospitals reached capacity. Positive patient outcomes for severely ill COVID-19 patients were common at LTACHs. A study published in April 2021 by Physical Medicine and Rehabilitation showed that 93.8% of COVID-19 patients admitted to an LTACH on a ventilator were weaned from the ventilator before discharge.

The success of LTACHs during this time of crisis has positioned these facilities in a more positive light with regulators and demonstrated to patients, families and other healthcare providers their vital role in the care continuum. Now LTACH leaders are faced with the ongoing challenge of the pandemic coupled with uncertainty about future regulatory changes.

This white paper provides examples of LTACH success during the pandemic and describes how favorable LTACH regulations will continue to benefit patients who need the LTACH level of care in the future. The paper also includes actionable steps that LTACH leaders need to take to better position their facilities for future success.

What is a Long Term Acute Care Hospital (LTACH)?

These are hospitals that specialize in the treatment of patients with complex and serious medical conditions that require an acute level of care for a longer period of time. Patients typically stay in an LTACH for 25 days or more and receive comprehensive care from a dedicated team that includes pulmonary and internal medicine physicians, respiratory therapists, physical therapists, occupational therapists, speech therapists, dietitians, nurses and other support staff.



INTRODUCTION

Caring for COVID-19 patients significantly disrupted acute and post-acute care delivery so much that hospitalization may permanently change. Hospitals faced capacity issues, COVID patients languished for weeks in intensive care units and many patients who ultimately recovered needed post-acute care before returning home.

In this time of crisis, LTACHs across the country stepped up to fill a variety of roles. In some places they became a COVID-19 specialty unit. In other cases, they took care of critically ill patients when short term hospitals were short on beds and emergency rooms were at capacity.

An analysis of Medicare claims presented by the National Association of Long Term Hospitals showed that by June 2020, COVID-19 cases represented 13% of all LTACH discharges.

The 10 LTACHs owned and managed by CHC ContinueCARE, part of Community Hospital Corporation, treated 900 COVID patients through June of 2021. More than half of those were in Texas facilities.

LTACHs in the states of Texas, Louisiana and Nevada have been the most involved in pandemic-related care. NALTH data showed that an average of 8.6% of COVID-19 discharges from short-term acute care hospitals were transferred to LTACHs in these states. These areas experienced surges that pinched hospital ICU bed inventories. In four other states, LTACHs received 5% of hospital discharges. During this same time period, discharges to skilled nursing facilities fell.



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THE BENEFITS OF MEDICARE WAIVERS

What allowed LTACHs to fill this important niche? One of the most meaningful changes were pandemic-induced waivers on Medicare admissions to LTACHs. This move proved to be highly effective in improving patient outcomes, relieving strained resources on local healthcare systems, and providing a healthier environment for their communities overall.

When the government removed payment barriers to LTACHs and provided more funding for patient care last year, it allowed LTACHs to serve as a relief valve to handle patient overflow from traditional Short Term Acute Care Hospitals. In many communities, LTACHs have freed up patient bed capacity at host or referral hospitals, which allowed them to better treat COVID patients and patients suffering from other ailments.

The federal government's temporary waiver of these requirements has allowed CHC ContinueCARE Hospitals and other LTACHs across the country to provide quicker and specialized clinical care of severely-ill COVID patients, helping to limit the disease's impact on patients, hospitals and the communities they serve.

The waived rules, which are reviewed quarterly, will remain in effect as long as the U.S. Department of Health and Human Services (HHS) continues to declare the pandemic as a national public health emergency.

While it's uncertain if the government will retain all or part of the waivers, there's no doubt that suspending the requirements allowed LTACHs to step up and fill a vital need during the pandemic while showcasing how LTACHs are uniquely equipped to effectively treat critically ill, complex and medically fragile patients.



HOW LTACHS HELPED

During a COVID spike, one Texas hospital reported it was 170 percent over its ICU capacity, while another was forced to put patients in ambulances because of a shortage of hospital beds. CHC ContinueCARE Texas LTACHs have treated large numbers of COVID patients, with one of its hospitals admitting more than 200 virus-stricken patients during 2020.

“Our ability to respond to the COVID pandemic would have been seriously challenged already if it was not for support from the entire team at Tyler ContinueCARE Hospital. The ability of this facility to take COVID patients appropriately during their long convalescence has provided us the opportunity to care for the most critical in our region.”

~ Mark Anderson, MD, Chief Medical Officer
CHRISTUS Trinity Mother Frances Health System

The LTACHs also had positive patient outcomes weaning a high percentage of their COVID patients off ventilators during the pandemic and demonstrating that long term care hospitals provide a unique level of care and clinical focus.

A study published in April 2021 by Physical Medicine and Rehabilitation serves as an example. This research project tracked 117 patients treated at a U.S. LTACH. Of those severely ill with COVID-19, 93.8% were successfully weaned from the ventilator prior to discharge. In total, 108 were discharged, with 74.7% on a regular diet and 83% were ambulatory at the time of discharge. The study concluded that patients with severe COVID improved significantly in the LTACH environment.

What kind of care do LTACH patients receive?

At a LTACH, patients continue to receive intensive interventions, such as ventilator-weaning, cardiac monitoring, aggressive wound management, intervenous infusions including antibiotics and cardiac medications and total parenteral nutrition (TPN), while being managed by a patient care team that is focused on improving the patient's health status, function and psychosocial well being from pre-admission through discharge.



CHANGING PERSPECTIVES

There are more than 350 Medicare-certified LTACHs in the United States. This is a relatively small part of the acute care world when compared with thousands of short-term acute care hospitals in the U.S.

Since 2007, Congress has passed a series of moratoriums that have prohibited the building of new LTACHs, developing LTACH satellite locations, or expanding current operations within existing facilities. Although the latest moratorium expired in 2017, policy makers and insurers were not convinced of the important need that LTACHs filled in the care continuum.

“Historically, we’ve almost been trying to downsize long-term care hospitals,” explained David Grabowski, a professor of health care policy at Harvard Medical School in a Boston Globe article. “There’s been a lot of questions over the last 10, 15 years about their role in the healthcare system.”



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The COVID-19 pandemic created a significant need for the exact type of expertise that LTACHs provide. This experience has shifted the thinking of regulators, insurers and healthcare providers alike. Now there is more support and emphasis for LTACHs as an important part of the care continuum.

For example, providers and physicians interviewed by ATI Advisory, as part of their study titled Role of LTAC Hospitals in COVID-19 Pandemic, collectively indicated that the capabilities of LTACHs extend the capacity of short-term hospitals as well as deliver a particularly helpful clinical expertise for a COVID-19 population – that of treating patients on a ventilator or in respiratory failure.

Recent acquisitions are another sign of the perceived value of LTACHS. These transactions are providing an infusion of equity that will help health organizations add LTACHs to provide more continuity of care. For example, one provider announced in June 2021, that it would operate seven new critical illness recovery hospitals, licensed as long-term acute care.

On the policy front, MedPac is recommending an increase in the Medicare base payment rate for 2022. The proposed increase is due to the higher acuity patients treated by LTACHs, even while Medicare waivers have been in effect. This move signals a renewed confidence in LTACHs and reinforces the idea that the target patient population is high acuity requiring sufficient resources.



PREPARING FOR AN UNCERTAIN FUTURE

As 2021 draws to a close, the pandemic continues, and leaders see a cautiously optimistic future for LTACHs. Some waivers have been lifted, but the three-day rule waiver remains in place. Currently the U.S. Department of Health and Human Services (HHS) is reviewing the situation every 90 days and should give 60-days-notice to state governors before lifting the waivers.

In this uncertain environment, LTACH leaders have questions and concerns. Many are seeking opportunities to enhance financial and operational performance to best position themselves for any potential future scenario. One of the most common needs for these executives is national benchmarking data to compare their facility's performance.

A thorough operational assessment with a benchmarking analysis is a useful tool in this situation. The process helps evaluate several areas of LTACH performance including:

Growth:

This analysis will indicate whether the facility is on a path to ensure increased revenue and long-term sustainability. Key metrics include:

- **Percentage of referrals that convert to admissions.** This metric counters a natural inclination to track the number of referrals only. Instead, it's important to work on converting referrals and ensuring that referred patients are appropriate for an LTACH. If conversion rate is low, leaders can ask if the admissions process moves too slowly, consider whether referrals are received too late or if the facility is receiving referrals that may be able to transition to a lower level of care.
- **Executive oversight.** Look at the background and experience of the hospital administrator to ensure there is a good fit. Experience in the LTACH environment is critical for administrators in today's environment. Also look at the leader's support system. Do they have independence to operate the hospital and resources for best practices and innovation?

Case Management:

This area of analysis is an opportunity for an LTACH to ensure appropriate care transitions within their community and enhance revenue.

The benchmarking will involve:

- **Coding review.** Look at how the facility is coding cases based on physician documentation and compare that to recommended best practices.

LTACHs that conduct this type of benchmarking analysis and operational assessment will be better prepared, no matter what the future holds.

Expenses:

The importance of managing costs cannot be overstated. As labor and supply costs rise, the need for efficiency is paramount. Areas of analysis should include:

- **Labor.** This expense can make up 50% of total cost per patient day. It's important to look at a hospital's organization chart and discuss roles and responsibilities. Smaller hospitals may need to think creatively about combining positions, which can provide a path to growth for a quality employee. Another option is joining another healthcare organization to benefit from a centralized approach for some functions such as finance and accounting.
- **Pharmaceuticals.** Evaluate the facility's drug costs per patient day and compare with national benchmarks.
- **Purchased services.** Compare the cost of services purchased from the host hospital to ensure they are in line with national figures.
- **Pharmaceuticals and other supplies.** This is the second highest area of cost for a hospital. Comparing costs to other hospitals and finding opportunities for savings here is extremely helpful for LTACHs. A supply chain spend analysis is a helpful way to find areas for improvement.

Quality:

To ensure patient care is measuring up, a wide array of data is reported. There are a few key metrics that particularly indicate opportunities for improvement in the LTACH environment. These include:

- **Ventilator weaning data.** Benchmark the percentage of patients weaned off a ventilator by discharge and the average number of days patients remain on the ventilator, accounting for differences in a facility's Case Mix Index.
- **Patient mobility.** Track the improved mobility of patients discharged from the hospital and compare to national data adjusted for case mix to find areas of improvement for a facility's rehabilitation program.
- **Time to transition from intravenous to oral antibiotics.** This switch is an important step to improve antibiotic use as a patient progresses. By comparing the facility's practices with national data, opportunities for improvement can be identified.
- **Patient daily living activities.** Track improvement in activities of daily living of patients discharged from the hospital and compare to national data adjusted for case mix to find areas of improvement for a facility's rehabilitation program.

THE PATH AHEAD

As we emerge from the pandemic, several factors will play a role in LTACH success.

Improved Communication

During the pandemic, healthcare providers had to reach out beyond their facilities to communicate about care practices, PPE and bed capacity in order to coordinate care for COVID-19 and non-COVID patients. This requirement opened new communication channels between short-term acute care hospitals and LTACHs. In order to maintain the renewed confidence in LTACHs, leaders must strive to maintain this level of proactive communication and care coordination.

Continued Education

It is essential to partner with physicians in ICUs and intermediate care units to provide education around the usefulness of LTACH level care. The case management team at referral facilities should be educated on the LTACH's target patient population. This group can also help the LTACH facilitate conversations with patients and/or their surrogate decision makers as soon as a patient is identified as appropriate for LTACH referral.

Partnership

LTACHs that have access to national benchmarking data, centralized services, economies of scale, access to information and ongoing support are in a better position for long-term sustainability.

Leadership

LTACH CEOs must stay informed about changes in LTACH regulations, best practices and trends at a local and national level. It is also helpful that these executives have specialized education and experience in the LTACH environment.

Influence

There is no doubt that federal policies play an important role in determining the future landscape for LTACHs. The industry must join together and continually demonstrate the important role that LTACHs provide in the care continuum.



CONCLUSION

The distinct capabilities LTACHs possess will continue to be highly relevant and required for an aging and increasingly medically complex population.

Going forward, LTACHs can leverage the meaningful role they established during the COVID-19 pandemic. LTACH leaders have a responsibility and vested interest in promoting greater transparency, improving documentation, and stepping up collaboration with payers and providers. Leaders can establish new communication channels with plans and policymakers to share metrics and collaboratively develop new pathways that improve patient outcomes.

By taking steps to measure outcomes and compare those metrics with national benchmarks, LTACH leaders will best position their hospital for long-term success.

CHC ContinueCARE is Here to Help

CHC ContinueCARE provides a wide range of services, including ownership, management and consulting for long-term acute care hospitals (LTACHs). In fact, CHC ContinueCARE has helped LTACHs improve clinical outcomes while boosting financial performance since 2004.

Today, the CHC ContinueCARE Hospital network is the largest non-profit LTACH system in the U.S. and includes nine owned hospitals. Beyond ownership, the CHC ContinueCARE assists LTACHs through management and consulting services.

CHC ContinueCARE offers resources, expertise and experience that can help your LTACH improve performance. Reach out today.

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Community Hospital Corporation owns, manages and consults with hospitals through CHC Hospitals, CHC Consulting and CHC ContinueCARE, with the common purpose to guide, support and enhance the mission of community hospitals and healthcare providers. Based in Plano, Texas, CHC provides the resources and experience community hospitals need to improve quality outcomes, patient satisfaction and financial performance. For more information about CHC, please visit www.communityhospitalcorp.com.

