Wound Care Advantage under the Patient-Driven Groupings Model:

How HHAs can capitalize on PDGM for Growth

Shetil Rastogi, MBA
Douglas Queen, PhD, MBA

SWIFT SKIN AND WOUND™

Importance of Wound Care to HHA Owners/ Operators

The Patient Driven Groupings Model (PDGM) represents a major shift in wound management, and the largest that Home Health Agencies (HHAs) have seen since the Prospective Payment System (PPS) 20 years ago. This piece is written for an HHA business leader to help them navigate the healthcare services changes under PDGM with an emphasis on wound management.

Wound Management is essential to HHA Owners/Operators because it offers one of the highest case-mix weightings of all of PDGM's new Clinical Groupings.

At the same time, it occupies the third highest percentage of periods by Clinical Group and is one of the most intensive in its consumption of the HHA's front-line resources.

Please see Figure 1 and Figure 2 on the following page.

Figure 1 – Percentage of Period by Clinical Group

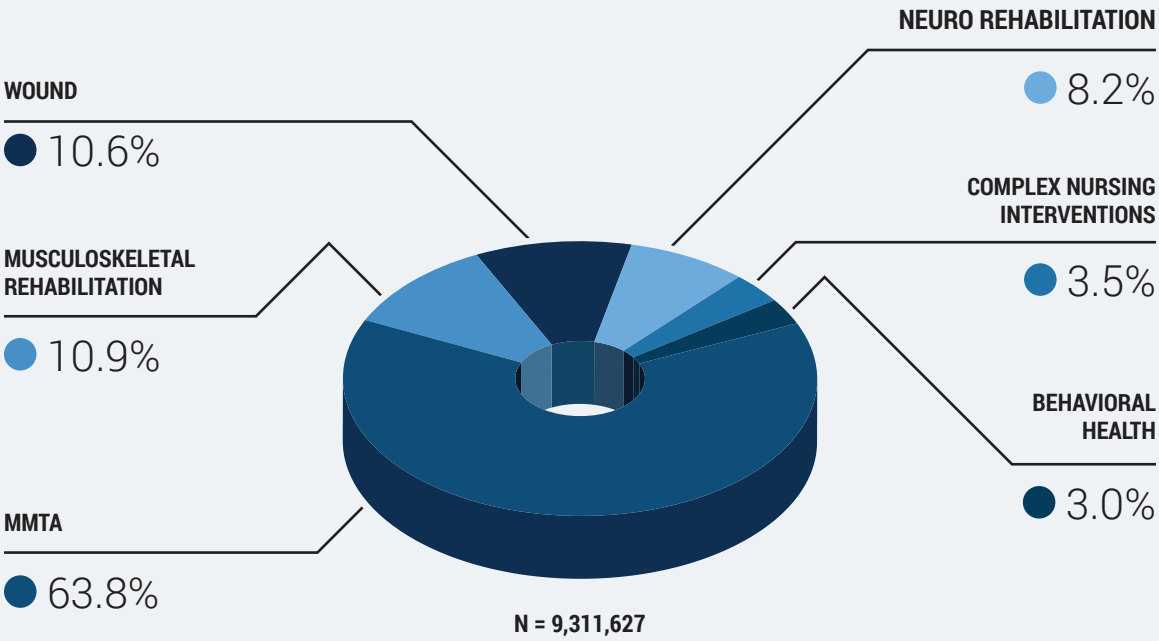
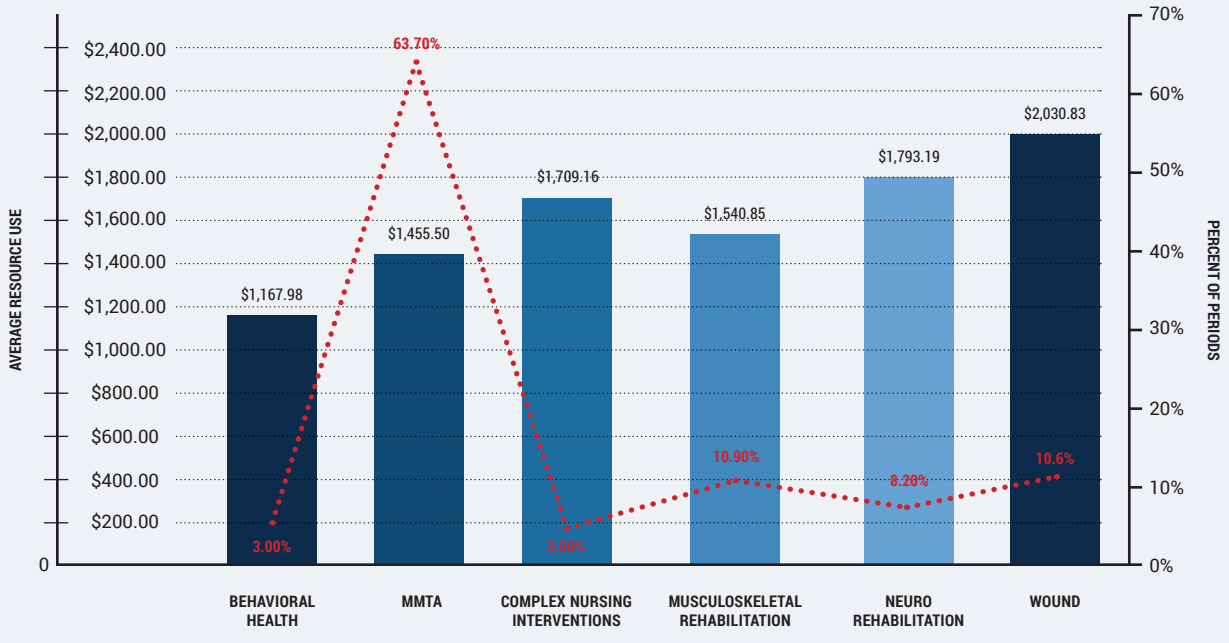


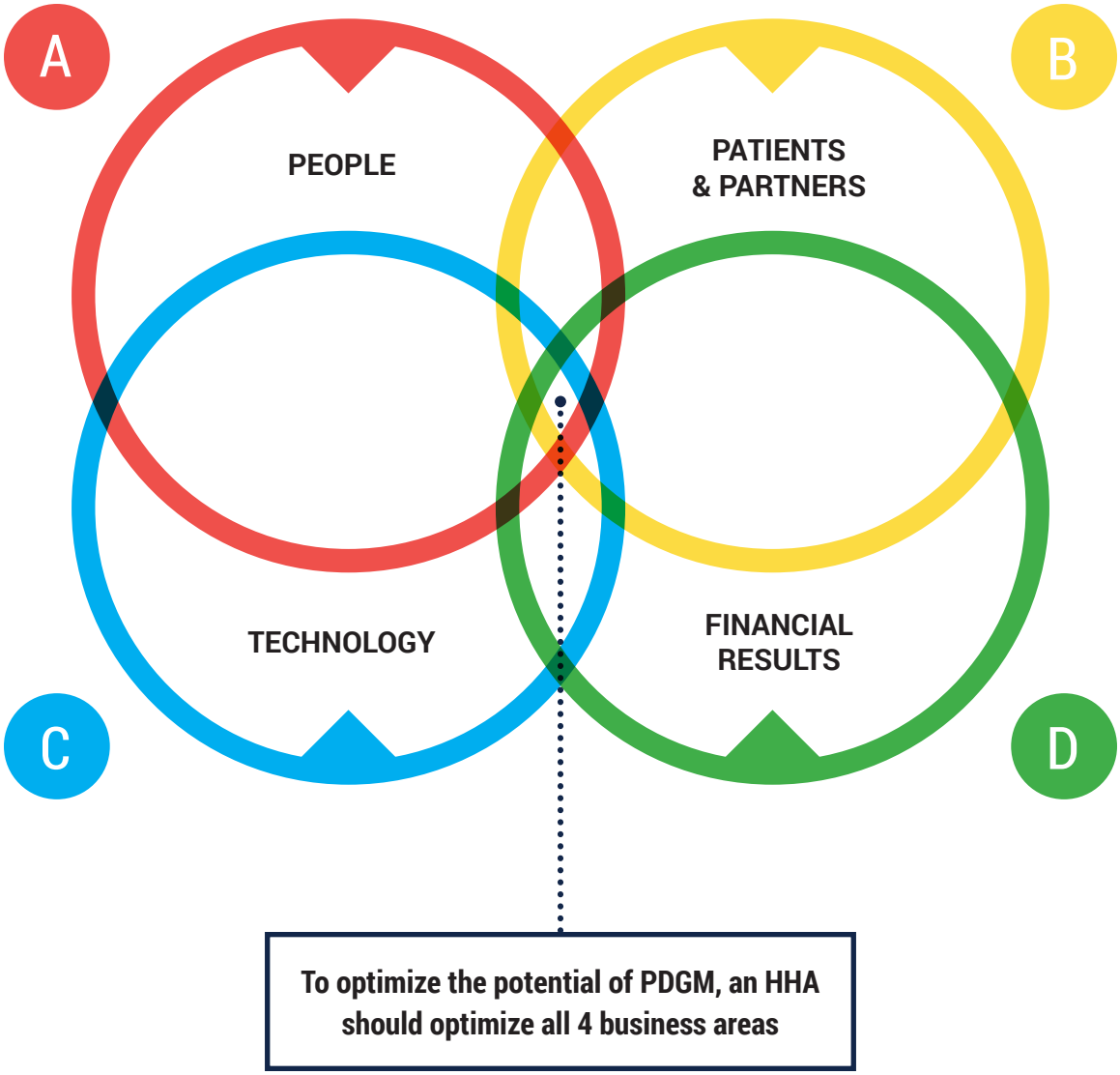
Figure 2 - Average Resource Use By Clinical Group



Important Components for Business Success in a PDGM Environment

As an HHA Owner/Operator, regardless of where you are in the process of preparing for PDGM, and the identification of business opportunities from these changes, this piece will assist you in getting to the finish line in four critical areas of your business: (A) People, (B) Patients & Partners, (C) Technology and (D) Financial Results.

Figure 3 - Critical Business Areas Affected by PDGM



For HHAs with tight cash flow, any payment delays caused by the implementation of PDGM, could negatively impact ongoing operations…

Even those with sufficient cash flow may see impact and therefore should seize opportunities to grow their business. Scalable wound management tools such as Swift Skin and Wound will help to streamline payment delays and facilitate better cashflow.

General preparedness for PDGM, including the identification of revenue opportunities in wound management could help with survival and or growth.

A Guide to People

Perhaps more than any other time since the last major reimbursement changes, the appropriate quantity and quality of staff is critical to HHA success and growth. Given the changes that PDGM will have on HHA Staff, particular consideration should be given to the following:

a) **Headcount devoted to front-line therapy.** Whereas, in the past, more staff may have been necessary to fulfill therapy volume, PDGM will reduce (perhaps even drastically) the volume of reimbursable therapy visits. This reality will have an impact on HHA cash flows. HHA owners will need to assess staff requirements devoted to therapy and either re-train or trim any excess resources beyond the volume of therapy business that their cash flow situation will allow them to service.

b) **Clinical competence.** PDGM's value-focus requires that three of the four groups are assessment and diagnosis related. With options from twelve Clinical Groupings, three Impairment levels and three co-morbidity assessments, clinical accuracy is critical. HHA Owners need to take a hard look at the competence bar of its clinical staff and determine what adjustments, if any, are necessary to properly capitalize on the complex 432 case mix system of PDGM.

c) **Working efficiency.** The previous PPS reimbursement rate allowed for a 60-day episode. By contrast, PDGM allows for 30 days. This means that, in order to be reimbursed at the highest rate, HHAs have to do the same case work in half the time. The implications of this reality are two-fold:

- **Visits need to be executed with greater efficiency.** Not only does PDGM require this transparency, but so too should the HHA Owner/Operator as excess time spent on a patient wound translates to lost revenue from another wound patient. From a business perspective, under PDGM, the HHA wants to maximize the number of wound patient visits within a 30-day window. In short, every visit counts.
- **Clinical staff need to minimize the administration component of visits.** Spending time in onerous wound care documentation can be necessary to fulfill the reporting requirements of PDGM reimbursement, unless the use of a wound measurement tool can help streamline the process.

d) **Demonstration of granular progress.** The shorter treatment windows within PDGM, accompanied by more stringent requirements regarding clinical effectiveness, heightens the volume, quality and detail of wound related information required to demonstrate granular progress. This places a burden on clinical resources, at the point of care, and as such any newer technological approach which reduces workload while improving efficiency and quality, will yield organizational benefits.

e) **Investment in staff training and re-training.** PDGM is no small adjustment and time is limited to get staff operating at optimal productivity. Have staff been informed of PDGM? Do they understand how the program works? Do they know how their jobs and day-to-day responsibilities will change? What are the barriers to change? How much time will it take to get them comfortable with this change? HHA Owners/Operators need to heavily consider the training of its people, their key 'asset,' to capitalize on PDGM opportunities post implementation.

f) **Consideration of the quality of back-office staff handing wound care.** Currently, wound management is one of the most intensive Clinical Groups in its consumption of front-line resources ($2030.83 on average per 30 day episode, as per Figure 1 on the previous page). Without a digital wound measurement and reporting technology, such as Swift Skin and Wound, any back-office delays caused by undertrained or unqualified staff, will negatively impact cash flow and profitability, especially with a shortened 30 day window to obtain the highest payout rate. Similar to their consideration of the front-line clinical staff, HHA Owners/Operators need to consider the competence, efficiency, and headcount of back-office staff processing.

A Guide to Patients and Partners

While all HHAs will undergo operational and cultural change in the era of PDGM, some will undergo a monumental shift in who they partner with and who constitutes their patient body.

Key steps towards optimization include:

a) Focus disproportionately on institutional partners to benefit from higher rates. Some HHAs operate with largely institutional partners (Hospitals, Skilled Nursing Care facilities), others with largely community partners (Physicians, etc.), and most have a customer mix somewhere in between. By stipulating higher wound payout rates from institutional referrals, PDGM in essence, encourages the HHA to disproportionately favor partnerships with institutional sources over community sources. Where an HHA has the ability to diversify its referral traffic, it should consider making this shift.

b) Optimize the patient mix to favour higher payout

Clinical Groupings. Similar to admissions sources discussed above, the patient mix of PDGM pays out certain conditions (Clinical Groupings) at a higher rate than others. Wound care, in particular, has among the highest payout rates of all the Clinical Groupings. Those HHAs that alter the patient mix to capitalize on these higher rates will benefit from stronger cash flows and profitability. That said, the competition for patient mix will be intense and those left on the fringes, with lower payout patient mixes will hurt financially and may even go bankrupt. A harsh, but true, reality of the new PDGM.

A Guide to Technology

As with any other business, the need for HHAs to keep abreast of the latest digital wound technologies is necessary under the best of conditions. However, PDGM has catalyzed the need for HHAs to embrace technological advancements as part of the culture. As it relates to technology, the HHA Owner/Operator should consider:

a) **Investment in wound care technology.** A digital solution such as Swift Skin and Wound can deliver both the precision of wound depth and size. However, as with any technology, purchasing such a solution is not sufficient on its own. HHA Owners/Operators need to consider:

   a. **Staff training.** Swift's technology is an easy-to-use platform that a clinician can access from his/her smartphone or tablet.

   b. **Optimizing staff structure.** Swift's technolo -gy works seamlessly with iOS and Android enabled smart phones leaving the HHA with the option to have lower cost clinical staff in the field with the more expensive staff play -ing a supervisory role.

Swift's digital technology can deliver more than simple measurement and can help with these additional considerations.

b) **Investment in staff scheduling and resource management software.** Even today, too many HHAs are relying on antiquated, static technologies such as spreadsheets and even whiteboards to manage staff. While this approach may have enabled operations pre-PDGM, HHAs will need to invest in more sophisticated scheduling to capitalize on the 30-day episode for wound care. It's strongly suggested that they consider the purchase of automated staff scheduling or resource management software to raise their game in this area.

A Guide to Financial Results

While the focus on health and well-being of patients is paramount to the HHA Owner/Operator, so too is the financial health of the HHA.

While PDGM will bring a period of turbulence for all HHAs, when it comes to wound care, there are certain things that Owners/Operators can do to mitigate this in the short-term and position their HHA for success in the long-term. These include:

c) **Establishing the appropriate metrics during the initial 3-6 months of PDGM transition.** These metrics could include but are not limited to:

   a. Wound case processing time

   b. Cash burn rate to support wound-care cases

   c. Volume of unbilled cases on a weekly, bi-weekly and monthly basis

d) **Adjusting revenue and cost forecasts to reflect the 30-day episode window.** Adjusting the revenue and cost forecasts to reflect the highest 30-day payout episode of PDGM will better aid in determining partner, patient and staff mixes. This exercise may require a shift in forecasting period practices from a quarterly view or a 60-day view (as per PPS).

e) **A 'keener-than-normal' eye to productivity and cost management during the transition.** Times of change require increased focus on the inevitable drops in productivity and cost efficiencies that comes with operational and cultural change. As leaders, HHA Owners/Operators can benefit from this heightened prudence as they guide their HHAs into the PDGM era.

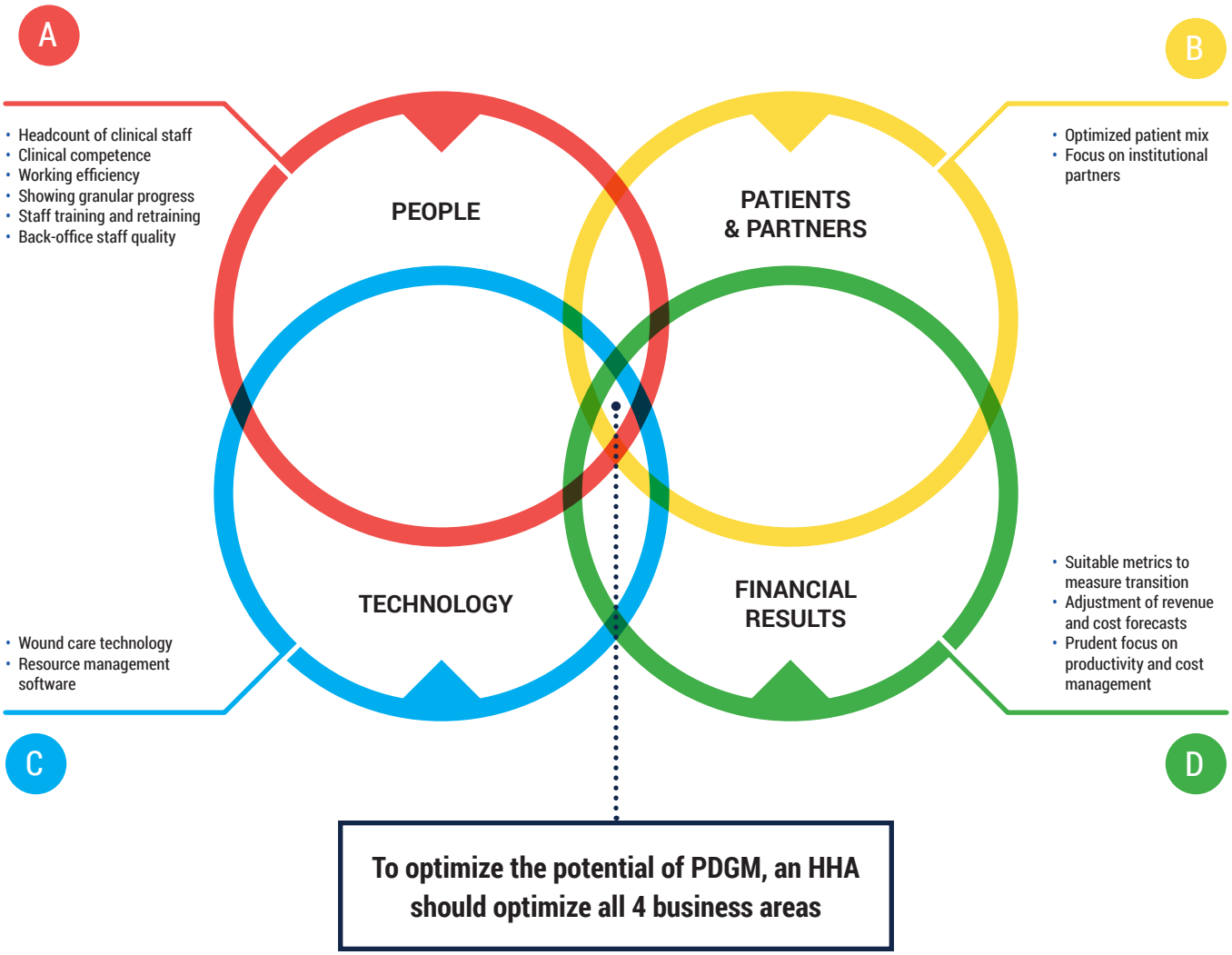
In Closing

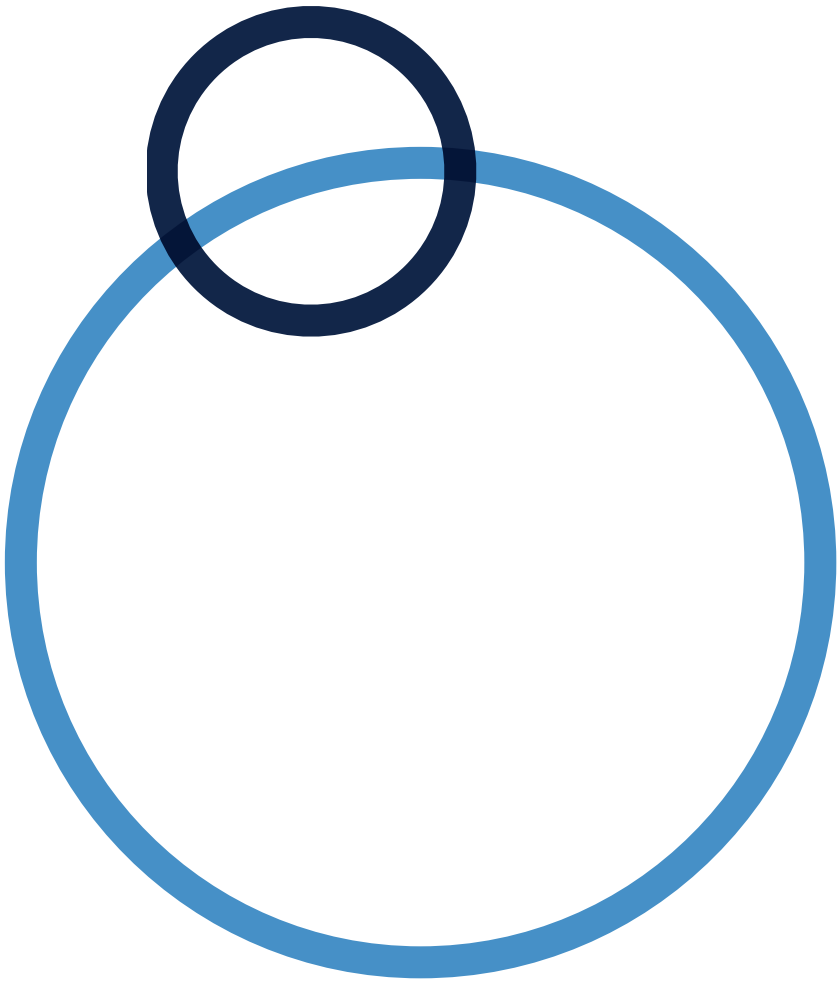
Wound care as a part of PDGM provides a real opportunity for success. It represents 10.6% of all Periods by Clinical Group and has the highest associated reimbursement ($2030.83 on average per 30 day episode).

PDGM will affect each agency's wound management differently. Generally, however, providers can prepare by adjusting their people practices and rebalancing their patient populations and partner mixes. In particular, the adoption of wound technology to better deliver care is encouraged. This will not only benefit patients but also help reduce expenses and boost profitability through appropriate reimbursement capture.

At this unique moment in time, HHA owners are encouraged to adopt the recommendations above to benefit from short-term cash flow and gain a customer base that is left exposed by competitors who are slower to adapt to PDGM.

Figure 4 - Critical Business Areas Affected by PDGM





WCM-COMM-1546_A

sales@swiftmedical.com
1.800.484.2975