Innovation and Lowering the Cost of Care with Skilled Nursing Facilities

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District Administrator
Marshfield Clinic Health System

Becker’s Hospital Review-April 29, 2016
Agenda

• Who is Marshfield Clinic?
• Competitive Market Overview
• Ambulatory Surgical Center’s Background
• Skilled Nursing Bed Initiative
• Partnership with Grace Lutheran Communities
• Managed Care Contracting: Lowering Cost of Care
• Results/Numbers Thus Far
• Present and Future Opportunities
• Q & A
MISSION (WHY WE ARE HERE)
WE ENRICH LIVES
... through accessible, affordable compassionate health care.

VISION (WHAT WE ASPIRE TO BE)
WE WILL CONTINUE TO INNOVATE AND DEFINE THE FUTURE OF HEALTH CARE FOR GENERATIONS.
... We will be the consumer’s first choice for health care.

CORE VALUES (HOW WE WILL TREAT PATIENTS AND ONE ANOTHER)
PATIENT-CENTERED: We listen, serve and put the needs of the patient first.
TRUST: We earn trust through honesty, integrity, respect and compassion.
TEAMWORK: We work together, respecting each other and our professional roles.
EXCELLENCE: Through research, education and best practices, we deliver exceptional quality.
AFFORDABILITY: We are accountable as we manage resources and deliver value-based care.
Celebrating 100 Years

https://www.youtube.com/watch?v=RNeoycW3wjE
100 Years of Marshfield Clinic

- **1916** – Established by 6 Physicians:
  - Among the First Group Practices in the US
- **1970’s** – New facilities and a satellite location
- **2004** – National Leader in Medicine:
  - Chosen as one of 10 groups to participate in CMS PGP Project
  - Saved taxpayers more than $122 Million during the 7 Year Project
100 Years of Marshfield Clinic

• **2012** – Marshfield Clinic Health System was formed:
  • Marshfield Clinic
  • Marshfield Clinic Information Services
  • Lakeview Medical Center
  • Flambeau Hospital
  • Security Health Plan of Wisconsin, Inc.

• **Late 2015/Early 2016** – MCHS builds skilled nursing facilities (*Comfort and Recovery Suites*) attached to our ASC’s in three communities
Background of Marshfield Clinic

- One of the first medical organizations in the US to implement an electronic medical record – “Cattails”
- Largest private group medical practice in WI:
  - One of the largest in the US
- 350,000 unique patients
- 1.8 million patient encounters
- Net revenue of $1.01 billion
- 80 specialties and subspecialties
- 700+ physicians and 6,500+ employees
- 50+ Locations
"In 2016 Marshfield Clinic has over 50 locations in Wisconsin. Making it one of the largest comprehensive medical systems in the United States."
ASC Locations

EAU CLAIRE

Ambulatory Surgery Center
Operating rooms: 4
Procedure rooms: 3
Size: 20,649 square feet
Annual patient procedures: 6,700
Types of procedures performed: 750+

MINOCQUA

Ambulatory Surgery Center
Operating rooms: 2
Procedure rooms: 2
Size: 9,267 square feet
Annual patient procedures: 4,500
Types of procedures performed: 400+

MARSHFIELD

Ambulatory Surgery Center (includes GI unit)
Operating rooms: 11
Procedure rooms: 8
Size: 34,054 square feet
Annual patient procedures: 16,800
Types of procedures performed: 1,125+

WAUSAU

Ambulatory Surgery Center
Operating rooms: 4
Procedure rooms: 2
Size: 16,611 square feet
Annual patient procedures: 4,600
Types of procedures performed: 550+
Why Add Skilled Nursing Facility Beds to our ASC’s?

• Reduce the overall cost of care for our patients and Security Health Plan members
• Innovative, trend-setting approach to health care
• Transfer non-Marshfield Clinic hospital-based surgeries to our outpatient settings
• Create a superb patient experience
• Seamless transition of care under one roof
• Decreased risk for infection and falls
• Prepare and position for bundled payments
There’s No Place Like Home

New Medicare rules will hold some hospitals accountable for the bundled cost of hip and knee replacements for 90 days. With a typical bundled payment of $27,870, hospitals would lose money if patients go anywhere but home.

Average cost of hip or knee replacement-surgery package

<table>
<thead>
<tr>
<th>Facility</th>
<th>Cost</th>
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<tbody>
<tr>
<td>Long-Term Care Hospital</td>
<td>$74,000</td>
</tr>
<tr>
<td>Inpatient Rehab Facility</td>
<td>$41,000</td>
</tr>
<tr>
<td>Skilled-Nursing Facility</td>
<td>$36,000</td>
</tr>
<tr>
<td>Home Health Care</td>
<td>$20,000</td>
</tr>
<tr>
<td>Home</td>
<td>$17,000</td>
</tr>
<tr>
<td>Other</td>
<td>$32,000</td>
</tr>
</tbody>
</table>

Note: All costs include $12,267 for surgery and inpatient hospital stay

Source: Remedy Partners

Where patients typically go first after the surgery

<table>
<thead>
<tr>
<th>Location</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skilled-Nursing Facility</td>
<td>40%</td>
</tr>
<tr>
<td>Inpatient Rehab Facility</td>
<td>9%</td>
</tr>
<tr>
<td>Home Health Care</td>
<td>33%</td>
</tr>
<tr>
<td>Other</td>
<td>2%</td>
</tr>
<tr>
<td>Home</td>
<td>16%</td>
</tr>
</tbody>
</table>

*Includes Long-Term Care Hospital

THE WALL STREET JOURNAL.

http://a.msn.com/00/en-us/BBrcaLv?ocid=se
Why A Third Party For This Service?

• Very difficult to secure SNF licenses in Wisconsin
• Important to partner with a Wisconsin based company
• Desired expertise and licensing to run our facilities
• Meet our standards for quality, patient care and efforts to lower costs for patients
• Be willing to partner with us every step of the way
• Have a similar vision for the future of health care
An Innovative And Futurist Approach...

In 2015, Marshfield Clinic partnered with Grace Lutheran Communities to open three comfort and recovery suite locations (Eau Claire, Marshfield & Wausau):

- Partnership and facility openings in *nine* months
- MC built facilities and leases to Grace to run them
New Facilities
New Facilities
Comfort and Recovery Suites

https://youtu.be/r2tBoolvP8c
Type of Surgeries

- All surgeries are performed by MC Physicians
- Knee, Hip & Shoulder Replacement:
  - Primary and Revision
- Knee, Hip & Shoulder Prosthesis Removal
- Bariatric Surgery
- Hysterectomy and Oophorectomy
- Lap Nissen with Hernia Repair
- Laparoscopic Cholecystectomy
Type of Surgeries

- Cervical Fusion W/O CC/MCC
- Lumbar Fusion W/O MCC
- Spinal Laminectomy W/O MCC
- Prostatectomy
- Thyroid/Parathyroid/Lymphadenectomy
- Constantly evaluating more surgeries with patient safety at the forefront:
  - Determine if safe to do in an ASC
  - Develop a case rate that is a cost savings
Comfort & Recovery Suites Model of Care

• Grace Lutheran runs the Skilled Nursing Facility:
  • Contract and partnership with MC in all facets
• 4 to 1 patient to RN ratio
• Fulfill basic health care needs for patients to get them back to health and home during a short-term stay
• Patients have immediate and direct access to resources such as physical therapy and MC hospitalists
• Small number of beds in private suites; chef on site
Patient Suite
Approximately ~ 450 Square Feet
Managed Care Contracting: Lowering the Cost of Care

- All-inclusive case rates were developed for insurers to include all aspects of surgery and suite stay:
  - Includes all professional surgical/anesthesia charges, ASC facility fee, SNF stay, and incidental professional services by other specialties related to service
  - MC bills one line item and will be reimbursed a "negotiated case rate" per surgery and SNF stay
  - Case rate includes total SNF stay; regardless of # of days

Marshfield Clinic
Comfort & Recovery Suites
Services provided by Grace Lutheran Communities.
Managed Care Contracting: Lowering the Cost of Care

- Wisconsin, specifically western WI, is one of the most expensive health care markets in Wisconsin
- Insurers have been slower than anticipated to jump on board
- One all-inclusive rate:
  - MC lowered professional fee by 40% to 50%
  - Overall savings averages at least 20% on most surgeries; some more, some less
- Specific examples...
Key Work Groups/Projects

- Finance
- Clinical
- Payor/Insurers
- Operations
- Quality and Resident/Patient Satisfaction
# C&RS Quality Metrics – February 2016

## Eau Claire C&RS Quality Metrics

<table>
<thead>
<tr>
<th>Metric</th>
<th>Score</th>
<th>Status</th>
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<tbody>
<tr>
<td>Infections</td>
<td>0</td>
<td>G</td>
</tr>
<tr>
<td>Falls</td>
<td>0</td>
<td>G</td>
</tr>
<tr>
<td>DVT</td>
<td>0</td>
<td>G</td>
</tr>
<tr>
<td>Medication Errors</td>
<td>0</td>
<td>G</td>
</tr>
<tr>
<td>Employee Injury</td>
<td>0</td>
<td>G</td>
</tr>
<tr>
<td>Admission to Hospital</td>
<td>0</td>
<td>G</td>
</tr>
<tr>
<td>New Pressure Ulcers</td>
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<td>G</td>
</tr>
<tr>
<td>PT Lag Time</td>
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<td>G</td>
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<tr>
<td>PT Same Day</td>
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<tr>
<td>Average Length of Stay</td>
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<tr>
<td>Overall Satisfaction</td>
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<td>G</td>
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<tr>
<td>Would you recommend?</td>
<td>3.0</td>
<td>G</td>
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**Star Rating**: Not Available

Survey Results: December 2016; F-571 - D

## Marshfield C&RS Quality Metrics

<table>
<thead>
<tr>
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<tr>
<td>Employee Injury</td>
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<tr>
<td>Admission to Hospital</td>
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<tr>
<td>New Pressure Ulcers</td>
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<td>G</td>
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<tr>
<td>PT Same Day</td>
<td>100%</td>
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<tr>
<td>Average Length of Stay</td>
<td>2.35</td>
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<tr>
<td>Overall Satisfaction</td>
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<td>Would you recommend?</td>
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**Star Rating**: Not Available

Survey Results: December 2016; None

## Wausau C&RS Quality Metrics

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<th>Metric</th>
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<tbody>
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<td>Infections</td>
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<td>Falls</td>
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<td>DVT</td>
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<tr>
<td>Medication Errors</td>
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<td>G</td>
</tr>
<tr>
<td>Employee Injury</td>
<td>0</td>
<td>G</td>
</tr>
<tr>
<td>Admission to Hospital</td>
<td>0</td>
<td>G</td>
</tr>
<tr>
<td>New Pressure Ulcers</td>
<td>0</td>
<td>G</td>
</tr>
<tr>
<td>PT Lag Time</td>
<td>0.1</td>
<td>G</td>
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<td>PT Same Day</td>
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<td>Would you recommend?</td>
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</table>

**Star Rating**: Not Available

Survey Results: Not Yet Available

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marshfield clinic
comfort & recovery suites
services provided by grace lutheran communities.
Patient Satisfaction - Marshfield

YTD Patient Satisfaction Average - Marshfield

[Graph showing patient satisfaction ratings across various categories in Marshfield.]

Marshfield Clinic
Comfort & Recovery Suites
Services provided by Grace Lutheran Communities.
Patient Satisfaction – Eau Claire

YTD Patient Satisfaction Average - Eau Claire

Cleanliness: 5.0, Room Temperature: 5.0, Food: 5.0, Pain: 5.0, Assistance: 5.0, Call Light: 5.0, Respect: 5.0, Concerns: 5.0, Communication: 5.0, Gentleness: 5.0, Therapies: 5.0, Overall Quality: 5.0, Recommendation: 5.0, Overall Satisfaction: 5.0
Patient Satisfaction - Wausau

YTD Patient Satisfaction Average - Wausau

- Cleanliness: 5.0
- Room Temperature: 4.9
- Food: 4.7
- Pain: 4.9
- Assistance: 4.9
- Call Light: 5.0
- Respect: 5.0
- Concerns: 5.0
- Communication: 5.0
- Gentleness: 5.0
- Therapies: 5.0
- Overall Quality: 5.0
- Recommendation: 5.0
- Overall Satisfaction: 5.0

Marshfield Clinic
Comfort & Recovery Suites
Services provided by Grace Lutheran Communities.
Volumes in 2016

- EC
- Marshfield
- Wausau
- System

Marshfield Clinic
Comfort & Recovery Suites
Services provided by Grace Lutheran Communities.
Surgeries by Specialty

- Orthopedics: 212
- General Surgery: 14
- Neurosurgery: 12
- Urology: 11
- ENT: 7
- OB GYN: 4
Present and Future Opportunities

- Managed care contracting is time consuming and complicated
- Secure total buy-in from all surgeons
- Grow volumes to keep RN’s busy and engaged
- Market to our communities, patients and SHP members
- Contract directly with employers
- Move CMS to waive 3 day hospital stay for SNF stays
- Sell and promote as Marshfield Clinic Health System
- Continue to ensure high quality and patient satisfaction
Looking Into the Future...

“This is such an exciting time in health care...we’re seeing how technology and partnerships are improving care for so many people all over Wisconsin.”

-Mike Christensen, CEO of Grace Lutheran Communities