



Post-Acute Care Overview and Industry Trends

Transacting in the Post-Acute Care Space
Crash Course

November 7, 2017

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Agenda



1. What is “post-acute care”?
2. Overview of post-acute care providers and their differing goals of care
3. Transacting in the post-acute care industry: drivers for change and recent transaction trends

What is the “Post-Acute Care”?



- Post-Acute Care (PAC) – health care that includes rehabilitation or palliative services that a patient receives after, or in some cases instead of, a stay in an acute care hospital (MedPac)
- These services exist on a continuum of care, from intensive care to less intense care that can be rendered in a variety of settings, from a patient’s home to a hospital to an outpatient facility:
 - Examples: Nursing/Skilled Nursing Facility (SNF), Inpatient Rehabilitation Facility (IRF), Long-Term Acute Care Hospital (LTACH), Home Health Agency (HHA), Hospice, Senior Care Housing

Post-Acute Care Facilities & Goals of Care



Nursing/Skilled Nursing Facilities (SNF)

- 24-hour intermittent or daily skilled nursing or therapy medically necessary patient care.
- Nursing facility - facility certified by the state survey agency to provide services to Medicaid recipients, typically long-term care
- SNF - provide higher level care (e.g.) rehabilitative care
- Goal of care is to either improve or maintain the patient's condition

Inpatient Rehabilitation Facility (IRF)

- Free standing rehabilitation hospital or rehabilitation unit in acute care hospital.
- Provides an intensive rehabilitation program 24/7 to inpatients. For e.g., minimum 3 hours of therapy daily
- Treatment is appropriate for patients with complex nursing, medical management, and rehabilitative needs
- Goal of care is to provide a multi-disciplinary treatment approach that results in measurable progress in the patient's functioning

Post-Acute Care Facilities and Goals of Care (cont'd)



Long Term Acute Care Hospital (LTACH)

- Specializes in treating patients who may have more than one serious condition, but who may improve with time and care, and return home.
- The average patient stay is greater than 25 days.
- With the ability to concentrate resources treating a limited number of conditions, patients receive more intense care than they would receive in a general hospital, IRF, SNF, or at home
- Goal of care is to either rehabilitate patient (who may be discharged to another PAC provider) or to give them care permanently at the LTACH

Home Health Agency (HHA)

- Beneficiaries receive a wide range of health care services that can be given in the home for an illness or injury.
- Home health care is usually less expensive, more convenient.
- Patients receive care in the home and are taught how to care for themselves
- Goal of care is to help the patient get better, regain independence, and become as self-sufficient as possible

Post-Acute Care Facilities and Goals of Care (cont'd)



Hospice

- Philosophy of care and a Medicare benefit program, not necessarily a place - at home, in a hospital, nursing home or inpatient hospice facility
- Medical care aimed at maintaining or improving the quality of life for terminally ill patients
- Typically covers patients with a life expectancy of 6 months or less

Senior Care Housing

- Non-Medical Home Care - personal hygiene, laundry, cooking and transportation
- Adult Day Care/PACE - supervision and social activities during daytime hours
- Assisted Living - residences including basic health services, recreational and social activities
- Continuing Care Retirement Communities - continuum of care from independent living to assisted living to skilled nursing

Post-Acute Care Facility Statistics

Number of Facilities 2007-2016

Source: MedPAC analysis of data from the Provider of Services files from CMS



	2007	2009	2011	2013	2014	2015	2016
HHAs	9,291	10,568	12,054	12,613	12,461	12,346	12,313
IRFs	1,202	1,196	1,165	1,161	1,177	1,182	1,188
LTACHs	396	427	437	432	422	426	427
SNFs	15,047	15,062	15,120	15,163	15,173	15,223	15,263

Drivers of Change



- Affordable Care Act Initiatives:
 - New Payment Models: risk sharing (ACOs, etc.), value-based purchasing
 - Decreasing payments for inpatient care – migration of care to outpatient settings
 - Increased pressure on care-coordination along acute and post-acute spectrum
 - Interoperable health information systems
 - Expansion of Medicare and Medicaid managed care models
 - Compliance mandates for PAC providers leading to potential for increased governmental scrutiny and enforcement
- Increased pressure to grow market share and consolidate
- Scale and leverage
- Funding from strategic and private equity investors
- Lower barriers to entry

Drivers of Change (cont'd)



- Changes in Reporting/Reimbursement
 - Improving Medicare Post Acute Care Transformation (IMPACT) Act of 2014
 - Applies to HHAs, SNFs, IRFs, and LTACHs
 - Enacted to enable interoperability by creating a standardized assessment tool
 - PACs must report standardized patient assessment data and the time of admission and discharge
 - According to CMS, there are various reason for attention on PACs:
 - Escalating costs associated with PACs
 - Lack of data standards/interoperability across PAC settings
 - Goal of establishing payment rates according to the individual characteristics of the patient, not the care setting

Transaction Trends



- PACs have experienced a flurry of mergers and acquisitions
 - Long term care transactions accounted for 75 out of the 219 health care deals executed by the end of the 2nd quarter of 2017 (July 2017 PwC Study)
 - “Megadeals”, or deals exceeding \$1 billion, are occurring more often, driving up the value of transactions

- Focus on patient-centered, care-coordination initiatives
 - Strategic partnerships – acute and post-acute care providers, ACOs, etc.
 - By aligning with PACs, acute care hospitals can create a network of integrated providers that treat patients on a continuum
 - Acute care hospitals recognize that a strategy to cut costs is to ensure that patients receive high quality post-acute care, cutting down on costly readmissions and penalties

Questions?



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Upcoming Webinars

Transacting in the Post-Acute Care Space Crash Course Series



- **The Impact of the Changing Reimbursement Landscape on Deal Work**
Tuesday, November 14 at 2:00 – 2:15 p.m. ET
Presenter: Elena M. Quattrone
- **Post-Acute Care Deals: From Diligence to Closing**
Tuesday, November 21 at 2:00 – 2:15 p.m. ET
Presenter: Alison M. Wolf
- **Post-Acute Preferred Provider Arrangements—Strategies for Partnership**
Tuesday, November 28 at 2:00 – 2:15 p.m. ET
Presenter: Clifford E. Barnes

To register, please visit: <http://www.ebglaw.com/events/>

Thank you.