



Planning and Optimizing LTACH Performance: Hendrick Health System, Abilene, TX

The Situation

Hendrick Health System in Abilene, Texas, reliably operates in the black and garners awards for patient care and employee engagement. Board members don't rest on their laurels, but neither will they put a good thing at risk merely for the sake of change. Acknowledging the hospital's history and overall success, Community Hospital Corporation (CHC) brought significant ways to improve its long-term acute care hospital, or LTACH, and hospital-based Skilled Nursing Facility — service lines without consistently positive operating margins. The turnaround facilitated by CHC created a valuable asset for Hendrick.

Background

Hendrick is a not-for-profit hospital serving a 22-county region in the Texas Midwest. It was the first hospital to permanently serve this mostly rural area when its doors opened in 1924, and throughout the years, it has been the first to offer specialized services, creating departments as needs arose.

ContinueCARE Hospital at Hendrick Medical Center is Hendrick's LTACH, serving patients with medically complex problems requiring extended hospitalization. In today's evolving regulatory environment, LTACHs offer an effective operational model that provides quality care while reducing the cost of lengthy hospital stays in acute care environments.

But there's a catch: Federal regulations require LTACHs operating as a hospital within a hospital (HwH) to be separately governed, including separate executive leadership and medical staff. In addition, the Centers for Medicare and Medicaid Services (CMS) has created complex reimbursement policies that can affect LTACH payments, one of which restricts the percentage of patient volume admitted from a single source, including the host hospital, to just 25 percent of the LTACH's discharges with a few exceptions. (For the time being, this percentage has been increased to 50 percent, and though this legislative relief is helpful, it is also complicated.)

As LTACHs navigate changes imposed by CMS, achieving long-term success depends to a greater degree on their ability to achieve operational efficiency, reduce costs and provide quality care for complex patient populations.

LTACH is an ever-changing industry, changing from one month to the next, but I don't feel like I need to go to every single conference or read every single journal because we can turn to CHC. It's almost like ongoing mentoring.

Brian Bessent
Vice President
Hendrick Health System

The Plan

Technically, there is no such thing as an LTACH “unit.” But a grandfather clause had essentially allowed Hendrick’s to operate as one. CHC Consulting, the management and consulting arm of CHC, pointed out that this was costing the health system and recommended several operational improvements. Based on those recommendations, Hendrick signed on with CHC for management support in transforming its LTACH from a cost center to a cash-positive HwH.

CHC helped Hendrick navigate the federal requirements and grandfather clause exemptions, which was the first step toward maximizing LTACH performance. CHC also developed an action plan to improve operations and overall quality of care including:

- Implementation of a concurrent coding process and physician querying while the patient is still in the hospital to promote opportunities for real-time process improvement and improve coding accuracy
- Implementation of a case-management process to address costly length-of-stay issues (both short stay and high-cost outliers)
- Creation of a Rapid Response Team including advanced cardiac life support (ACLS) certified clinical staff to reduce readmissions and back transfers
- Improved payer mix and payment amounts through managed care strategies
- Implementation of a system to comply with the CMS quality reporting requirement

The Results

Operated as an HwH instead of a cost center, ContinueCARE Hospital at Hendrick Medical Center realized a vastly improved contribution margin in a matter of months, in part by improving case management and simply “getting the right patients in at the right time and discharging them at the right time,” says Brian Bessent, vice president.

“I highly recommend CHC for any LTACH that is struggling or poised to evaluate LTACH opportunities,” he adds.

“ContinueCARE Hospital at Hendrick Medical Center has become a valuable asset to the health system and the community, and we continue to work on ways to improve,” says Leslie Boney, CHC’s senior vice president of post-acute care services.

About Community Hospital Corporation

Community Hospital Corporation owns, manages and consults with hospitals through three distinct organizations – CHC Hospitals, CHC Consulting and CHC ContinueCARE, which share a 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.

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