



From Critical Decline to Unprecedented Success: An LTACH Turnaround

The Situation

In 2004, a 32-bed long-term acute care hospital, or LTACH, opened in rural Kentucky to fill a gap in the continuum of care available there. It was, and continues to be, the only LTACH in a region with an aging and economically disadvantaged population hard-pressed to travel elsewhere for extended hospitalizations. Though in a market with high demand for LTACH services, the facility posted a \$1 million deficit in 2011. Two more years of decline led Baptist Health to seriously discuss the LTACH's future. That's when CHC ContinueCARE stepped in not just to save the LTACH but to turn it into ContinueCARE Hospital at Baptist Health Corbin — a model success story.

Background

The LTACH started as Oak Tree Hospital, a hospital-within-a-hospital, and four years later, in 2008, became wholly owned by Baptist Health in Kentucky. "When you have a large hospital in a rural setting and you care for patients who are very sick and have medically complex conditions, you need to have an LTACH," says Alan Coppock, CEO of ContinueCARE Hospital at Baptist Health Corbin.

Yet despite the existing LTACH, eligible patients were routinely sent 90 minutes north or south to Lexington, Kentucky, or Knoxville, Tennessee, due in part to the facility's lack of adequate coverage by three key specialties — general surgery, pulmonology and gastroenterology. Fully aware of this deficiency and its impact, host hospital Baptist Health Corbin worked diligently to enhance those three specialties by October 2013, and had also engaged CHC to help bring its LTACH back from the brink of closure. Not just a vital part of the healthcare continuum but also 100-plus jobs were at stake.

The Plan

In December 2013, the facility reopened as ContinueCARE Hospital at Baptist Health Corbin under CHC ContinueCARE's ownership model. Partnering allows Baptist Health to receive financial distributions from the LTACH's new not-for-profit operating company with "zero risk of ownership," says Baptist Health Corbin President and CEO Larry Gray.

CHC ContinueCARE first performed an operational review to identify organizational strengths and weaknesses. The process uncovered several problems and lack of protocols that either raised expenses or decreased net revenue and cash collections, putting the LTACH in the red. These included an off-target marketing approach with little outreach to referring physicians; insufficient IT business tools; and an undermanaged Charge Master.

An underlying problem was the perception by area providers that the LTACH was a hospital unit instead of a separate entity providing a specialized type and level of care. As such, little effort was made to educate the market about this level of care and its benefit to patients and the community. Even more problematic, the LTACH was not marketed as a referral hospital. An education program aimed at ICU staff and case managers accompanied a retooled marketing and outreach effort to potential referring physicians in surrounding areas.

Through a partnership with Health Care Software Inc., CHC equipped ContinueCARE Hospital at Baptist Health Corbin with an impressive IT suite including business support to track and optimize budgets, accounts payable, payroll and supply chain management.

Because of the way LTACHs are reimbursed, Charge Master scrutiny may seem fruitless but, in fact, Medicare reimbursement for short stay outliers and high cost outliers can be adjusted upward in accordance with Charge Master updates. In this case, our Charge Master analysis found that the LTACH was charging less than half the going rate on many items.

The Results

Addressing the operational problems led to a “very quick, robust, remarkable turnaround,” Coppock says. ContinueCARE Hospital at Baptist Health Corbin is now regarded as an LTACH industry leader, having achieved the following:

- 100 percent revenue increase
- Dramatic rise in referrals, which improved ContinueCARE Hospital at Baptist Health Corbin's census and Case Mix Index. This, in turn, raised Medicare reimbursement amounts.
- All key performance indicators saw improvements including a 25 percent increase in acuity as measured by the Case Mix Index.
- Charge Master alignment with industry standards increased revenue by hundreds of thousands of dollars.
- Improved physician mix contributed to a 30 percent increase in average daily census by keeping LTACH-eligible patients in town instead of sending them elsewhere.
- Net gain of 18 jobs

“All the way around, and especially from a people perspective, this was a big win for our community,” Coppock says.

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.

Ours is a great turnaround story, and we believe LTACHs facing similar financial struggles should explore the option of a managed partnership with CHC.

Wajdi Kfoury, MD
Medical Director
ContinueCARE Hospital at
Baptist Health Corbin
Corbin, KY

For more information, contact:

April Myers, SVP Post-Acute Operations at
amyers@communityhospitalcorp.com or 972.943.6400.

www.ContinueCare.org



7800 N. Dallas Parkway, Suite 200 | Plano, Texas 75024
Phone: 972.943.6400 | Fax: 972.943.6401