INFINITY REHAB
REACH FURTHER

CONTRACT REHAB REDUCES COSTS AND ENHANCES REIMBURSEMENT

OVERVIEW

In the current healthcare landscape, many skilled nursing facilities (SNFs) are taking a fresh look at their strategies to provide the highest quality care at the lowest possible cost. To reduce costs without sacrificing quality, some have considered moving from contract rehab to a management contract or even a full in-house model. Thankfully, operators now have side-by-side empirical evidence that can help guide them during these considerations. This document will review the evidence and expand on its implications for the SNF industry.

STUDY SHOWS FINANCIAL IMPACT OF IN-HOUSE THERAPY

> ***"In-house therapy programs, either with or without a management agreement, yielded lower reimbursement and higher provider costs than contract rehab,"*** according to a 2020 study by Gravity Healthcare Consulting.

The researchers examined data from multiple comparable life plan communities in a similar geographic region during Q1 of 2020. The combination of lower reimbursement and higher provider costs led to a 61 to 71 percent reduction in therapy margins.

COMPELLING QUALITY RESULTS

The study also found compelling results related to quality outcomes.

- Under a contract rehab model, more long-term care residents were served by therapists compared to a management contract or in-house services. More therapy generally means a higher functioning resident population, reduced interdisciplinary team (IDT) caregiver burden, and increased revenue.
- The average number of minutes per day that long-term care residents were treated by therapy was higher under a contract rehab model than a management contract or in-house model. Generally, more treatment improves both the outcomes of therapy and revenue.
- Compared to contract rehab, the quality of therapy documentation was poor under management contracts and in-house models. The difference was quite significant and increased audit and denial risk to the SNF.

PDPM SUCCESSES

The study noted a concern among SNF operators that under the Patient-Driven Payment Model (PDPM), contract rehab providers may cut therapy minutes to a level that would impact therapy outcomes. On the contrary, the researchers found minutes provided to post-acute care patients ranged from 450 to 550 minutes per week, equivalent to an RV under the RUGS IV system. They noted that this level was appropriate for most of the skilled nursing patients.

To avoid a cookie-cutter approach to post-acute therapy services and also implement operating standards, Infinity Rehab spent five years developing and implementing a clinical model that enables clinicians to tailor each patient's approach based on their unique needs. Hear from Dr. Patty Scheets, Vice President of Quality and Clinical Outcomes, on the preparation here:

CONCLUSION

An operator might expect lower costs, similar quality, and comparable (or better) revenue over time following a switch from contract rehab to an in-house therapy model or management agreement. The evidence reviewed here demonstrates what happens when such a switch occurs. To succeed, SNF operators need a comprehensive rehabilitation approach to ensure cost control, daily labor management, quality control, and appropriate therapy utilization for both long-term care and short-stay SNF population.

REFERENCES

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