



# Advanced Illness Management A New Continuum for Hospice

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### Speaker Introductions


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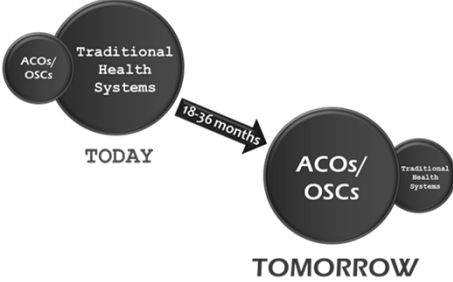
### Key Objectives of Session

- Understand additional detail on a specific Advanced Illness Management Model, At Home Support
- Understand the ideal participants in the program
- Address various Operational and Marketing aspects for the program
- Understand the Accounting and Reporting considerations for these programs

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### The World is Changing ...




**TODAY** Traditional Health Systems

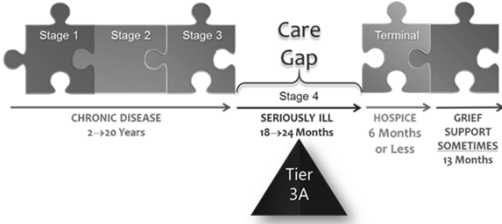
18-36 months

**TOMORROW** ACOs/OSCs

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### The Current Delivery System



Stage 1 Stage 2 Stage 3

CHRONIC DISEASE 2-20 Years

Care Gap

Stage 4

SERIOUSLY ILL 18-24 Months


Tier 3A

Terminal

HOSPICE 6 Months or Less


GRIEF SUPPORT SOMETIMES 13 Months

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### Initial Research

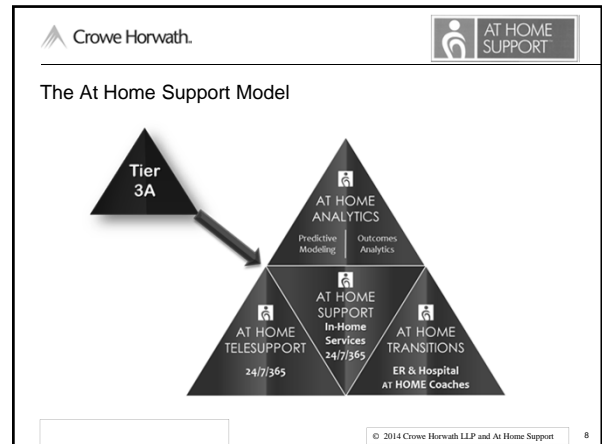
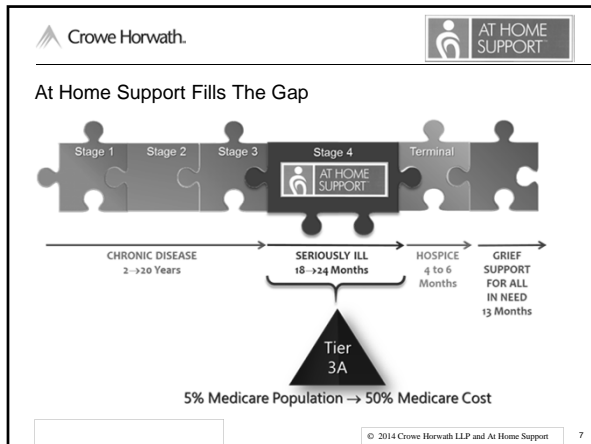
- 2001 RWJ EOL Care Grant
- Partnered w/ U of M
- 1<sup>st</sup> Controlled EOL Care Clinical Trial in America
- Patients allowed to continue with curative treatment
- Results:**
  - Quality of Life for patients
  - Caregiver Burden for family
  - Saved \$\$\$\$



HOSPICE OF MICHIGAN INSTITUTE

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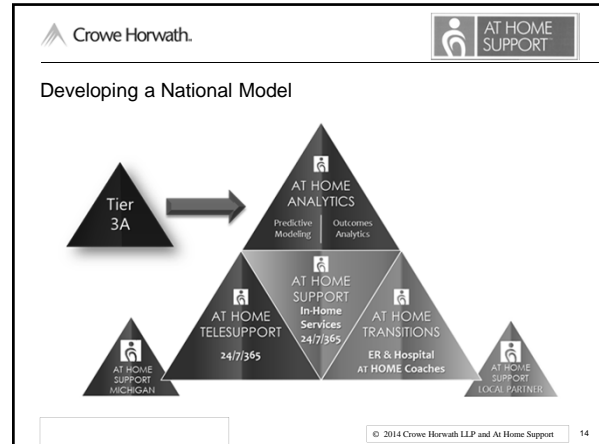
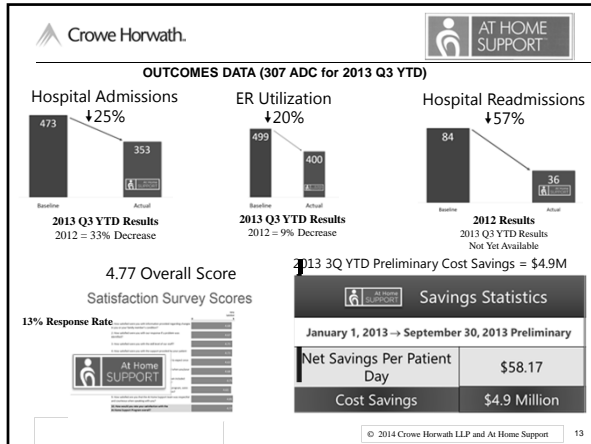


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- ### Governance, Operations, and Marketing
- Distinct Legal Entity and Board Structure
  - Dedicated Staffing and Management
  - Implementation Infrastructure
  - Distinct Financial and Analytics Infrastructure
  - Distinct Marketing Value Proposition from Hospice
- 
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- ### Key Distinctions Between AIM and Hospice
- Upstream, seriously ill patients
  - Models of care are both interdisciplinary
  - Limited reimbursement for comprehensive AIM models available based on lack of defined AIM benefit
  - Hospice is part of the AIM continuum
  - Both assist in meeting the Triple Aim
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- ### Key Selling Distinctions Between AIM and Hospice
- Different primary target audiences
  - Outcomes focus
  - Shared savings reimbursement and other reimbursement models that are payer specific
  - Partners are looking for proven models of care
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- ### Outcomes Analytics
- 
- Quality
    - Pain and Symptom Management
    - Patient Quality of Life Measures
    - Family Caregiver Burden Measures
    - Patient/Family/Physician Satisfaction
  - Utilization Measures
    - Census
    - Hospitalizations
    - Hospital Readmissions
    - ER Visits
    - ER Visits Prevented
    - Polypharmacy
  - Cost
    - Total Net Cost/Pt. Day
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**Accounting and Reporting Considerations**

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- Revenue Recognition**
- Varying Reimbursement Types by Payer
    - Shared Savings
    - FFS
    - FFS plus Per-Diem
    - Fixed Per-Diem
  - Shared Savings Models
    - Requires baseline and actual cost calculations using claims data
    - Involves periodic reconciliation procedures (i.e. quarterly)
    - Revenue is recorded based on reconciliation billings and accruals
    - Utilize advance payments for initial cash flow
    - Require run-out periods for claims finalization
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- Financial reporting considerations**
- Understanding control structure
    - Review of process mapping for key functions performed
    - Compare trend data using monthly dashboard for key metrics
    - Review summary reporting of patients selected for enrollment
    - How information flows through the IT system for analysis
  - Understand cost structure
    - Identifying costs: Direct care, indirect
    - Start-up costs – Need to negotiate money up front?
    - Managing cash flow needs – What are the components of the contract?
    - Understanding that settlements can change based on the cost savings generated
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- Financial reporting considerations, continued**
- Testing controls and reports – audit considerations
    - Sampling the patient census
    - Recalculating cost savings
    - Recalculating estimated revenue
    - Reviewing calculations of any quality measures that could reduce reimbursement
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### Entity Structure: Pros and Cons

- Part of existing organization – Not recommended
  - Liability issues that could hurt core operations
- Separate entity
  - Not-for-profit
    - File Form 1023
    - Annual 990 reporting requirement and state filing (if applicable)
  - For-profit
    - LLC can be taxed as a partnership if more than one member
    - Outside investor could help fund
    - NFP would own a percentage and possibly consolidate
- Single-member LLC
  - Income flows up to member
  - Disregarded for tax purposes

### Other compliance items to consider

- Licensure rules for these programs vary from State to State
  - Home Health
  - Palliative Care
  - Private Duty

## Questions



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