

Clinically Appropriate and Cost-Effective Placement Project

Working Paper #3

The Alliance for Home Health Quality and Innovation commissioned Dobson DaVanzo & Associates to study how the Medicare home health benefit can better meet beneficiary needs and improve the quality and efficiency of care provided within the U.S. healthcare system. The results of the Clinically Appropriate and Cost-Effective Placement (CACEP) Project will be released throughout 2012, culminating in the release of the final report in Fall 2012.

The CACEP Working Paper #3 offers descriptive statistics on patient pathways by episode type for select MS-DRGs and primary chronic conditions. By understanding patient pathways, we can better understand how care is currently being delivered across care episodes, which can then be used to influence future policy decisions and payment reforms.

This Working Paper – like Working Papers #1 & #2 – examines the use of home healthcare over three years of Medicare claims data, for the following three distinct episodes, and includes the functional status assessments from each of the post-acute care settings:

- **Post-Acute Care:** within 60 days of discharge from an acute care hospital
- **Pre-Acute Care:** 60 days prior to admission to an acute care hospital
- **Community Based Non-Post-Acute Care:** nine months following discharge from a community home health admission

Patient Pathway: The care process experienced by each individual patient across all care settings within an episode. Each pathway is made up of “sequence stops,” which may include admission to a post-acute care setting or outpatient care by a physician.

Ambulatory-Based Care (AB): Sequence stops defined by services such as physician care, outpatient hospital, therapy and hospice.

Facility-Based and Home Healthcare (FB): Sequence stop settings such as for short-term acute care hospitals, skilled nursing facilities, long-term care hospitals, inpatient rehabilitation facilities, and home healthcare.

Post-Acute Care: Patients who receive home health as the first care setting following hospital discharge tend to have longer pathways, but lower overall Medicare episode payments compared to patients who receive care from other facility-based settings.

- Although the patient care pathways are longer for patients who use home healthcare as the first setting, the episode payments are lower. These episodes involve more sequence stops that are ambulatory in nature, suggesting that using physician visits and other ambulatory care can help to reduce more costly facility-based care:

- If a hospital readmission occurs in the post-acute care pathway, the number of sequence stops doubles and involves more costly, facility-based stops. Some proportion of these readmissions are unplanned.
- Patients with more chronic conditions are associated with a greater number of sequence stops and higher average Medicare episode payments.

Pre-Acute Care: Investing in better coordination of care, including use of home healthcare, could prevent avoidable hospitalizations.

- Episodes with prior hospitalizations, on average, have more sequence stops than those without a prior hospitalization.

5.20 Stops: Episodes with prior admission

2.59 Stops: Episodes without prior admission

Non-Post-Acute Care: Home healthcare providers can and do effectively care for patients with varying degrees of severity and multiple chronic conditions in the non-post-acute episodes.

- There is a correlation between the severity of a patient’s primary chronic condition and the average number of sequence stops contained within the episode.
- Ten of the most common pathways consist solely of home healthcare and community (physician and outpatient) care – and rarely involve hospital admissions – suggesting that home and community-based services may be effectively helping patients to prevent avoidable facility-based care.

\$5,273: Average cost of most common pathway (home health to community-based care)

\$9,096: Average cost of 10 most common pathways

\$32,617: Average cost of all other non-post-acute care pathways

FOR MORE INFORMATION CONTACT:

Teresa Lee
Executive Director
tle@ahhqi.org
202-239-3983