

Better Business

BY JERRY L. RHOADS, CPA, FACHCA

Quality and efficiency are key to your financial success. Pay attention to these important areas to improve your business and your care.

LEARN ABOUT TRANSMITTAL 262

In 1986, a federal district court in Connecticut found the federal government in violation of due process in the selection and review of Medicare claims. HEW (Health, Education and Welfare) (now HHS) was directed to “look for reasons to pay” and not use “rules of thumb” for reviewing and denying Medicare claims. The court then prepared an interpretation of the skilled nursing coverage guidelines and ordered HEW to send it in transmittal 262 to the fiscal intermediaries for amending the Skilled Nursing Manual.

This document was never shared with the providers and is not being followed currently by CMS. CMS, the fiscal intermediaries and rehab vendors are not enabling PPS to be implemented as the law requires. As a result, SNFs are being shortchanged on what they should be billing and are unsure of where to send the bill.

The financial benefit of remedying this situation is in the hundreds of thousands of dollars per year for each provider. Further, when Medicare is billed appropriately, Medicaid saves one third of its current expenditures.

The solution is to learn the rules for billing under Medicare Part A as stated in transmittal 262.

STANDARDIZE CARE

Health care facilities must embrace standardization to ensure that residents and patients get proven care that will restore them to their maximum level of functioning, while eliminating wasteful costs. Try these steps:

1. Use the care planning process to develop standardized approaches to certain recurring patient problems.

2. Assign each clinical intervention to a specific staff position.

3. Use the outcomes for each patient problem as the basis for measuring staff performance, tracking the patient’s progress and documenting for Medicare or Medicaid.

Once you’ve embraced standardization, what else can you do to improve quality and reimbursement?

- Use case management to capture all minutes and to improve documentation.
- Chart progress, whether it is incremental improvement or stopping declines.
- Calculate your case-mix score at least once per month and relate it to case load acuity.
- Develop health and fitness profiles for each patient. These should include all health conditions, a plan of care with detailed interventions and an outline of attainable goals. The patient’s health fitness plan has to have a workable structure and regimen, including someone to manage the interventions.
- Reduce polypharmacy by assessing each resident’s medications and their usefulness. Eliminate any unnecessary drugs.
- Implement more restorative programs.
- Establish more psychosocial programs to improve emotional health. These include sessions focused on the patients’ physical, psychological and social problems.
- Lower staff turnover and absenteeism by using teams rather than departments. Direct staff to use point-of-service computerization.
- Base charting on outcome goals instead of treatment logs. This will be a fundamental aspect of the pay-for-performance system.
- Find the lowest possible cost per patient episode by using a summary of the labor costs plus the therapies and medications for the most prevalent diagnosis. Work toward the highest possible return on investment by knowing the break-even point for each case. For example, most Medicare patients cross the break-even point on the 25th day and skilled nursing facilities begin to make profits after that point.

- Make sure staff is not wasting time on tasks that don’t require their level of skill. For example, a nurse should not be performing tasks that a CNA could complete for less cost and therapists should not be performing exercises that a restorative aide should do.

STAFF SMARTLY

Labor makes up 65 to 70 percent of long-term care costs. Industry-wide turnover is over 89 percent. Since quality of life and adequate resources depend on consistent staffing, how can we reduce our biggest cost and improve quality at the same time?

The answer is to eliminate the hidden costs: disorganized workflow, unbalanced workload, staff inefficiency, low productivity, marginal quality and empty beds.

Since adequate resources are a result of quality, and quality is a result of an efficient and productive staff, we should focus on organizing the workflow and workload for efficiency and productivity. Then quality can thrive.

Studies in long-term care show that money is not the reason for turnover and absenteeism. Turnover comes from low morale due to lack of training and direction.

Organizationally, nursing homes mimic the hospital departmental structure. No one quite remembers why we need departments; it is just done that way. By replacing antiquated organizational structures with multidisciplinary teams, we can make staffing more efficient and effective while improving outcomes and quality of life.

All of these actions create more market demand for your services. The number of referrals you get are typically determined by your reputation for restoring patients to higher levels of functioning. This is where outcome means income because quality is cheaper and more profitable in the long run. ■

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This handout was prepared and sponsored by:

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