

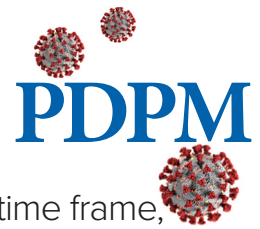


Contract Therapy vs. In-house Therapy: WHEN TO STAY IN YOUR LANE OR IS IT TIME TO SHIFT COURSE!

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Sometimes it's hard to imagine that over three years have passed since the implementation of the Patient Driven Payment Model (PDPM). And it is equally shocking that we have been living under a public health emergency for the entire time PDPM has been in effect. During this time frame, therapy services in the SNF setting have evolved, but still serve as an essential element for quality care, positive patient outcomes, and overall operations. With over three years of experience under the "new" payment model, skilled nursing operators continue to investigate dynamic methods to evaluate and manage value driven, cost-effective business models. Often these discussions will include the risks and benefits of in-house vs. contract therapy models. In this article, we will explore the many factors' operators should consider when evaluating the type of therapy model that will best suit the needs of their facility in this current post-acute care environment.



Financial Impacts:

Perhaps, the primary reason for providers to consider an in-house therapy model is the direct control of expenses with the potential for cost-saving initiatives. An in-house model primarily contains cost by the elimination of revenue sharing with an outsourced partner but can also realize cost-savings by determining the therapy department staffing levels and therefore the overall therapy expense. However, with the in-house model, the SNF operator takes on all the risk to successfully operate the therapy



department. Operators will have the responsibility to accurately assess staffing patterns based on census, case mix, and patient needs as their direct costs will remain constant despite fluctuations in these areas. In addition, operators need to consider productivity standards, group/concurrent treatment expectations, salary creep, and EMR costs as they contribute heavily to the bottom line. Most contract therapy providers offer flexible risk-sharing pricing models to meet the needs and goals of the SNF operator. Therapy providers can flex staffing to meet census demands, incorporate EMR, and implement productivity measures to safeguard operational efficiency, all while assuming payroll and benefit costs of the therapy department.

Operational Management and Compliance:

Another area of consideration when determining the right choice for which therapy model best meets the facilities' needs are operational management and compliance methods. With an in-house model, the rehab team is responsible for accuracy and compliance of clinical capture and accurate coding to achieve optimal reimbursement, as well as ensuring treatment provision is reflected in outcome data. In-house teams can customize evidence-based clinical pathways and develop clinical programs based on the specific needs of the facility or market data. Many of these responsibilities take away from direct patient care time and require specialized skill sets from the rehab director and the therapy team. It's important to consider that contract therapy providers normally have a greater amount of operational and clinical resources. Contract therapy providers can often help in other impactful areas not directly related to rehabilitation services, such as clinical reimbursement to ensure correctness and optimal capture across various payer sources (PDPM, MA, Managed Care, LTC payers and CMI.). Although providers are focused on cost containment, they cannot lose sight of the importance of driving revenue within their organization.



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Contract therapy providers have the means to provide robust compliance support to verify that treatment planning, frequencies, and skilled documentation meet CMS and other regulatory requirements. As we approach the end of the Public Health Emergency (PHE), it is anticipated there will be a substantial increase in audits in the very near future. The PAC industry is starting to see more activity in the form of Targeted Probe and Education (TPE) audits focused on PDPM capture and there is the expectation that reviews of the appropriate use of the 1135 waivers will be next on the horizon. In-house models need to be competent and prepared for this upcoming activity to ensure their already generated revenue will not be lost.

Clinical Programming/Outcomes:

In today's value-based environment, how well you provide care is more important than how much care you provide. Clinical programming and outcome measurement are essential components for a successful therapy program. Whether or not a facility uses an in-house model or contract therapy, time and resource allocation are important components of the rehab department. Evidence-based clinical programs and skilled therapists are valuable assets for facilities to achieve optimal outcomes. Effective programs require the oversight of experienced individuals to develop, educate, and implement within the facility as well as analyze the efficacy of these programs. When considering whether in-house therapy services are feasible, SNF operators need to evaluate if they have the right employees, the necessary time required to implement clinical programs, as well as measure outcomes. Contract therapy providers can be a viable solution if a facility is not able to provide the resources needed to achieve the results required to thrive in an ever-changing healthcare environment. Contract therapy companies have the tools needed for evidence-based clinical programs and strategic pathways already established, they can serve as a valuable resource to not only provide programming, but they also provide education and training to both rehab and interdisciplinary teams. In addition, most contract therapy models incorporate the collection of outcome data to evaluate the success of rehabilitation services. It's imperative for operators to have a solid understanding of clinical outcomes and how they impact their overall quality and 5-star rating.



Staffing:

One final area that providers must take into consideration when deciding on which model best fits their needs is staffing. The pandemic has made this critical issue number one for most SNF providers. Although an in-house model provides the facility with their own, dedicated therapy staff, with direct oversight and discretion, it's important to recognize the tremendous amount of turnover that our industry has experienced over the past three years. Under the in-house model, skilled nursing providers are tasked with the recruitment,



on-boarding, and training of new therapists. This includes credentialing, background checks, competencies, and continuing education requirements. And as mentioned earlier, in-house providers also must incur the staffing costs when census drops. Additionally, operators may absorb substantial costs related to staff turnover and the use of agency staff to meet the required staffing needs of the facility. A well-designed contract therapy model can eliminate the staffing burden and risks as all therapy staff, recruitment/on-boarding procedures, and compliance with industry regulations and requirements are managed by the therapy company. Contract therapy providers may have easier access to fill staffing gaps due to turnover and can evaluate and implement appropriate staffing ratios.

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Conclusion:

Deciding which therapy model is the right one for your facility is a difficult one to make as there is no “one-size fits most” option. SNF operators need to carefully assess not only the needs of their facility but also their capabilities in determining whether they can provide therapy services on their own or if outsourcing is the best solution. The emergence of value-based care and the effect of the COVID-19 pandemic has forced operators to be proactive and look at different, sometimes unconventional, ways to provide cost-effective, quality care for their residents. The end of PHE is on the horizon, it is understandable that operators are looking internally to see where they can achieve cost savings while still being able to deliver successful patient outcomes. Ensuring your facility is getting the most out of the therapy services provided is critical to the overall success of the facility. While it’s evident that most providers understand and appreciate the importance of therapy, it is also imperative that SNF operators understand the many variables involved with providing comprehensive, compliant, and cost-effective therapy services. To learn more about the Preferred Therapy Solutions model in rehab success contact Jim MacManus, Director of Business Development at jmacmanus@preftherapy.com. #itsallaboutthepatient #itsallaboutthepartnership #oursolutionsyoursuccess



ABOUT PREFERRED THERAPY SOLUTIONS

Preferred Therapy Solutions is a full-service rehabilitation management organization dedicated to providing state-of-the-art clinical, management, billing, and information technology solutions to the post-acute and long-term care industry. Preferred Therapy Solutions is able to assist in developing a strategic road map designed to increase SNFs market share by identifying potential referral targets and providing useful information on competitor’s performance. Preferred Therapy Solutions abilities significantly enhance the quality, productivity, scope, and efficiency of any facility’s rehabilitation department while maintaining a focus on achieving high levels of patient satisfaction and providing excellent customer service.

