



# Emerging Trends in Healthcare Delivery

*October 17, 2019*

Dedicated to  
**Hope, Healing**  
and **Recovery**



# Overview

- **Population and Cost Environment...**
  - 65+ population growing exponentially
  - Costly chronic illnesses are increasing
  - Amid a looming health workforce crisis
- **...Driving Emerging Trends in Healthcare**
  - The role of the patient is prioritized
  - Value-based care, quality, and innovations are incentivized to meet demand and reduce costs
- **Occurring Amid a Divergent Political Environment**

All of these factors are influenced by the growth in Medicare Advantage (MA) and the role MA plans play in dictating care delivery

# How Kindred is Serving the Aging Patient Population

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# Kindred Healthcare is a National Leader in Treating Medically Complex and Rehab-Intensive Patients through Partnerships, Innovation and Quality



## Leader in Transitional Care Hospitals (LTACs)

**\$2 billion Revenues<sup>1</sup>**

- 71 Transitional Care Hospitals<sup>2</sup>
- 5,569 licensed beds<sup>2</sup>
- 5 Hospital-Based Sub-Acute Units<sup>2</sup>



## Leading IRF Joint Venture Provider in the US

**\$741 million Revenues<sup>1</sup>**

- 117 free standing Inpatient Rehabilitation Hospitals and acute rehab units (“ARU”)<sup>2</sup>
- JVs with leading non-profit hospital systems
- ~200k patients treated annually
- Additional JV IRFs under development



## Premier Provider of Contract Therapy Services in 46 states

**\$609 million Revenues<sup>1</sup>**

- Over 10,000 therapists work with patients at over 1,400 Post-Acute locations<sup>2</sup>
- Multiple settings including SNFs, ALFs, ILFs, CCRCs, and outpatient facilities

**Kindred Healthcare is 34,500 employees in 1,760 locations across 46 states**

<sup>1</sup>. Segment revenues for the twelve months ended June 30, 2019 before intercompany eliminations.

<sup>2</sup>. As of June 30, 2019.

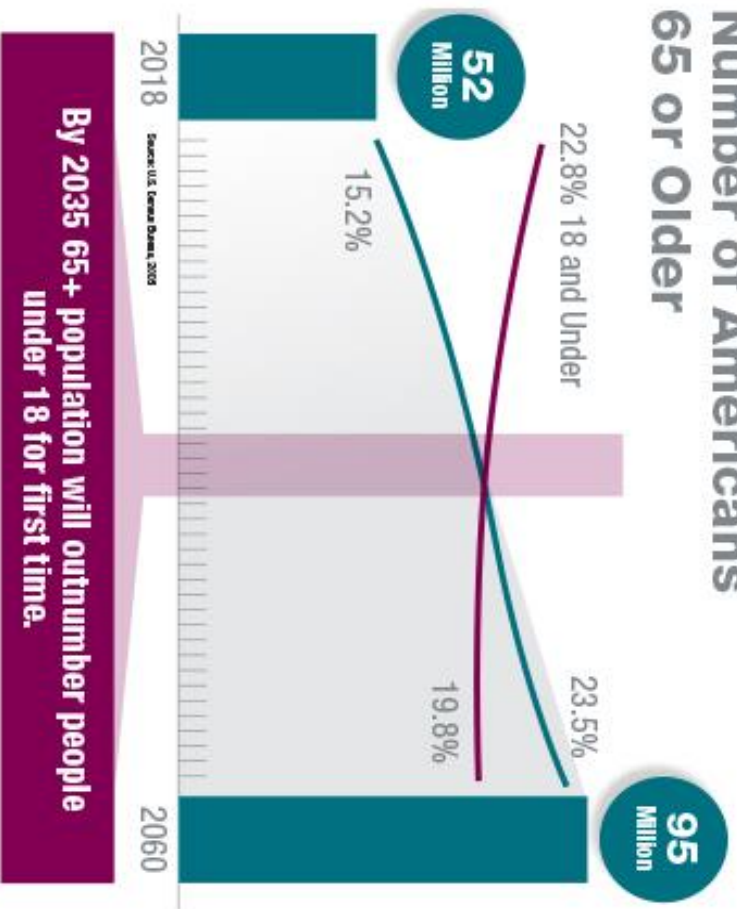
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# Population and Cost Environment...

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# Increased Demand for Care in an Aging America

## Number of Americans 65 or Older



**There are 54 million<sup>1</sup> Medicare beneficiaries and 11,000<sup>2</sup> are added to the program each day.**

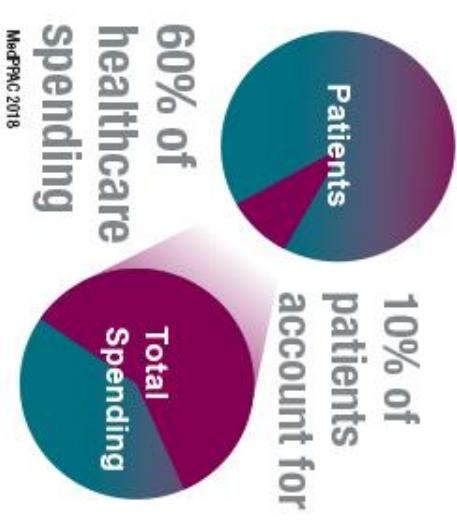
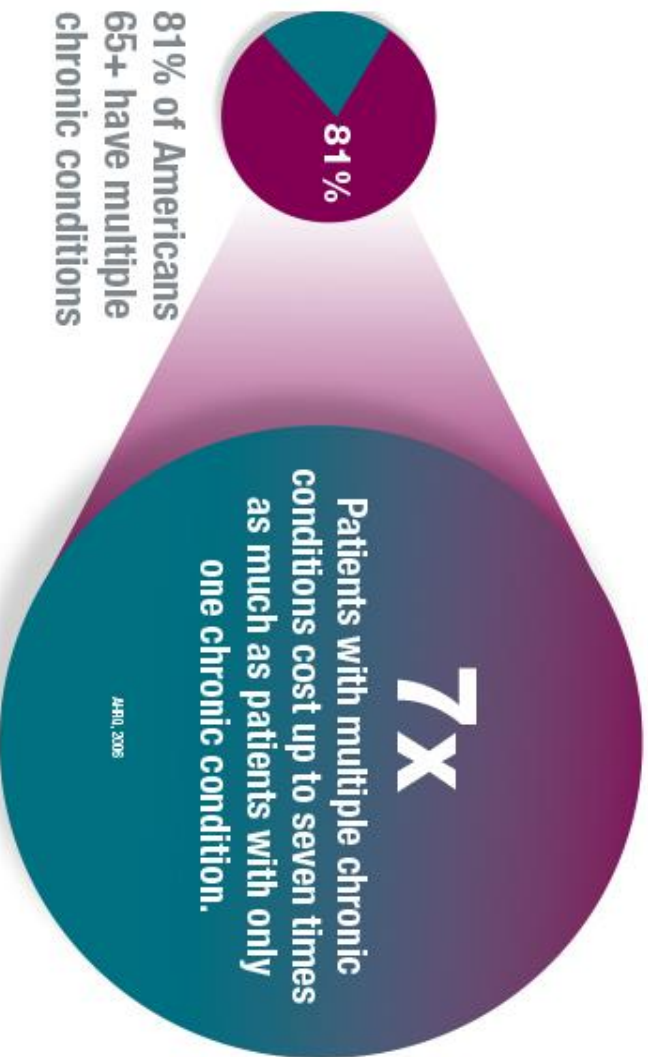
More than 16 million Medicare fee-for-service patients are discharged annually from acute care hospitals,



**43%**<sup>3</sup>  
(nearly 7 million patients), will require post-acute care

<sup>1</sup> Kaiser Family Foundation, Medicare at a Glance, September 2014. <sup>2</sup> HHS Secretary, Kathleen Sebelius, Senior Health News Feed, June 11, 2012. <sup>3</sup> Mark Miller, Medicare Coverage Director, Congressional Budgeting, June 2015.

# Demographic Trends also Drive Cost

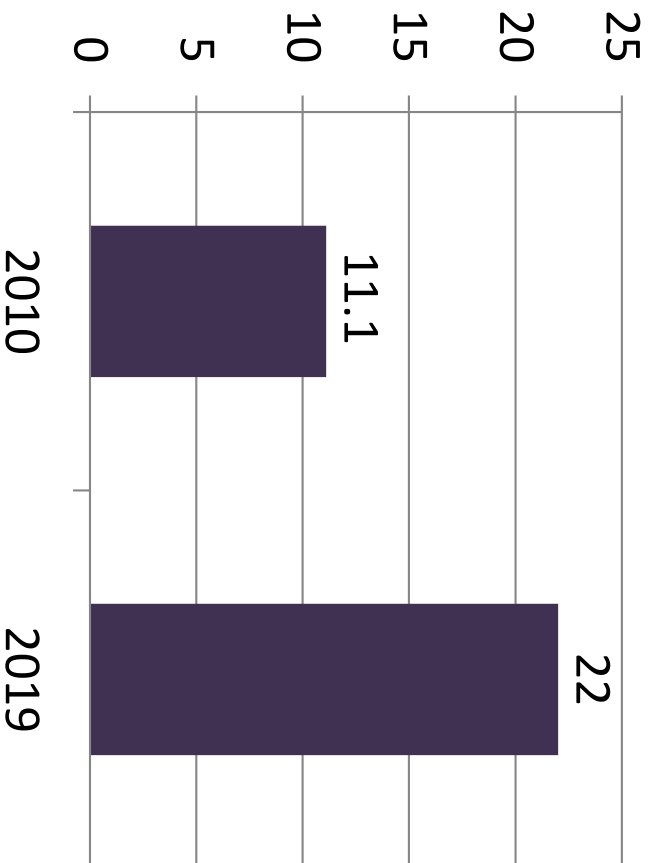


A focus on quality, value, and innovation is key to managing this costly and complex patient population

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# Growth in MA Patients has Changed the Delivery of Care

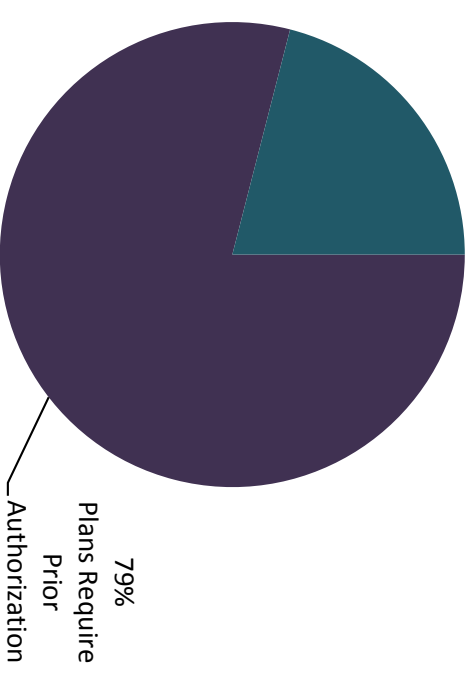
Total Medicare Advantage Enrollment  
(in millions)



Source: Kaiser Family Foundation, 2019

Enrollment in MA has nearly doubled over the past decade

Share of MA Plans Required to Receive  
Prior Authorization for Some Services



Source: Kaiser Family Foundation, 2019

Nearly four out of five MA enrollees are in plans that require prior authorization for some services



# Caregiver Shortfall Comes at Time of Greatest Need

## U.S. Facing Public Health Workforce Shortage at a Time that Demand is Surging

- Shortfall of 105,000 physicians by 2030
- 1 million RNs 50+ with 1/3 set to retire by 2030

## Limited Capacity of Training Programs

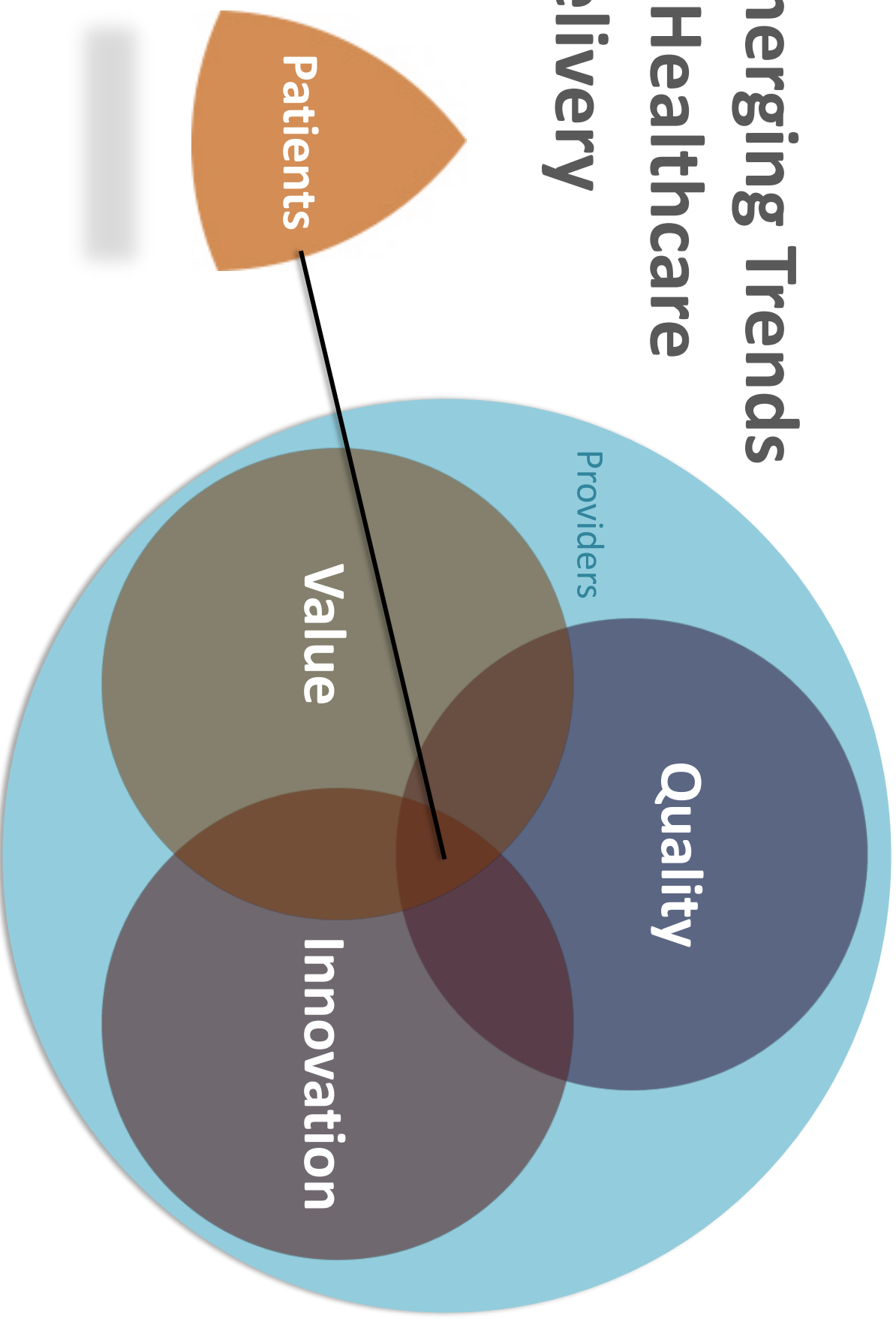
- In 2012, 800,000 qualified applicants turned away from nursing schools due to lack of capacity

The aging population, combined with the cost of treating the chronically ill population and shift toward Medicare Advantage, will require adaptable caregivers of tomorrow – ready to meet the evolving patient need in a changing health care delivery environment.

# ...Driving Emerging Trends in Healthcare

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# Emerging Trends In Healthcare Delivery



Significant overlap exists between these trends and regulatory/legislative policy drivers will illicit change

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# Focus on Quality

## Goal

- Increased emphasis on quality performance and achieving a preferred provider status
- Focus on meaningful quality measures comparable across provider settings

## Enabler

- IMPACT Act – standardized PAC quality measures

## Example

- Regulatory waivers in demonstrations tied to 5 star rating scores
- Compare websites and 5-star rating system

# Medicare.gov | Home Health Compare

The Official U.S. Government Site for Medicare

Home Health  
Compare Home

About Home Health  
Compare

About the data

Resources

Home → Home Health Results

Viewing 1 - 7 of 7 results

Home Health Agency Information

Quality of Patient Care Rating

Patient Survey Summary  
Rating



KINDRED AT HOME

(386) 274-1088

Add to Compare

Add to my Favorites



KINDRED AT HOME

(850) 769-3398

Add to Compare

Add to my Favorites



# Enhanced Ability to Compare Quality Across Providers

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# Value-Driven Payments

## Goal

- Movement from volume-based to value-driven payment
- Tying reimbursement to quality performance

## Enabler

- Equalizing payments across settings
- Set of meaningful quality measures

## Example

- Long-Term Care Hospital Two-Tiered Payment System
- Hospital Value Based Purchasing Program and Home Health Value Based Purchasing Demonstration
- Unified PAC PPS and Value-Incentive Payment Program
- Industry group, Health Care Transformation Task Force, has achieved over 50% value-based payments and goal is to reach 75% by the end of the year
- Nearly 60% of insurers use Outcome Based Contracts with prescription drug manufacturers, an increase of 35% from 2017

# Legislative Efforts to Promote Value

## VALUE-BASED PROGRAMS

	2008	2010	2012	2014	2015	2018	2019
LEGISLATION PASSED	MIPPA	ACA		PAMA	MACRA		
PROGRAM IMPLEMENTED			ESRD-QIP HVBP HRRP	HAC	VM	SNF-VBP	APMs MIPS

### LEGISLATION

- ACA: Affordable Care Act
- MACRA: the Medicare Access & CHIP Reauthorization Act of 2015
- MIPPA: Medicare Improvements for Patients & Providers Act
- PAMA: Protecting Access to Medicare Act

### PROGRAM

- APMs: Alternative Payment Models
- ESRD-QIP: End-Stage Renal Disease Quality Incentive Program
- HACRP: Hospital-Acquired Condition Reduction Program
- HRRP: Hospital Readmissions Reduction Program
- HVBP: Hospital Value-Based Purchasing Program
- MIPS: Merit-Based Incentive Payment System
- VM: Value Modifier or Physician Value-Based Modifier (PVBM)
- SNFVBP: Skilled Nursing Facility Value-Based Purchasing Program

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# Emphasis on Innovation

## Goal

- Reduce costs by furnishing providers with increased flexibility in exchange for sharing risk
- Incentivize efficiencies to reduce costs

## Enabler

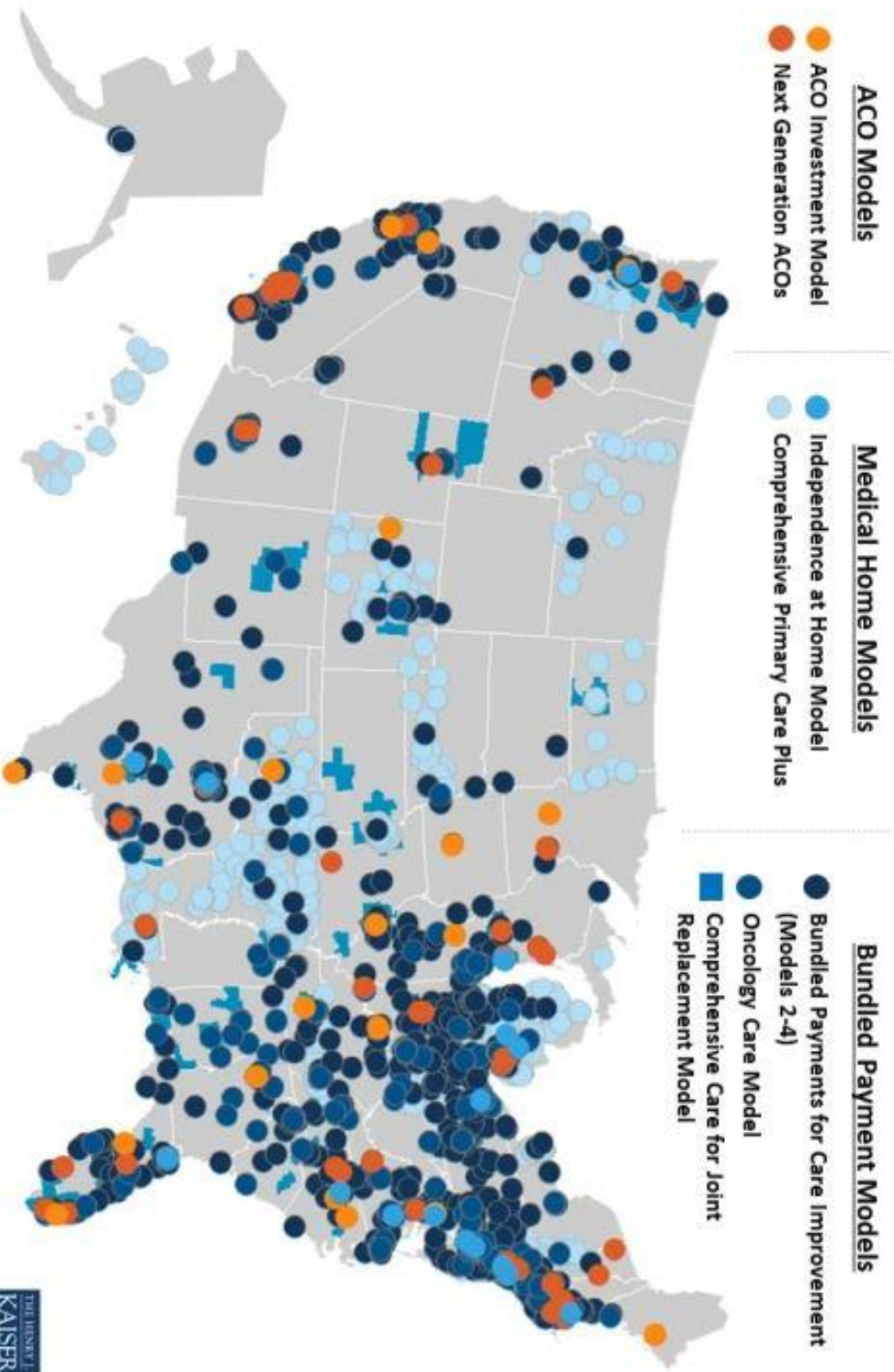
- Creation of ACA mandated Center for Medicare and Medicaid Innovation
- Regulatory waivers, HIT, and telehealth
- Focus on care coordination
- Shift to lower cost settings and decreased length of stay

## Example

- Bundling demonstrations
- Accountable Care Organizations

# Innovation Happening Across the Country

## CMMI Payment and Delivery System Reform Models (2018)



Source: Map data downloaded February 8, 2018 from CMS, "Where Innovation Is Happening."



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# Patient-Centered Focus

## Goal

- New focus on patient engagement and satisfaction
- Demonstrating value to the consumer

## Enabler

- Patient satisfaction measures
- EMRs and telehealth
- Price transparency
- Care Management

## Example

- Administration's Executive Order on Pricing Transparency and proposal in Outpatient rule
- Kindred Rehab Tracker
- Kindred's Aftercare

# Patient-Centered



A 24/7 RN-Led team that is specially trained in clinical engagement across the acute and post-acute continuum



REHABTRACKER



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# What Does this Mean for Kindred?

- Focus on **quality** performance – clinical and operational - to maintain preferred provider status
- Continue to demonstrate the **value** of our services to payers, referral sources and other providers
- Participate in CMMI demonstrations and seek ways to continue to **innovate** services
- Engage and support the **patient** during care and post-discharge

# What Does this Mean for Allied Health Professionals?

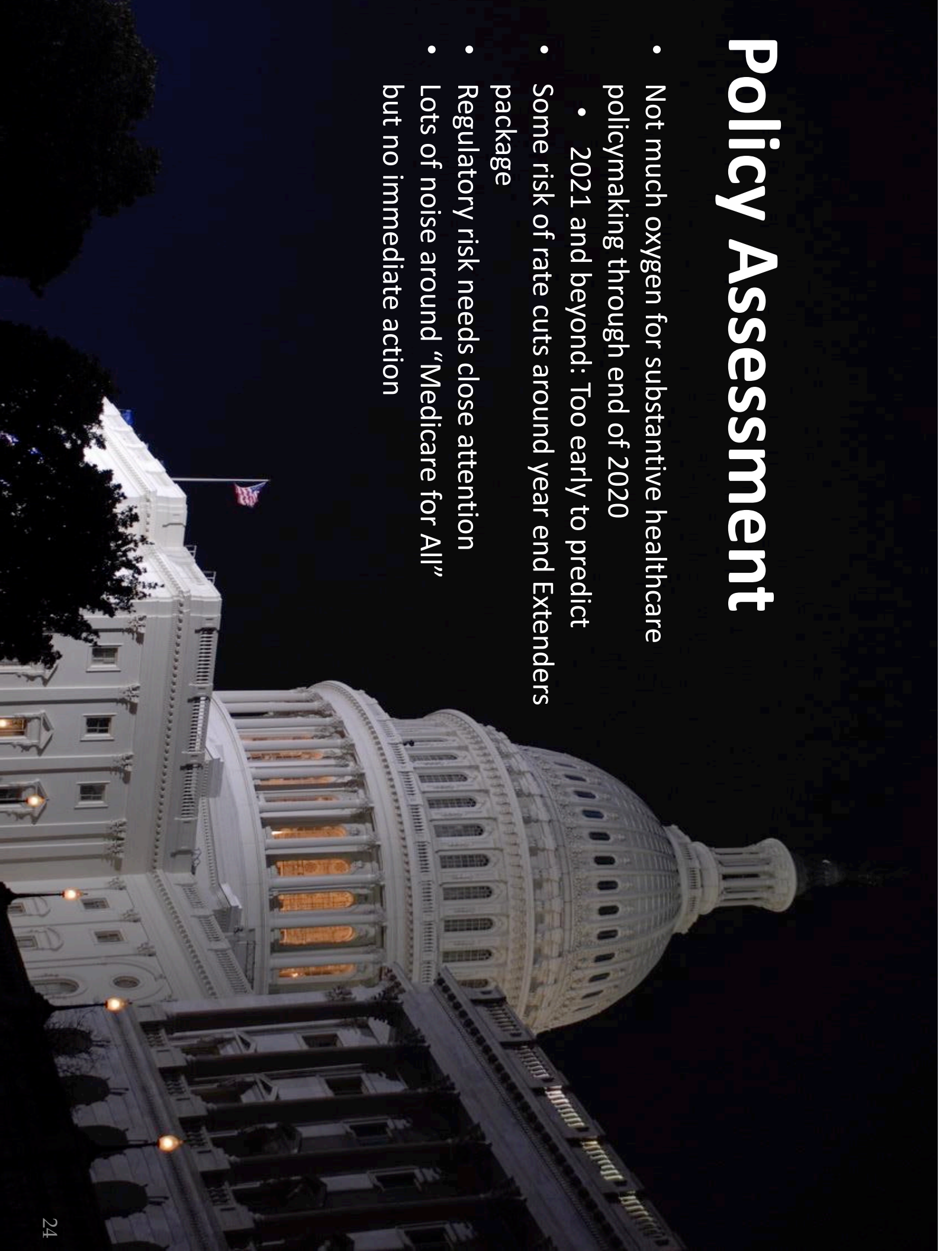
- Focus on productivity and **quality** of care
- Maintain **flexibility** and retrain workforce as provision of care continues to evolve
- Need to demonstrate continued **value** of services provided to succeed in new care models
- Embrace new **technology** and other advancements that enable enhanced patient engagement and improved care coordination

# A Divergent Political Environment

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# Policy Assessment

- Not much oxygen for substantive healthcare policymaking through end of 2020
  - 2021 and beyond: Too early to predict
- Some risk of rate cuts around year end Extenders package
- Regulatory risk needs close attention
- Lots of noise around “Medicare for All” but no immediate action





# Policy Timeline

## • Drug Pricing legislation debate in Congress

Sept-Dec 2019

Jan-May 2020

June-Dec 2020

- Hospitals begin posting “shoppable” prices\* & PDGM goes into effect for HHAs
- Healthcare agenda run out of OMB – debt and deficit
- Presidential Budget and Congressional budget resolution completely driven by partisan politics

- Rulemaking a critical driver of new policies
- 2020 Presidential Election
- Lame Duck – greatest potential for Medicare cuts

2021

2022

2023

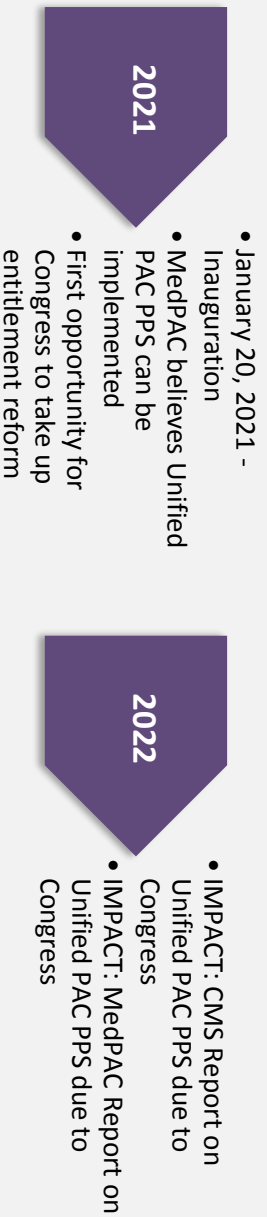
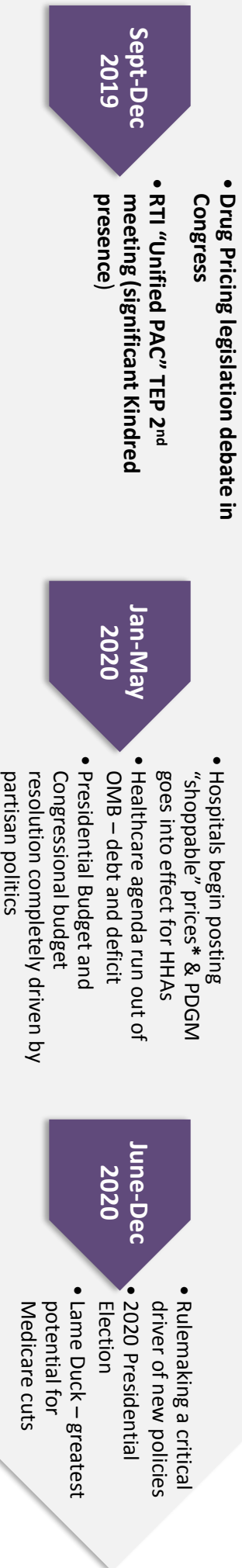
- January 20, 2021 - Inauguration
- MedPAC believes Unified PAC PPS can be implemented
- First opportunity for Congress to take up entitlement reform

- IMPACT: CMS Report on Unified PAC PPS due to Congress
- IMPACT: MedPAC Report on Unified PAC PPS due to Congress

- New payment/delivery model sent to Congress
- *Will Congress legislate/authorize Unified PAC PPS? Implementation timeline?*

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- RTI “Unified PAC” TEP 2<sup>nd</sup> meeting (significant Kindred presence)
- PDPM goes into effect for SNFs

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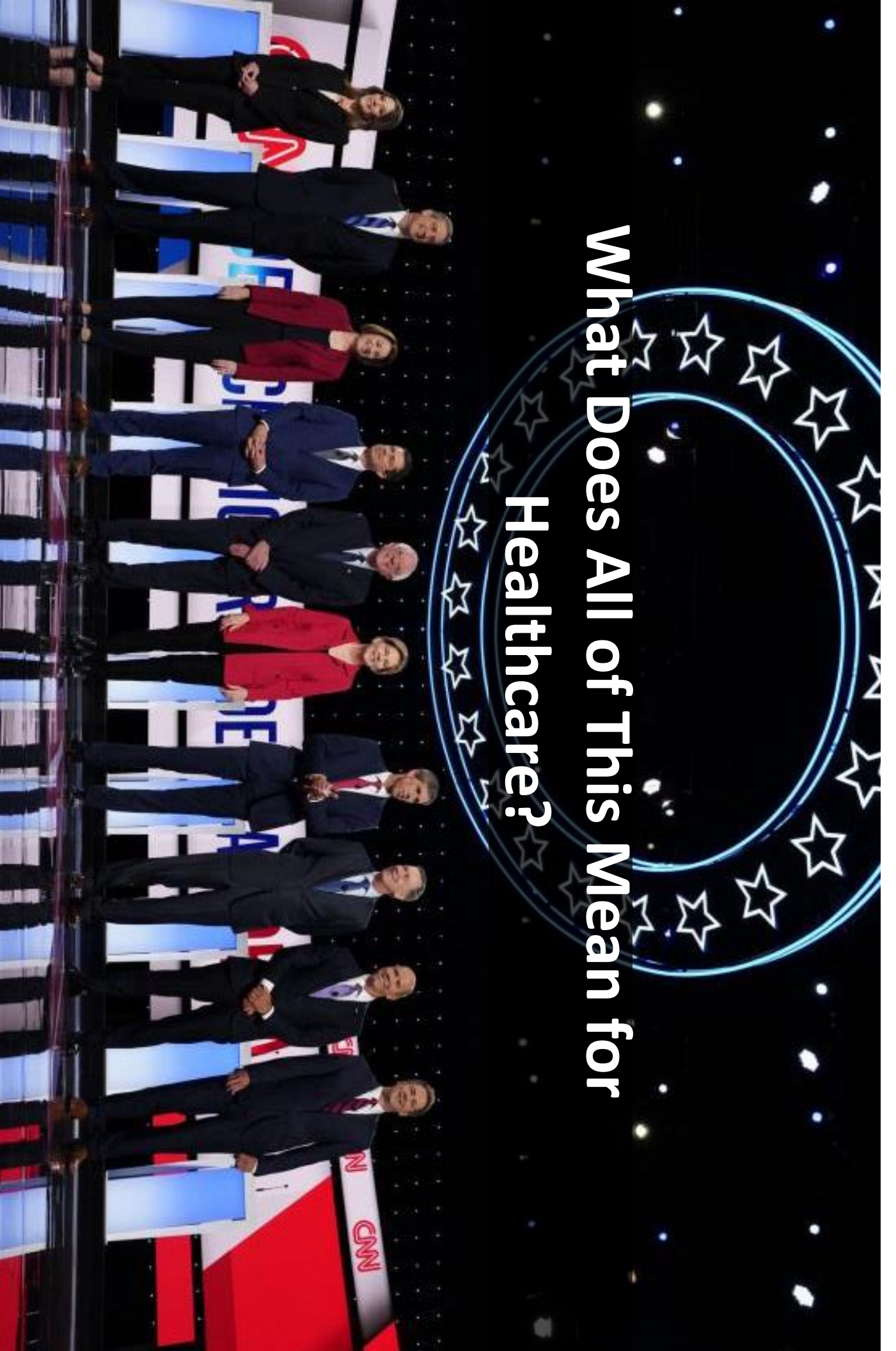
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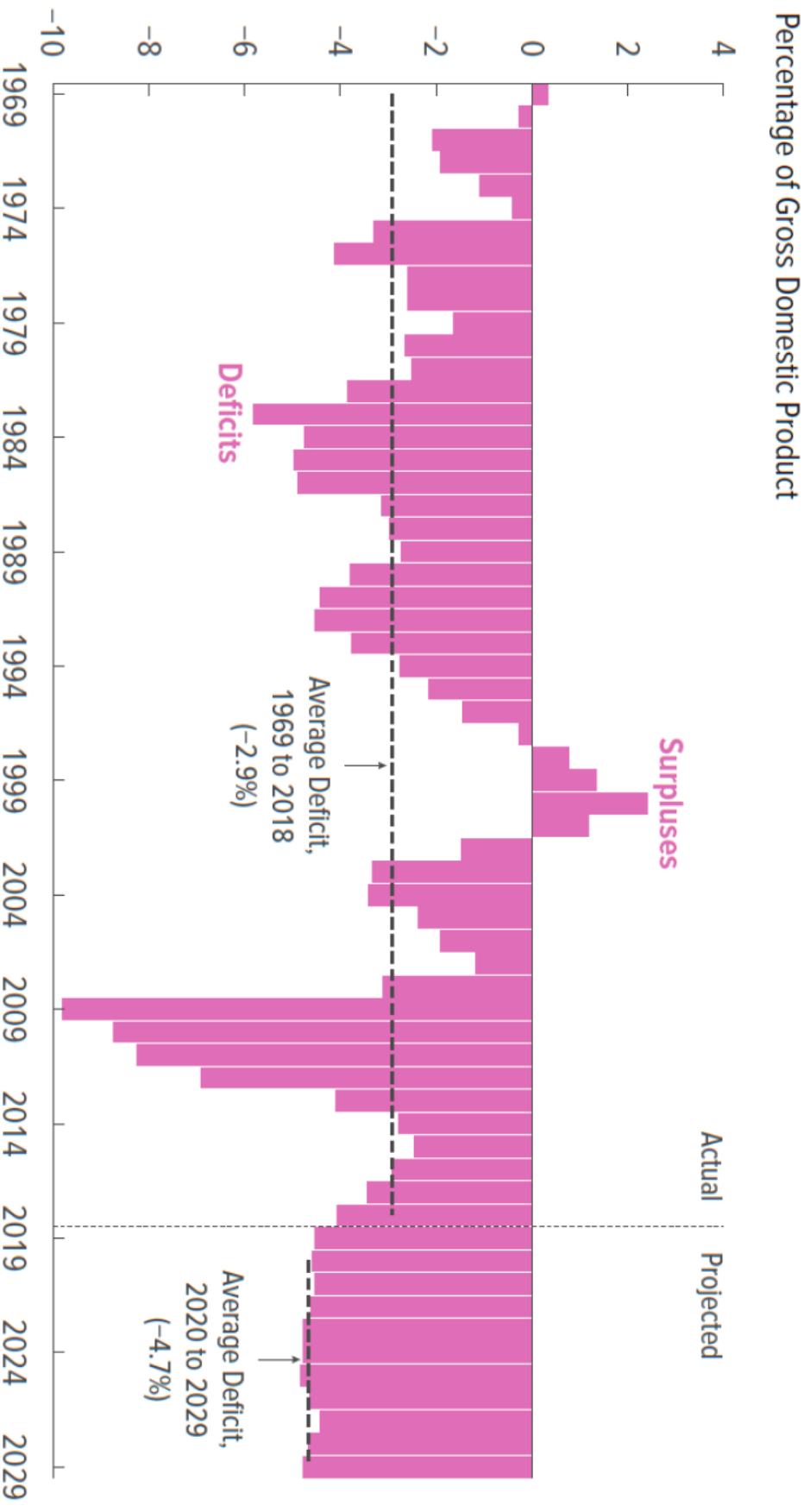
# What Does All of This Mean for Healthcare?



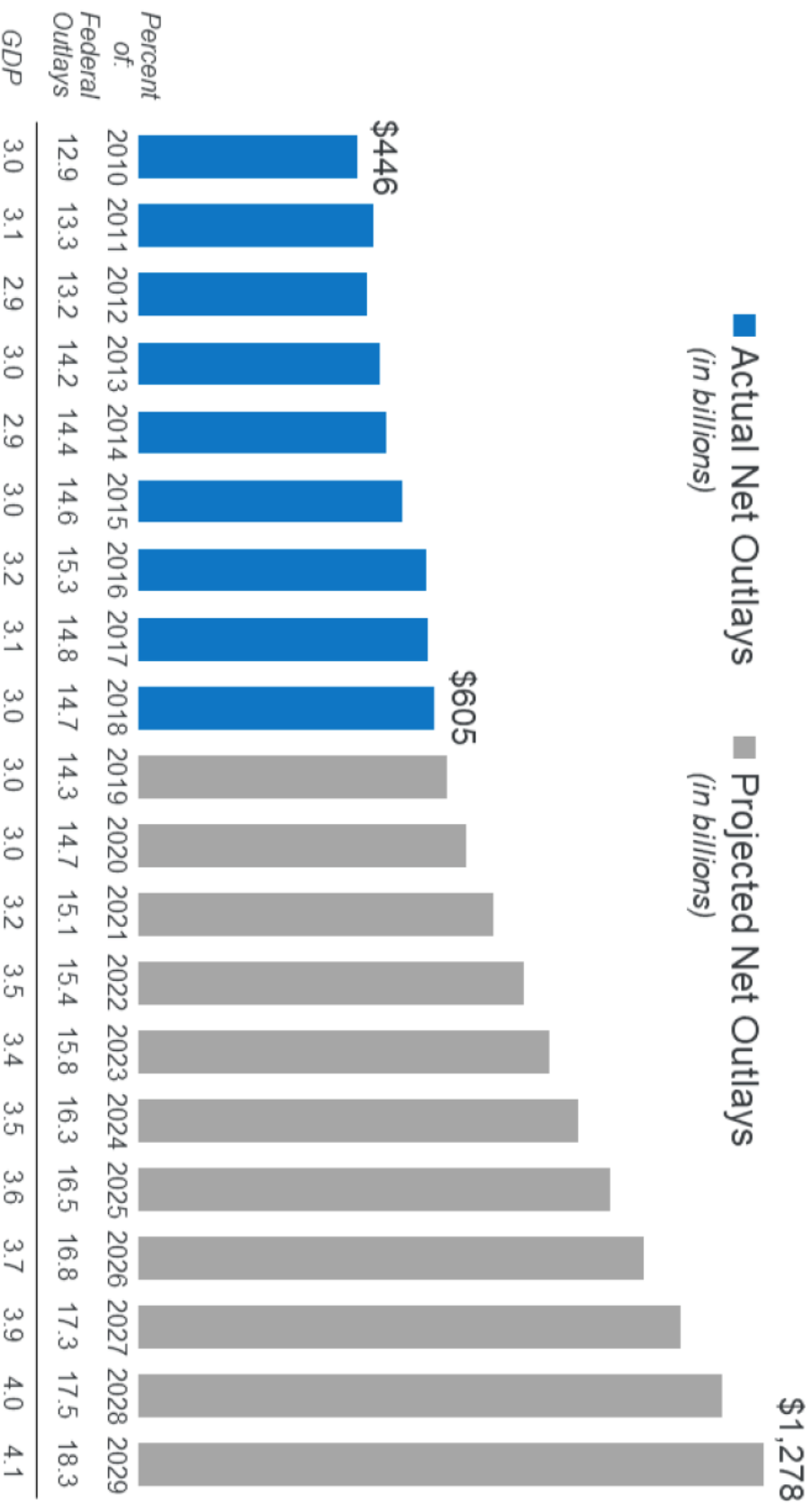
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# The Urge to Resist Medicare Spending Will be Almost Irresistible

## Total Deficits and Surpluses



# Actual and Projected Net Medicare Spending 2019



NOTE: All amounts are for federal fiscal years; amounts are in billions and consist of mandatory Medicare spending minus income from premiums and other offsetting receipts.

SOURCE: KFF analysis of Medicare spending data from Congressional Budget Office, The Budget and Economic Outlook, 2019 to 2029 (May 2019).



# What to Look Forward to in the Future?

## Amazon's joint health-care venture finally has a name: Haven

PUBLISHED WED, MAR 6 2019 • 4:05 PM EST | UPDATED WED, MAR 6 2019 • 5:09 PM EST

Humana and 2 firms close on Kindred Healthcare purchase

[Grace Schneider](#), Louisville Courier Journal

Published 1:53 p.m. ET July 2, 2018

## Will Artificial Intelligence Improve Health Care for Everyone?

A.I.-driven medical tools could democratize health care, but some worry they could also worsen inequalities

Walmart Health, Amedisys Partner to Expand Home Health Access Nationwide

By [Bailey Bryant](#) | September 18, 2019

CVS creates new health-care giant as \$69 billion merger with Aetna officially closes

PUBLISHED WED, NOV 28 2018 10:52 AM EST

Amazon Rolls Out In-Home Care Offering 'Amazon Care'

By [Bailey Bryant](#) | September 24, 2019



***“Inevitable tradeoffs will have to be made but with due regard for the claims of all age groups, since any society that neglects the young is doomed to senescence, and any that neglects the old, to barbarism.”***

*Angel, RJ and JL Angel. Who Will Care for Us? Aging and Long-Term Care in Multicultural America.*

# Q & A

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