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## OUR SERVICES

### OPERATIONAL REVIEW AND ENHANCEMENT

The Prospective Payment System (PPS) for Inpatient Rehabilitation Facilities creates both opportunities and challenges for facilities that provide comprehensive rehabilitation services in an inpatient acute care environment. While the payment system is designed to compensate for the resources required to manage patients in Inpatient Rehabilitation Facilities (IRFs), there are a great number of variables that affect success for IRFs. Capture of accurate Functional Independence Measurement (FIM) Scores, capture of comorbid conditions and appropriate classification of patients into CMG categories are required to achieve the appropriate level of reimbursement.

Continuing pressure on the industry to meet the CMS-13 rule that requires that 60% of patients treated by the IRF come from a specific list of diagnostic categories has resulted in lower census for many IRFs. In January 2010, Medicare implemented even more stringent requirements for preadmission assessment, physician oversight of the preadmission and post admission assessment process and tighter criteria for assessing whether IRF care is “reasonable and necessary”. This creates a need for IRFs to evaluate their operational processes to assure compliance while maintaining financial growth and providing safe, effective, high quality care with positive outcomes.

Our evaluation of the IRF’s performance and opportunities for improving revenue and operating margins is based on these operating factors. When opportunities for improvement in these factors are identified, they will be incorporated into our preliminary recommendations and will be used to develop an implementation plan in collaboration with IRF staff.

Images & Associates has developed an operational assessment strategy that will assist the organization in identifying key strengths and opportunities for rehabilitation services in today’s rapidly changing environment. To be financially successful the provider must have an adequate referral base of physicians, insurers and other sources; and, have an entrepreneurial leader who has thorough knowledge of Medicare and other third party payment and who can effectively manage a small business. In our experiences with a large number of healthcare organizations, Images & Associates has identified a set of key areas that, when effectively improved, promote long term financial success for the organization.



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These key areas are:

- Access to Services
- Utilization of Services
- Billing and Coding Processes
- Documentation
- Compliance
- Revenue Enhancement
- Cost Controls
- Organizational Leadership
- Physician Leadership



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## COMPLIANCE AUDITS

With continued exposure for Comprehensive Error Rate Testing (CERT), Medicare Administrative Contractor (MAC) Probe Reviews and Recovery Audit Contractor (RAC) review, organizations are wise to periodically review their internal processes including documentation, coding and billing practices to assure compliance with key Medicare requirements.

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Our typical internal audit includes an in depth review of 30 Medical Records in order to assess:

- Compliance with updated CMS regulations from 1/1/2010
- Appropriate Classification of Patients Into RIC/ICG/CMG categories
- Accuracy of FIM Scores
- Appropriateness and accuracy of coding for comorbid conditions
- Documentation to support reasonable and necessary care
- How well the organization could defend cases in the event of a Probe or RAC Audit

Additionally, Images will benchmark the organization with UDSmr or eRehabdata (dependent upon which vendor the organization uses) and make recommendations to address immediate and longer range needs for the organization based on the above.



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## AUDIT DEFENSE

Due to the increased focus on Inpatient Rehabilitation Facilities (IRFs) under the Recovery Audit Contractor (RAC) program, most IRFs can expect some level of RAC review in the coming months. These reviews appear to be focused on the 1/1/2010 technical requirements and have targeted patient groups from the Program for Evaluating Payment Patterns Electronic Report (PEPPER) that is provided to the IRF. While we recommend a proactive approach of internal audit and corrective action, there are an increasing number of IRFs that are experiencing significant denials from RAC as well as other audits. Images will provide assistance for reviewing medical records and drafting the letters for redetermination, reconsideration and preparation of the organization's staff for the Administrative Law Judge Hearing.



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## DOCUMENTATION REDESIGN

Whether you are utilizing a paper system or an electronic medical record, it is essential that your documentation supports the medical necessity of the rehabilitation stay while being functional and efficient for staff. We have worked with a number of EMR systems to assist our clients in developing templates that capture appropriate FIM Scores, support the intensity of therapy services, establish a record of rehabilitation nursing interventions and support the interdisciplinary team process. Images will assist you in evaluation of your existing documentation systems and help you redesign those systems and processes to provide for high efficiency documentation tools that support your clinical, billing and audit activities.



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## REHABILITATION LEADER'S BOOT CAMP

In order to be successful in operation of an Inpatient Rehabilitation Facility, key stakeholders including leadership, physicians and staff must have a good understanding of the Medicare Conditions of Participation and Conditions of Payment along with the key requirements outlined in the 1/1/2010 updates to the IRF technical requirements. In our experience, the greatest risk for denial on audit by Medicare is failure to meet the technical requirements of the regulations rather than failure to meet medical necessity. Additionally, leadership needs to understand the key areas of IRF Success outlined in our operational assessment strategies.

Our Boot Camp is designed to cover the key success areas for IRFs and following participation in the program, participants will be able to:

- Describe the Medicare Rules and Regulations that affect the delivery of services and payment for care in the IRF setting
- Understand the importance of demand analysis from both referral sources within the organization and external to the organization
- Develop strong Census Development Plans that include key targets and tactics for improving census while maintaining strong CMS-13 compliance
- Identify key metrics for managing IRF cases including utilization of services and length of stay management
- Establish a system of monitoring key costs for delivery of care including staffing, materials and pharmaceuticals
- Identify strategies for increasing physician and staff commitment to IRF success

An abbreviated version of the Boot Camp has been developed to cover the 1/1/2010 requirements only.



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## HOSPITAL, UNIT AND PROGRAM START-UP

In the face of continued Medicare reductions in payment to hospitals, Inpatient Rehabilitation continues to be one of the more favorably reimbursed services. Additionally, as hospitals evaluate whether to participate in or establish their own Accountable Care Organizations (ACO's), the need for a full continuum of post-acute services is apparent. Industry experts are in agreement that some form of bundled payment continues to loom on the horizon making it even more essential that hospitals and hospital systems provide for the full continuum of services in order to minimize outward migration of patients from their services as well as to maximize potential revenues from bundling and other payment changes.

2012 MEDPar data estimated an average Medicare profit of 8% for hospital units and closer to 15% for freestanding IRFs. In our experience, a well-run inpatient unit with an average daily census of 10 or more patients can bring over a \$1 Million in profits to the organization.

Our expertise in opening units and hospitals can assist an organization in determining if an IRF unit or hospital could be a valuable asset. Our services include:

### Demand and Feasibility Studies

Images & Associates has developed and refined a proprietary demand analysis strategy that estimates demand on the individual patient level. By reviewing all discharges based on MS-DRG and ICD-9 codes that typically map to IRF diagnoses, we are able to provide a more definitive demand analysis than is typically provided based on use of percentages of discharges. Using this predictive model, we can estimate potential IRF patients from all Medicare discharges within your market area and calculate a realistic demand based on trends and capture rates within the community. Once demand is calculated and compared to available IRF bed capacity, the organization can make a determination to move forward with more in-depth feasibility analysis that includes financial projections based on organization costs for labor and supplies.



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## Strong Relationships with Developers and Capital Partners

When the demand is sufficient to support an ADC of 35-40, there may be an opportunity to build a successful, free-standing Inpatient Rehabilitation Hospital. When this is the case, our relationships with developers of these facilities can assist you in the real estate acquisition and development. Our developers have experience in all areas of healthcare as well as IRFs.

When your organization desires to operate the new IRF unit or hospital independently, we can assist you in establishing the processes to do so. However, should you desire a Joint-Venture Partner; we can assist you in vetting an appropriate operational partner that is compatible with your mission and vision.

## Program and start-up including policies and procedures, survey preparation and staff training

Regardless of whether you desire to create an IRF Unit or Hospital, we can provide the following services:

- Serve as the “owner representative” to manage your construction project (attend construction meetings, make recommendations for equipment and supplies)
- Provide draft policies and procedures
- Assist in identifying and EMR that meets your needs
- Provide support for Medicare Survey including position the new IRF for deemed status survey to expedite obtaining Medicare Provider status.

We have experience in opening free-standing hospitals and units and can provide the full continuum of services required to do so.





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## TRANSITIONAL MANAGEMENT

With continued focus on improving margins in all aspects of operations, many organizations are evaluating their long term management agreements for IRF. Unfortunately for many organizations, when these agreements are cancelled, the contractor removes key personnel, policies and procedures and any operational tools that are in place. This makes it difficult for the organization to quickly move to self-management at full compliance with the Medicare regulations while maintaining an appropriate daily census.

In order to provide a transitional management strategy for inpatient rehabilitation units who desire to bring the management of their units back in-house, Images & Associates offers significant resources and almost 30 years of experience with rehabilitation operations and payment systems. We are prepared to mentor and guide your own leadership team toward independent management of your unit or hospital. Our transitional management services provide a support system that includes policies and procedures, forms and documentation tools, training modules and guidance – all of which remain yours to use after we complete our engagement with you.

Our goal in offering transitional management services is to provide you with the support required to phase out management agreements by the end of the first year while having the option of continued consultative support to maintain regulatory and financial knowledge over time.