Post-Acute-Care Services in California

An Issue Summary

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California’s community hospitals provide lifesaving care for millions of patients each year. Following an inpatient stay for an injury or illness, many patients require continued medical care, either at home or in a specialized facility. These post-acute-care services play an essential role in the individual’s successful recovery and return to health and home.

A majority of California’s more than 400 acute-care hospitals offer at least one post-acute-care service or program. Post-acute care includes institutional-based programs, such as inpatient rehabilitation facilities, skilled-nursing facilities (SNFs) and long-term-care hospitals. It also includes home and community-based services, such as home health agencies and outpatient therapeutic services. Finally, post-acute care includes highly specialized services, such as palliative care, hospital case management and discharge planning.

The Issue

As California’s population continues to increase and age, the demand for more health care services, including post-acute-care services, continues to grow. At the same time, health care providers are facing increased financial pressures, and are challenged by outdated reimbursement and regulatory policies. California’s post-acute medical care system is complex and fragmented. Patient access is limited, and outcomes are compromised.

Medi-Cal

At present, Medi-Cal reimbursement is inadequate to provide optimal and cost-effective post-acute care. Authorization and payment processes are cumbersome and lengthy, and often lead to delays in patient access. Reimbursement levels are poor, so much so that many providers choose not to care for Medi-Cal patients or to limit the number they can accommodate. For example, in some regions, Medi-Cal beneficiaries have no access to home health services or adequate outpatient care. Availability of transitional and rehabilitative services is also limited as many SNFs do not provide a full range of medical and therapeutic care. As a result, individuals who might otherwise be able to return home remain in inpatient settings at greater cost.

California’s hospitals incur millions of dollars in unreimbursed costs as they continue to care for patients who may no longer need to be in their facilities. Even more importantly, individual patients may be prevented from returning to home and community by our outdated and inadequate payment system.
**Medicare**

The federal Medicare for seniors is also equally complicated and cumbersome. Each level of post-acute care has specific and unique admission policies, program regulations and reimbursement mechanisms. While Medicare beneficiaries generally enjoy access to a wide range of post-acute-care services, the fragmentation and variety of providers leads to confusion and competition, and does not promote coordination of care across settings. In the context of health care reform, the Centers for Medicare & Medicaid Services (CMS) has proposed far-reaching reforms to the post-acute-care reimbursement and delivery system.

Many of CMS’ initiatives hold promise for improving care transitions and patient outcome. However, if not implemented carefully, proposed changes to reimbursement and policy may result in decreased access to adequate post-acute-care services and compromises in patient outcomes.

California’s 430 hospitals and health systems are already working to develop creative practices to address these difficult challenges. Hospitals have established close working relationships with care providers at all levels of post-acute care, both within their own organization and in partnership with other care providers. They work closely with community-based care organizations to identify and address community needs. Many are also developing specialized care transition programs or care coordination programs to provide improved follow-up and patient support.

**Recommendations**

The California Hospital Association (CHA) recommends developing payment and regulatory policies that promote care delivery across a full continuum of care, and provide adequate patient access to post-acute-care services, including transitional and rehabilitative services. CHA is committed to the long-term goal of creating “an optimally healthy society” in which every Californian has equitable access to safe, affordable, high-quality, medically necessary physical and mental health care.