

ScionHealth U.S.

Overview



ScionHealth is one of the nation's leading health

systems, with 65 Long-Term Acute Care Hospitals (LTCHs) in 20 states from Florida and New Jersey in the east to California and Washington in the west. Operating under the brands Kindred Hospitals, Cornerstone Specialty Hospitals and Solara Specialty Hospitals, ScionHealth provides patient-focused care to the sickest and most medically complex patients who require extended periods of specialized hospital-level care. Though LTCH patients make up just 2-4% of the overall Medicare population, their needs are uniquely intensive and require highly specialized care.

ScionHealth patients have typically experienced a life-threatening illness or injury, on top of having multiple complex and chronic conditions. Patients treated at ScionHealth are covered by all payers, including Traditional Medicare and Medicare Advantage (MA), Medicaid Managed Care, as well as commercial insurance.

Why LTCHs Are Important

Just as some other facilities provide specialized cardiac, pediatric, or oncological care, LTCHs provide specialized acute care for patients who require hospital care for weeks rather than days.

An LTCH patient typically arrives from an Intensive Care Unit (ICU) and is experiencing multiple severe medical conditions. Many patients are on ventilators and have tracheostomy (breathing) and PEG (feeding) tubes. Many have life-threatening infections like sepsis or co-morbidities like COPD or diabetes that make their recovery more complex.

Care at ScionHealth's LTCHs is physician-led and interdisciplinary. Registered nurses, respiratory therapists, dietitians, and physical, occupational and speech therapists treat highly complex patients every

LTCH Patient Profile

Doctors indicated that Angelo would likely not survive following a critical case of the flu. After receiving advanced life support, he was transferred to an LTCH operated by ScionHealth where he was treated for ventilator dependence, necrotic extremities and a persistent fever. He required chest tubes, IV sedation, hemodialysis and a PEG (feeding) tube. He was completely bedbound and ultimately required a left foot amputation. But Angelo's story is one of resilience and expert care. By the time of discharge, his chest tubes had been removed, he was successfully weaned off the ventilator, no longer needed dialysis or IV sedation, was free of infection, and was eating a regular diet and actively participating in physical therapy.

Read Angelo's story [here](#).

day and collaborate to develop treatment plans that are comprehensive and unique to each patient.

LTCHs provide ICU-level care like dialysis and chest tube management, IV antibiotic and pain medication management, and advanced wound care, including negative pressure wound therapy and surgical debridement. ScionHealth has established rigorous ventilator weaning protocols and offers 24/7 access to respiratory therapy and weaning trials.

The Importance of LTCHs to Acute Care Hospitals

LTCHs like ScionHealth serve as the release valve for traditional acute care settings where ICUs can care for only a limited number of patients. ScionHealth's clinical

Achieving Healthcare Savings

LTCHs are effective in managing the care of patients with complex conditions, but they can also save the nation's healthcare system money, with [research finding](#) that Medicare beneficiaries served by LTCHs can experience significantly lower Medicare spending in the 90 and 180 days following discharge when compared to other post-acute care settings, largely driven by lower readmissions.

liaisons work closely with acute care hospitals, helping to identify patients who would clinically benefit from care in an LTCH. By transferring medically complex patients who still need intensive hospital-level care beyond three days in the ICU to LTCHs, acute care hospitals can reduce patient length of stay, alleviate emergency department congestion and make ICU beds available for patients who truly need to be there.

ScionHealth's acute care partners understand the value of the specialized care provided in LTCHs and advocate with family members, loved ones and payers when it's the clinically appropriate setting for the patient. Further, ScionHealth helps facilitate transportation and affordable lodging options so family members can stay connected and present during extended patient stays.



Regulatory Challenges Strain LTCHs Nationwide

In 2016, Congress implemented a dual-rate payment system under the LTCH prospective payment system (PPS) for Traditional Medicare beneficiaries. This new payment system provides a different payment to LTCHs depending on the acuity of the patient and has caused the volume of standard patients to fall dramatically, while the acuity of the remaining patients has increased significantly, leaving LTCHs like ScionHealth undercompensated for the high level of care provided.

Since implementation of the dual-rate payment system in FY 2016:

- Standard LTCH case value has **fallen approximately 70%** from its peak under the legacy payment system.
- The volume of standard rate LTCH cases has **fallen by over 40%**.
- LTCH provider numbers has **decreased by 20%**.
- Average **patient acuity has risen by 20%** or more.

Medicare Advantage Threatens Patient Access

Following Medicare changes made in 2016, the LTCH patient population has dropped significantly across the country, including among Traditional Fee-For-Service (FFS) Medicare patients. However, patients using Medicare Advantage plans face even greater barriers. As the MA program continues to see rapid growth, it is failing beneficiaries in multiple ways, particularly through its heavy use of prior authorization. **The denials or delays of medically necessary care may be the single biggest threat to ScionHealth clinicians' abilities to provide timely, quality care.**

- **Prior Authorization Delays** Medicare Advantage's use of prior authorization has created institutional barriers that are causing significant care delays for patients. For example, if two patients present clinically the same, an FFS patient might take 3-4 days to transfer to an LTCH, while an MA patient could take 11-15 days, including multiple appeals, before being approved for transfer to an LTCH by their MA plan.
- **High Denial Rates** ScionHealth has seen MA denials increase by over 50% from 2019 to 2024. Of 5,000 prior authorizations submitted to MA plans last year, approximately 2,800 were initially denied, with 1,200 of those denials being overturned after appeals.
- **Administrative Burden** ScionHealth has 40 nurses whose sole job is to navigate prior authorization barriers for patients, including appeals processes, peer reviews and denial challenges. Scion also spends hundreds of thousands of dollars each year on third-party physicians to do peer-to-peer review.
- **Cost Inefficiency** Data from ScionHealth's Accountable Care Organization (ACO) partnership shows that the cost per case of sending a patient to an LTCH versus a skilled nursing facility (SNF) costs the payer \$6,500 less per case.

These delays and denials ultimately harm patients. Often, MA beneficiaries are forced to remain in acute-care hospitals or be diverted to SNFs that aren't equipped to provide the complex, specialized level of care needed. This can lead to higher readmissions, poorer health outcomes and more pressure on the healthcare system.

Policy Solutions to Protect LTCHs

Policymakers must implement reforms to ensure that Americans who are increasingly enrolling in MA plans can access clinically appropriate post-acute care services like LTCHs when they find themselves facing a life-threatening injury or illness. Additionally, leaders must



address the unsustainable dual-rate payment system that is leaving LTCHs in an untenable situation to continue caring for the sickest patients in the country.

These reforms include:

- **Enforcing Medicare Advantage Organizations' (MAOs) compliance with federal laws and regulations** to apply the same admission criteria as Traditional FFS Medicare.
- **Strengthening transparency and oversight of MA prior authorization practices**, including the use of third-party companies.
- **Providing more flexibility and funding for high-cost outlier cases**, as well as more flexibility to provide care for different types of patients through the standard payment system.

LTCHs like ScionHealth are unique and serve some of America's sickest, most complex patients, providing high-quality, specialized care. Policymakers must prioritize protecting these essential providers from the harmful MA practices and underpayment that are blocking patient access and financially straining providers.