Using Payment to Drive Quality Improvement in Medicare and Medicaid

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Overview of Presentation

- CMS Nursing Home Value-Based Purchasing Demonstration (NHVBP)
- States with financial incentive programs
  - Iowa
  - Kansas
  - Minnesota
  - Oklahoma
- States with non-financial incentive programs

NHVBP Background

- Institute of Medicine (IOM) recommends aligning payment incentives with quality improvement
- Current payment systems do not reward or promote quality and may at times reward poor performance.
- Incentive payments can encourage providers to improve the quality of services they provide

NHVBP Design Considerations: MedPAC and JCAHO Recommendations

- Performance measures should be credible, valid, and reliable.
- System should reward both improvement and high quality, thus promoting improvement for providers with different levels of performance.
- Data collection should not be burdensome and should use data that are already collected where possible.
- Risk adjustment should be used where appropriate.
- Rewards should be great enough to drive desired behaviors and support consistently high quality care.
- A sliding scale of rewards should be established to allow for recognition of gradations in quality of care, including service delivery.
- Pay-for-performance programs should be budget neutral in the aggregate.
- Use a combination of financial and non-financial incentives.
- Give timely feedback to providers about their performance

NHVBP Overview

- Expected to be implemented sometime in 2009, following state and nursing home selection
- Demonstration design
  - Anticipate 4-5 demonstration states with approximately 50 demonstration facilities in each state.
  - Participation will be voluntary– interested facilities may be assigned to either the demonstration group or a comparison group.
  - First year of demonstration a “formative stage” with refinements to the measures and to the design considered for year 2.

NHVBP Includes Four Basic Types of Performance Measures

- Staffing levels and stability
  - Strong evidence showing a relationship between staffing levels and quality of care (e.g., CMS Staffing Studies)
  - Case mix adjustment
- Potentially avoidable hospitalizations
  - Give nursing homes a direct incentive to reduce the rate of potentially avoidable hospitalization.
  - This is the most direct method by which nursing homes can control Medicare expenditures.

NHVBP Includes Four Basic Types of Performance Measures

- Outcomes from State inspection survey
  - On-site, independent observation of nursing home quality.
  - Nursing homes with certain types of severe deficiencies should be ineligible for an incentive payment.
- Quality measures (QMs) from federal Minimum Data Set (MDS)
  - Use of QMs consistent with IOM recommendation to link financial incentives to patient outcomes.
  - Subset of quality measures selected based on reliability, extent to which measure is under the facility's control, statistical performance, and importance.

NHVBP: Staffing Performance Measures

- Staffing measures:
  - RN hours per resident day
  - Total nursing hours per resident day
  - Turnover percentage for nursing staff
- Staffing data to be collected using payroll data submitted by demonstration participants
- Case mix adjusted using RUG-III

NHVBP: Hospitalization Performance Measures

- Focus on hospitalizations for a set of potentially avoidable conditions
- Measured separately for short- and long-stay residents
  - Short-stay hospitalization rate: Hospitalization within 30 days of admission
  - Long-stay hospitalization rate: Rate per resident day
- Measures are risk-adjusted, using information derived from Medicare claims and the MDS.

NHVBP: Performance Measure Based on Survey Inspection Results

- Survey deficiencies are used in two ways: as a performance measure and as a screening measure.
  - Performance measure: Survey compliance score
    - Deficiencies are assigned points, based on scope and severity
    - May also consider number of revisits required to correct deficiencies
  - Screening measure: Facilities with substandard quality of care deficiency are ineligible for an incentive payment.

NHVBP: MDS-Based Performance Measures

- Use a subset of the MDS quality measures that have been validated, focusing on those that are under the facility's control, that have good statistical performance, and reflect important societal values.
- Long-stay measures
  - % of residents whose need for help with daily activities has increased
  - % of residents whose ability to move in and around their room got worse
  - % of high-risk residents with pressure sores
  - % of residents who had a catheter inserted and left in their bladder
  - % of residents who were physically restrained
- Short-stay measures
  - % of residents with improved level of ADL functioning
  - % of residents who improve status on mid-loss ADL functioning
  - failure to improve bladder incontinence

NHVBP: Other Potential Performance Measures

- There are several promising performance measures that require further development work but that may be possible to include beginning in the second year of the demonstration.
  - Resident Experience with Care surveys
    - Use of survey
    - Resident satisfaction (e.g., based on Nursing Home CAHPS)
  - End of Life care
    - Whether the nursing home has a contract with at least one hospice agency
    - Percentage of residents with an advance care plan that includes certain specific elements
  - Staff immunization rate

NHVBP Design Considerations: Scoring Rules and Linking Performance to Incentive Payments

- Scoring rules:
  - Thresholds for individual measures or a continuous scoring system?
  - Base on overall performance or performance on individual measures?
  - Relative performance or pre-determined thresholds?
- Linking performance to incentive payments
  - What percentage of participants should receive incentive payments?
  - Balance between rewarding high performance and improvement over time.

NHVBP: Scoring Rules and Eligibility for Incentive Payments

- Weights for performance measures:
  - Staffing: 30 points
  - Survey deficiencies: 20 points
  - Resident outcomes: 20 points
  - Potentially avoidable hospitalizations: 30 points
- A continuous scoring system is used, with points based on facility relative performance within the state (i.e., based on facility percentile).
- Eligibility for incentive payments:
  - Facilities in the top 20% in terms of overall performance (across all measures) qualify for an incentive payment, as do those in the top 20% in terms of improvement relative to the baseline period (as long as their performance level is at least the 40th percentile).
  - Payment pool allocated equally between improvers and those with high performance.
  - Payments weighted based on facility size

NHVBP: Determining the Size of the Incentive Pool

- Demonstration must be budget neutral.
- Determine the size of the incentive pool in each state based on the Medicare program savings achieved by demonstration facilities.
  - Similar to Physician Group Practice demonstration, except that savings calculation is made across all demonstration facilities in a state.
  - Medicare program savings estimated by comparing the pre-post change in Medicare expenditures for demonstration and comparison facilities
  - If no Medicare program savings are achieved, no incentive payments are made to any facilities, regardless of performance.

Overview of State Pay-for-Performance Programs

- States with financial incentives:
  - **Iowa** (Accountability Measures Incentive Program, initiated in 2002)
  - **Kansas** (Nursing Facility Quality and Efficiency Outcome Incentive Factor program, initiated in 2005)
  - **Minnesota** (Performance Based Incentive Payments, initiated in 2006)
  - **Oklahoma** (Focus on Excellence Program, initiated in 2007)
- Several other states have non-financial incentive based programs.

State Incentive Programs – Summary of Measures

	Iowa	Kansas	Minnesota	Oklahoma
Staffing Hours	X	X	X	X
Retention/ Turnover	X	X	X	X
Deficiencies	X	X	X	X
Occupancy	X	X		
MDS Quality			X	
Other Quality Measures				Falls, catheterization; restraints; unplanned weight loss; pressure sores; antipsychotic medications
Other Measures	Resident council resolution rate; Resident satisfaction; Administrative costs; Special dementia unit; Medicaid utilization	Operating Costs	Use of pool staff	

Iowa Accountability Measures Incentive Program: Performance Measures and Scoring Rules

- Performance measures (12 possible points)
  - Survey (3 points)
    - Deficiency free survey (2 points)
    - Substantial Compliance survey (1 point)
  - Staffing (3 points)
    - Nursing hours per resident day (2 points)
      - Based on relative distribution (1 point if between 50-75th percentile, 2 points if above 75th percentile)
      - Case mix adjusted using RUG-III system
    - High staff retention (above 72.3%)
  - Other (6 points)
    - High occupancy rate (above 95%) (1 point)
    - High resident council resolution rate (above 60%) (1 point)
    - High resident satisfaction scores (above 50th percentile) (1 point)
    - Low Administrative costs (below 50th percentile) (1 point)
    - Special Dementia Unit (1 point)
    - High Medicaid Utilization (above 50.41%) (1 point)

Iowa: Determining Size of Incentive Payment

Total Points	Percentage Payment	Per Diem Amount
0 – 2 points	No additional reimbursement	$0 per day
3 – 4 points	1% of the direct care and non-direct care medians	$.95 per day
5 – 6 points	2% of the direct care and non-direct care medians	$1.91 per day
7 or more points	3% of the direct care and non-direct care medians	$2.86 per day

Iowa: Program Assessment

- No formal evaluation, but there has been a small increase in deficiency free surveys; the impact on staffing levels and retention has not been examined.
- The program is fairly easy/inexpensive to administer
- The State reports general satisfaction by providers with the measures and the system

Kansas Nursing Facility Quality and Efficiency Outcome Incentive Factor

- Kansas pay-for-performance program is similar to that used in Iowa.
- In addition to its pay-for-performance program, the Kansas Promoting Excellent Alternatives in Kansas" (PEAK) Nursing Homes Initiative, which has two components:
  - Recognition for nursing homes pursuing progressive models of care
  - Education to nursing homes on instituting change: Kansas Department on Aging contracted with Kansas State University to produce educational materials and training modules

Kansas: Performance Measures and Scoring Rules

- Staffing (4 points)
  - Direct care staffing hours per resident day (2 points if above 120% of state median; 1 point if between 110% and 120%)
  - Staff turnover below state median (1 point)
  - Staff retention above state median (1 point)
- Survey deficiencies (2 points)
  - 1 point if deficiency-free
  - 1 point if no deficiencies > scope/severity “E” and not more than 5 total deficiencies
- Occupancy (2 points)
    - Total occupancy above 95%(1 point)
    - Medicaid occupancy above 65% (1 point)
- Operating costs below state median (1 point)

Kansas: Incentive Payments

- Thirty-eight percent of nursing homes in the State received a quality incentive payment.

Total Incentive Points:	Incentive Factor Per Diem:
Tier 1: 8-9	$3.00
Tier 2: 6-7	$2.00
Tier 3: 4-5	$1.00

Minnesota Value-Based Reimbursement Program

- The VBR system implemented by the State in October 2006 is based on performance in five domains:
  - Staffing (50 points) (Continuous scoring rules were used, with points distributed proportionately over a range of values.)
    - Staffing turnover (15 points)
    - Staff retention (25 points)
    - Use of pool staff (10 points)
  - MDS-based quality measures (40 points)
    - Scoring based on proportion of measures for which the facility was better than the national average
  - Survey measures (10 points)
    - 0 points if one or more deficiency at H level or higher
    - 5 points if facility had deficiencies at F or G level
    - 10 points if all deficiencies were below Level F
- Maximum quality add-on is 2.4 percent

Minnesota Performance Based Incentive Payments

- In addition to its value-based reimbursement program, the state has a Performance-Based Incentive Payments program that allows facilities to earn performance-based incentive Medical Assistance payments.
- Program allows for one-time rate adjustments of up to 5 percent of the operating payment to selected facilities who propose specific strategies to improve their performance.
- Facilities rated on 8 components, including:
  - How well the proposal addresses goals of program (Improved quality and efficiency and rebalancing of ltc system)
  - Whether the proposal addresses a priority issue
  - New and innovative concepts and strategies
  - Broad based applicability
  - Prospective/sustainable goals
  - Feasibility
- Incentive pool: Funding for FY2009 is $6.7 million

Minnesota Performance Based Incentive Payments: Examples of Funded Projects

- “The home is proposing to enhance the bathing experience by improving/updating four existing tub rooms to include towel warmers, CD players and a privacy screen.”
- “Nursing facility proposes to reduce resident pain and improve pain-related quality of life by utilizing the Brief Pain Inventory assessment tool and staff training on pain.”
- “The home is proposing to improve the clinical outcomes of congestive heart failure (CHF) residents. Included in the project is the purchase of an electronic charting system and a wheelchair scale.”
- “Nursing facility to install a wireless, soundless call system which will include integration of existing safety precautions and alert systems that signal emergencies, needs, and concerns.”
- “Nursing facility will implement an evidence-based diagnosis and treatment of osteoporosis for high risk post fracture patients in the rehab setting.”

Oklahoma Focus on Excellence Program

- Part of State's Focus on Excellence program, which was initiated in 2007. The program has three main elements:
  - Tiered reimbursement based on quality rating system
  - Public reporting system with nursing facility quality ratings
  - Evidence-based management data and tools for provider performance improvement
- Participation is voluntary, but there are strong financial incentives to participate.
  - 95% of facilities in the state are participating.
  - No provider faces reimbursement decrease as a result of participating.

Oklahoma Focus on Excellence Program: Performance Measures

- Survey deficiencies
- Staffing: Nursing hours per resident day (CNA, LPN, RN), CNA turnover and retention, nurse turnover and retention
- Clinical measures
  - Falls, catherization, restraints, unplanned weight loss, pressure sores, anti-psychotic medications).
  - These are not derived from the MDS, but are reported by the facility using a web-based reporting tool.
- Other
  - Resident satisfaction
  - quality of life (from resident/family satisfaction survey)
  - employee satisfaction (from employee survey)
  - occupancy,
  - level of person-centered care,
  - Medicaid occupancy
  - Medicare utilization ratio

Oklahoma Focus on Excellence Program: Scoring Rules and Incentive Payments

- Scoring rules
  - Each measure is weighted equally. Scoring is based on whether the facility was at or above the median on the measure.
  - Facilities that receive a minimum number of points are eligible for an incentive payment, with the size of the incentive payment increasing with above-average performance on more measures.
  - State may also eventually consider improvement over time
- Incentive payments
  - 1% participation bonus for first year
  - Providers can earn incentive payments of 1% to 4% (up to $1.09 to $4.36 per patient day.
  - In the last quarter of 2007, above 50% of participating facilities qualified for an incentive payment

States with Non-Financial Incentives

- **North Carolina** (NC New Organizational Vision Award, initiated in 2007) uses a special licensure program for nursing homes that demonstrate a positive workplace culture to improve recruitment and retention.
- **Vermont** (Gold Star Program, initiated in 2005) recognizes facilities that institute evidence-based practices to improve recruitment and retention, particularly direct care staff.
- **Wisconsin** (Nursing Home Recognition for Performance Quality Initiative, initiated in 2007) uses a quality index scorecard based on a 100-point system. The scoring emphasizes staffing levels and stability, as well as stable leadership.

Conclusions

- Payment incentive programs in nursing homes are emerging, but not widespread
  - Medicare's planned Nursing Home Value Based Purchasing Demonstration is expected to include 4-5 states
  - Only a few states have actually implemented or have specific plans for incorporating pay-for-performance into their nursing home Medicaid payment rates
- Little is known about the impact of these programs on quality.
- All existing programs include measures based on staffing levels, retention, and turnover, and survey deficiencies.
- There is no consensus about: other measures to include; how to link performance to incentive payments; or size of incentive payments.
- Financial incentive and non-financial incentive programs are often used together