MEDICARE VALUE-BASED PURCHASING PILOT PROGRAM

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Home Health Proposed Rule: So much more that payment rates

- HHPPS 2016 Proposed Payment Rates
  - Continued Rate Rebasing
  - Recalibration of Case Mix Weights (again)
  - Wage Index Changes
  - Outlier Payment Model
  - Case Mix Creep Adjustments (again!)

- Value Based Purchasing Model
Value-Based Purchasing Pilot (VBP)

- CMS proposes piloted VBP:
  - Starting in 2016
    - Baseline year 2015
    - Performance year 2016
    - Payment year 2018
  - 9 states mandatory participation of all HHAs (Florida included)
  - 5-8% payment withhold for incentive payments
    - “greater upside benefit and downside risk”
    - Phase-in to 8%
  - Performance measures
    - Achievement and improvement
    - Process, outcomes, and patient satisfaction
  - Comparison based on “smaller-volume” and “larger-volume”
    - State-based comparison

Value-Based Purchasing: Beyond CMS

- Congressional proposal introduced in July (W&M sponsors)
  - Substitute for SGR legislative cuts
  - Integrated PAC VBP rather than individualized sectors
  - Starting in FFY 2020
  - Nation-wide with geographic based measures
  - Withhold range at 3-8% with 50-70% redistribution
  - Single performance measure: PAC sector-specific per beneficiary spending
    - Intended to address wide variation in PAC spending
  - Significant discretion given CMS
- Home health non-PAC: in or out??
- PAC and hospital industry not supportive
- MedPAC supports hospital readmission penalties
**Value-Based Purchasing Pilot: Structure**

- Randomized state selection methodology
- Reporting framework
- Payment adjustment methodology
- Payment adjustment schedule
- Quality measure selection standards
  - Classification and weighting
  - Measures for performance year
  - Framework to adopt new measures
- Performance scoring method
  - Achievement
  - Performance improvement
- Review and recalibration period
- Evaluation framework
- Public reporting

**Value-Based Purchasing Pilot**

- Proposed states: MA, MD, NC, FL, WA, AZ, IA, NE, TN
  - 9 regions
  - Randomized selection w/in each region
  - Subject to change
- Factors considered in setting up regions
  - HHA size
  - Utilization levels
  - Rural
  - Dual-eligibles
  - Proportion of minorities
Value-Based Purchasing Pilot

- Payment Adjustment Timeline
  - 5 performance years beginning in 2016
    - 2016 > 2018 payment adjustment (5%)
    - 2017 > 2019 payment adjustment (5%)
    - 2018 > 2020 payment adjustment (6%)
    - 2019 > 2021 payment adjustment (8%)
    - 2020 > 2022 payment adjustment (8%)
  - May modify schedule beginning in 2019 with more frequent adjustments

Value-Based Purchasing Pilot

- Measures
  - 10 Process; 15 Outcome; 4 New Measures
  - OASIS; Claims; HHCAPS

- Principles:
  - Broad set to capture HHA complexities
  - Flexibility to include IMPACT Act proposed PAC measures
  - Develop second-generation measures of outcomes, health and functional status, shared decisionmaking and patient activation
  - Balance of process, outcome, and patient experience
  - Advance ability to measure cost and value
  - Measures on appropriateness and overuse
  - Promote infrastructure investments
Value-Based Purchasing Pilot: Measures

• Outcome
  – Improvement in ambulation-locomotion (OASIS)
  – Improvement in bed transferring
  – Improvement in Bathing
  – Improvement in Dyspnea
  – Discharged to community
  – Acute care hospitalization (unplanned w/in 60 days; during first 30 days)
  – Emergency Department use w/o hospitalization
  – Improvement in pain interfering with activity
  – Improvement in oral medication management
  – Prior functioning ADL/IADL
  – Care of Patients (CAHPS)
  – Communication between providers and patients (CAHPS)
  – Specific care issues (CAHPS)
  – Overall rating (CAHPS)
  – Willingness to recommend the agency (CAHPS)

Value-Based Purchasing Pilot: Measures

• Process
  • Depression assessment conducted (OASIS)
  • Influenza vaccine data collection
  • Influenza immunization received
  • Pneumococcal vaccine received
  • Reason Pneumococcal vaccine not received
  • Drug education
    Timely initiation of care
  • Care management/types and sources of assistance
  • Pressure ulcer prevention and care
  • Multi-fall risk assessment conducted
Value-Based Purchasing Pilot: Measures

• New Measures: HHA reporting through portal
  
  • Influenza vaccination of HH staff
  • Herpes zoster (shingles) vaccines for HHA patients
  • Advanced Care planning
  • Adverse event for improper medication

Value-Based Purchasing Pilot: Scoring

• Quarterly assessment
• Total Performance Score (TPS): higher of achievement or performance score in each measure
• All Outcome and Process measures have equal weight and account for 90% of TPS
• New Measure reported accounts for 10% and each has equal weight
• Points only for “applicable measures” (20 episodes per year)
  – 0 to 10 points on each Outcome and Process measure
  – 10 or 0 points on New Measures (report vs. no report)
Value-Based Purchasing Pilot: Scoring

- “Achievement threshold”: median of all HHA performance in baseline period
- “Benchmark”: mean of top decile of all HHA performance in baseline period
- State specific; separate “smaller” and “larger” HHAs
- Each measure is separately scored

Value-Based Purchasing Pilot: Scoring

- Achievement scoring
  - HHA with performance equal to or higher than benchmark receives 10 points
  - HHA with performance equal to or greater than achievement threshold receives 1-9 points based on formula:
    - \( 9 \times (\text{HHA performance score} - \text{achievement threshold}) \) divided by \( (\text{benchmark} - \text{achievement threshold}) + 0.5 \)
  - HHA with performance less than achievement threshold receives 0 points
Value-Based Purchasing Pilot: Scoring

- Improvement scoring
  - HHA with performance equal to or higher than benchmark receives 10 points
  - HHA with performance greater than its baseline period receives 1-9 points based on formula:
    - \( 10 \times \frac{(\text{HHA performance period score} - \text{HHA baseline period score})}{(\text{benchmark} - \text{HHA baseline period score}) - 0.5} \)
    - HHA with performance equal or less than baseline period score receives 0 points

Value-Based Purchasing Pilot: Scoring

- Total Performance Score (TPS)
  - Use only those measures out of the 25 with 20 or more episodes
  - Use higher of improvement or achievement score
  - Divide total earned points by total possible points multiplied by 90
  - Add New Measure points (points earned/possible points \(\times 10\))
# PAYMENT EFFECT

- Based on a Linear Exchange Function (LEF)
- 7 step process
  - Prior Year Aggregate HHA Payment Amount
  - % Payment Reduction Amount
  - Final TPS Adjusted Reduction Amount
  - LEF
  - Final TPS Adjusted payment Amount
  - Quality Adjusted Payment Rate
  - Final Percent Payment Adjustment

## Figure 9: 8-percent Reduction Sample

<table>
<thead>
<tr>
<th>HHA</th>
<th>TPS</th>
<th>Prior Year Aggregate HHA Payment*</th>
<th>8-Percent Payment Reduction Amount (C2*8%)</th>
<th>TPS Adjusted Reduction Amount (C1/100)*C3</th>
<th>Linear Exchange Function Amount (LEF) (Sum of C3/Sum of C4)</th>
<th>Final TPS Adjusted Payment Amount (C4*C5)</th>
<th>Quality Adjusted Payment Rate (C6/C2) *100</th>
<th>Final Percent Payment Adjustment +/- (C7-8%)</th>
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<tbody>
<tr>
<td>HHA1</td>
<td>38</td>
<td>$190,000</td>
<td>$8,000</td>
<td>$3,040</td>
<td>1.93</td>
<td>$5,800</td>
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<td>HHA2</td>
<td>55</td>
<td>$145,000</td>
<td>$11,600</td>
<td>$6,380</td>
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<td>$64,000</td>
<td>$14,080</td>
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<td>HHA4</td>
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*Example cases.
Value-Based Purchasing Pilot: Preview

- Opportunity to review quarterly quality reports
  - 10 days to request recalculation
  - July 2016 first report
- Opportunity to review TPS and payment adjustment calculations
  - August 1, 2017 first notification
  - 10 days to request recalculation
  - Final report no later than November 1, 2017

Value-Based Purchasing Pilot: Industry Reaction

- Generally supportive of VBP as a payment model reform
  - Details matter!
- Details here raise concerns
  - Amount at risk
    - 2% is max in other sectors
    - At risk levels may prevent improvements as resources depleted
  - Measures are complex, subject to manipulation, and leave out patient stabilization
    - Do not reflect population served in home health
  - Will congressional VBP overlap or replace?
Other Payment Reforms: PAC Bundling

- CMMI pilots/demos continuing
  - 2100 participating providers in 360 demo agreements
    - Limited home health participation; virtually no risk taking
    - Evidence of impact still unavailable
    - ACO experience shows some home health gains in use
- Administration support for expanded PAC bundling
- Congressional caution
  - BACPAC bill
    - Limited support
    - Industry concerns

CMS Joint Replacement Bundling Proposal

- Affects total hip and knee replacement patients
- Hospital payments at risk
  - Target spending set by CMS geographic specific data
  - Hospitals may share risk and savings with other providers
  - First year: shared savings only
  - Year 2 and beyond: shared savings and losses
  - Attempt to avoid overlap with other shared savings demos
  - Covers costs through 90 days post hospital
- 75 hospital geographic areas in play
- Patient freedom of choice continues
- Providers paid at usual FFS rates
- Expansion/retraction/termination possible depending on results
- Home health impact: mixed, but mostly positive in the aggregate

CONCLUSIONS

• Payment innovations continue to surface
• Value-Based Purchasing is a central player
• May be VBP fallout with MA Plans, Medicaid, and Commercial Insurers
• Serious concerns on measures and financial risks
• Not going away!