



## **MEDICARE VALUE-BASED PURCHASING PILOT PROGRAM**

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## **Home Health Proposed Rule: So much more that payment rates**

- **HPPPS 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**
- <https://www.federalregister.gov/articles/2015/07/10/2015-16790/medicare-and-medicaid-programs-cy-2016-home-health-prospective-payment-system-rate-update-home>

## 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:
    - $9 \times (\text{HHA performance score} - \text{achievement threshold}) \div (\text{benchmark} - \text{achievement threshold}) + 0.5$
  - 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:
    - $10 \times (\text{HHA performance period score} - \text{HHA baseline period score})$  divided by  $(\text{benchmark} - \text{HHA baseline period score}) - 0.5$
  - 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 X 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

|      |      | Step 1                                     | Step 2   | Step 3  | Step 4   | Step 5  | Step 6  | Step 7  |
|------|------|--|--|---|--|---|---|---|
| HHA  | TPS  | Prior Year<br>Aggregate<br>HHA<br>Payment* | 8-Percent<br>Payment<br>Reduction<br>Amount<br>(C2*8%) | TPS<br>Adjusted<br>Reduction<br>Amount<br>(C1/100)*C3 | Linear<br>Exchange<br>Function<br>(LEF)<br>(Sum of C3/<br>Sum of C4) | Final TPS<br>Adjusted<br>Payment<br>Amount<br>(C4*C5) | Quality<br>Adjusted<br>Payment<br>Rate<br>(C6/C2)<br>*100 | Final<br>Percent<br>Payment<br>Adjustment<br>+/-<br>(C7-8%) |
|      | (C1) | (C2)                                       | (C3)   | (C4)  | (C5)   | (C6)  | (C7)  | (C8)  |
| HHA1 | 38   | \$ 100,000                                 | \$ 8,000   | \$ 3,040  | 1.93   | \$ 5,867  | 5.9%  | -2.1%   |
| HHA2 | 55   | \$ 145,000                                 | \$ 11,600  | \$ 6,380  | 1.93   | \$ 12,313   | 8.5%  | 0.5%  |
| HHA3 | 22   | \$ 800,000                                 | \$ 64,000  | \$ 14,080   | 1.93   | \$ 27,174   | 3.4%  | -4.6%   |
| HHA4 | 85   | \$ 653,222                                 | \$ 52,258  | \$ 44,419   | 1.93   | \$ 85,729   | 13.1%   | 5.1%  |
| HHA5 | 50   | \$ 190,000                                 | \$ 15,200  | \$ 7,600  | 1.93   | \$ 14,668   | 7.7%  | -0.3%   |
| HHA6 | 63   | \$ 340,000                                 | \$ 27,200  | \$ 17,136   | 1.93   | \$ 33,072   | 9.7%  | 1.7%  |
| HHA7 | 74   | \$ 660,000                                 | \$ 52,800  | \$ 39,072   | 1.93   | \$ 75,409   | 11.4%   | 3.4%  |
| HHA8 | 25   | \$ 564,000                                 | \$ 45,120  | \$ 11,280   | 1.93   | \$ 21,770   | 3.9%  | -4.1%   |
| Sum  |      |  | \$ 276,178   | \$ 143,007  |  | \$ 276,002  |   |   |

\*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
- <https://www.federalregister.gov/articles/2015/07/14/2015-17190/medicare-program-comprehensive-care-for-joint-replacement-payment-model-for-acute-care-hospitals>

## **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!**