THE NEW HHPPS and VBP RULE FOR CY2016

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The New Rule

• It will be published in an upcoming Federal Register
• In the meantime it is available through: https://s3.amazonaws.com/public-inspection.federalregister.gov/2015-27931.pdf.
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

2016 Final Medicare Home Health Rates

- Year 3 rebasing payment rates (4 year phase-in)
  - Episode rates: full cut (3.5% of 2010 rates) allowed under ACA
  - LUPA per visit rates: full increase (3.5% of 2010 rates)
  - Non-routine Medical Supplies: 2.82% reduction
- Recalibrated case mix weights
  - Changes in all 153 case mix weights
  - Budget neutrality adjustment
- New CBSAs in wage index
- Outlier eligibility remains same despite low spending
- Rates reduced by 2% if no quality data submitted
- 3% rural add-on continues through 2017
- Remember 2% payment sequestration (February 1 and later payments)
2016 Proposed Medicare Home Health Rates

- Payment rate updates
  - Market basket Index (inflation factor): 2.3%
  - Productivity Adjustment: 0.4
  - Case mix creep adjustment: 0.97% (2016, 2017, and 2018)
- Rebasing + updates + adjustment =
  - Reduction in spending of $260 million in 2016

2016 Proposed Medicare Home Health Rates

- CY 2015 Base Episode Rate: $2,961.38
- CY 2016 Proposed Base Episode Rate: $2,965.12
- Net MBI: 1.019
- Wage Index Budget Neutrality Factor: 1.0011
- Case Mix Weight Budget Neutrality factor: 1.0187
- Rebasing Adjustment: -$80.95
2016 Proposed Medicare Home Health Rates

- Per-Visit Rates
  - Home Health Aide: $60.87
  - MSW: $215.47
  - OT: $147.95
  - PT: $146.95
  - SLP: $159.71
  - SN: $134.42
- 3.5% rebasing increase over 2015 + 1.9% update
- Non-routine Medical Supplies: $52.71 conversion factor
  - 2.82% rebasing reduction + 1.91% update

2015 Medicare Home Health Rates

- Notables
  - CMS includes case mix creep adjustment (2.88%) at 0.97% in 2016, 2017, and 2018
    - Represents changes in coding that does not reflect changes in patients
    - MedPAC explains that access and quality is OK
    - CMS revised formula leading to a recalculation
  - Anticipate annual case mix recalibration thereafter
HHPPS Industry Concerns with Proposed Rule

- Case Mix Creep adjustment
  - Relies on out of date data on “nominal” case mix changes
- No increase in spending
- Case mix weights recalibrated
- Industry cannot survive further rate reductions

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)
  - 3-8% 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 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 and Final 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 (3%)
    • 2017 > 2019 payment adjustment (5%)
    • 2018 > 2020 payment adjustment (6%)
    • 2019 > 2021 payment adjustment (7%)
    • 2020 > 2022 payment adjustment (8%)
  – May modify schedule beginning in 2019 with more frequent adjustments

Value-Based Purchasing Pilot

• Measures
  – 6 Process; 15 Outcome; 3 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 (OASIS)
  • Influenza vaccine data collection
  • Influenza immunization received
  • Pneumococcal vaccine received
  • Reason Pneumococcal vaccine not received
  • Drug education
  • Care management/ADL/IADL, types and sources of assistance
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

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:
    • $9 \times \text{(HHA performance score-achievement threshold)} \div \text{(benchmark-achievement threshold)} + 0.5$
  - 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:
    • $10 \times \left( \text{HHA performance period score} - \text{HHA baseline period score} \right)$ divided by $\left( \text{benchmark} - \text{HHA baseline period score} \right) - 0.5$
  – 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)
Scoring Illustration

Figure 7: Example of an HHA Earning Points by Achievement or Improvement Scoring

Measure: PN Pneumococcal Vaccination

<table>
<thead>
<tr>
<th>Achievement Threshold</th>
<th>Benchmark</th>
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<tr>
<td>Achievement</td>
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<td>Achievement Range</td>
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<td>Performance Year Score</td>
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HHA A Score: 10 maximum points for achievement

Baseline Year Score | Performance Year Score
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<tr>
<td>HHA B Improvement</td>
<td>Improvement Range</td>
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<td>.213</td>
<td>.705</td>
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HHA B Score: the greater of 6 points for achievement and 7 points for improvement

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
**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

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**Figure 9: 8-percent Reduction Sample**

<table>
<thead>
<tr>
<th>Step 1</th>
<th>Step 2</th>
<th>Step 3</th>
<th>Step 4</th>
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<td>Adjusted Payment Amount (C4/C5)</td>
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*Example cases.
Value-Based Purchasing Pilot: Industry Concerns

• 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?
  • Will overlap with bundling, ACOs, and other innovations

CONCLUSION

• Moderate improvements in rates
• Modest VBP improvements
• Stay tuned