

# 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/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:
    - $9 \times (\text{HHA performance score} - \text{achievement threshold}) \div (\text{benchmark} - \text{achievement threshold}) + 0.5$
  - HHA with performance less than achievement threshold receives 0 points

## Value-Based Purchasing Pilot: Scoring

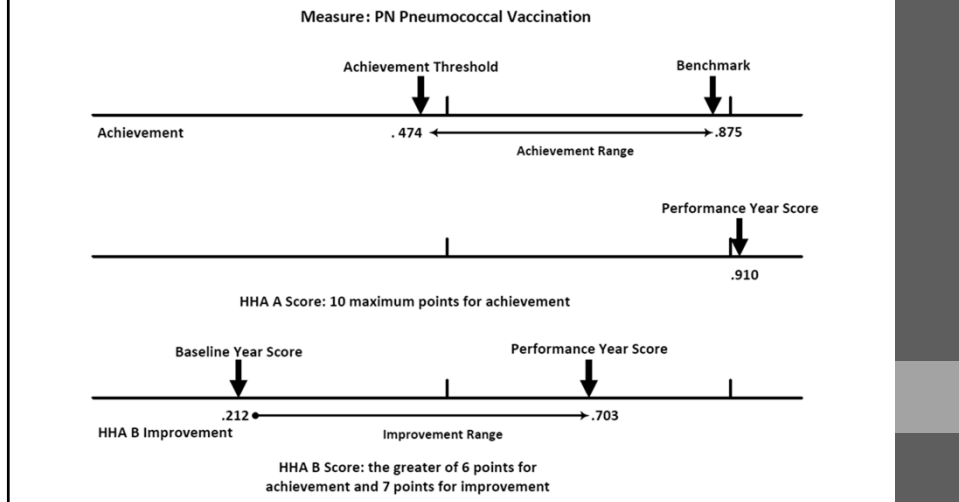
- **Improvement scoring**
  - HHA with performance equal to or higher than benchmark receives 10 points
  - HHA with performance greater than its baseline period receives 1-9 points based on formula:
    - $10 \times (\text{HHA performance period score} - \text{HHA baseline period score})$   
divided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

## Scoring Illustration

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



## 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 Aggregate HHA Payment*	8-Percent Payment Reduction Amount (C2*8%)	TPS Adjusted Reduction Amount (C1/100)*C3	Linear Exchange Function (LEF) (Sum of C3/ Sum of C4)	Final TPS Adjusted Payment Amount (C4*C5)	Quality Adjusted Payment Rate (C6/C2) *100	Final Percent Payment Adjustment +/- (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 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