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MEMORANDUM

TO: RHCF Members

FROM: Elliott Frost, Senior Policy Analyst
Patrick Cucinelli, Senior Financial Policy Analyst

DATE: April 16, 2009

SUBJECT: **Nursing Home Value-Based Purchasing Demonstration**

ROUTE TO: Administrator, Department Heads

ABSTRACT: Applications for nursing home value-based purchasing demonstration due May 1st.

Introduction

On April 6, 2009, The Centers for Medicare & Medicaid Services (CMS) held a [Special Open Door Forum \(ODF\)](#) to present an overview of the Nursing Home Value-Based Purchasing (NHVBP) demonstration. New York is one of four states selected to participate in the demonstration. [NYAHS Doc. ID# n00003317](#) provided members with initial details of the project based on a March 25, 2009 CMS conference call. The recent ODF reiterated the content of our earlier member memo and provided additional details on the implementation timeframes and the application process.

Application Deadline

The implementation phase of this demonstration is scheduled for July 1, 2009 through June 30, 2012. **CMS is accepting applications from nursing homes through May 1, 2009.** All applicants will be required to submit payroll and census data for the project. Out of a projected sample size of 100 facilities in New York, CMS will assign 50 percent to the group eligible for enhanced payments and 50 percent to a control group.

Summary Chart

Through our considerable experience and data expertise related to quality measures and indicators, NYAHS's [EQUIP for Quality™](#) is on the cutting edge of the emerging science of measuring quality in long term care services. Although we have expressed some concerns with the design of this demonstration from a quality measurement perspective, NYAHS still

encourages its members to weigh the potential advantages and disadvantages of participation in the project.

NYAHSa has received questions from members about participation in the demonstration project, and has attached a table summarizing key aspects of the project and providing comments in each area. Members are encouraged to review the attached table if they are contemplating participation. For specific CMS information on the NHVBP project, including the application and reference materials from the April 6th ODF, please refer to: www.nhvbp.com.

If you have questions or comments, please contact Elliott Frost at 518-449-2707, ext. 140 or via e-mail at efrost@nyahsa.org; or Patrick Cucinelli at ext. 145 or pcucinelli@nyahsa.org.

Attachment

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CMS Nursing Home Value-based Purchasing Demonstration

Objective: To improve the quality of care furnished to all Medicare beneficiaries in nursing homes.

Area	Summary	Assessment
General	<ul style="list-style-type: none"> – 3 year demonstration project – 4 states selected for demo: Arizona, Wisconsin, Mississippi, New York – Participation is voluntary 	Participation is entirely voluntary.
Eligibility	<ul style="list-style-type: none"> – All free-standing and hospital-based SNFs 	Facilities that do not participate in Medicare or that serve few Medicare beneficiaries may not be considered.
Application process	<ul style="list-style-type: none"> – Application forms due May 1st (application kits can be found at www.nhvbp.com) – Notification around June 1st – 100 facilities will be accepted; 50 randomly assigned to demo group and 50 assigned as comparison group – Applicants will be required to submit: <ul style="list-style-type: none"> ○ General facility information ○ Resident census information ○ Payroll data (Jan – Mar '09) ○ Agency staff information ○ Developmental measures: <ul style="list-style-type: none"> • Staff immunizations • Use of resident care experience surveys – If facility is assigned to comparison group, no further submissions are required 	Depending on how many facilities volunteer, there is probably no better than a 50 percent probability of being assigned to the demo group, the one eligible for incentive payments. This may be a disincentive for facilities to participate.
Performance measures	<ul style="list-style-type: none"> – Nurse staffing (risk adjusted for case-mix) – 30 points (based on payroll data submitted quarterly by demo facilities) <ul style="list-style-type: none"> ○ RN/DON staffing – 10 points ○ Nursing Staff turnover – 10 points ○ Total Licensed staffing – 5 points ○ CNA staffing – 5 points – Potentially avoidable hospitalizations (risk adjusted) – 30 points <ul style="list-style-type: none"> ○ <u>Long stay</u>: CHF, electrolyte imbalance, respiratory disease, sepsis, UTIs, anemia ○ <u>Short stay</u>: all above EXCEPT anemia ○ Data for risk factors will be derived from a combination of MDS and Medicare claims data, including SNF and hospital claims data 	<p>Staffing measures are influenced by case-mix, rehab programming and local labor market conditions.</p> <p>The validity of measuring avoidable hospitalizations is dependent on the quality of the data and the efficacy of the risk adjustments.</p>

Area	Summary	Assessment
	<ul style="list-style-type: none"> - Resident outcomes– 20 points <ul style="list-style-type: none"> o Long stay outcomes include 5 current CMS chronic care measures: ADL decline, locomotion decline, high risk pressure ulcers, catheter use, physical restrains o Short stay outcomes include 3 new measures: improved ADL functioning, improved mid-loss ADL function, improved bladder incontinence - State survey inspections – 20 points <ul style="list-style-type: none"> - substandard quality of care or citations for actual harm or higher disqualifies a nursing home - Additional measures may be added in the second and third years of the demo as deemed appropriate 	<p>Similarly, the quality measures used are only as good as the data used and the risk adjustments employed. NYAHSA has concerns in both areas, and has not assessed the veracity of the proposed new short stay measures.</p> <p>Survey results are not objectively or consistently determined across facilities.</p>
Payment pool	<ul style="list-style-type: none"> - Budget neutral - Pool of savings must be generated or no payout will be made (savings estimated based on the difference in growth of Medicare expenditures between demo and comparison groups) - Higher quality of care expected to lead to fewer hospitalizations, leading to a savings in Medicare expenditures - Savings must be >2.3% ; maximum is 5% - 20% of savings pool will go to CMS/80% to demo facilities (no payments made to comparison facilities) 	<p>Payments to demo facilities could range from zero (if sufficient Medicare savings are not found) to several thousand dollars.</p>
Payout	<ul style="list-style-type: none"> - No guarantee of payment - Payment will not occur for at least 2 years from start of demo - 2 categories for payment: overall best performance and most improved - Can only receive payout in 1 category - Top 20% (e.g. 10 facilities) in each category will be eligible for award; 20/50 facilities <i>may</i> be eligible to receive payment 	<p>Even if payments are made, not all demo facilities will receive them. However, this would increase the payments to those facilities that are eligible.</p>
Summary/ Additional Information	<ul style="list-style-type: none"> - Additional information can be found at: http://www.cms.hhs.gov/DemoProjectsEvalRpts/downloads/NHP4P_Refinements_Report.pdf http://www.cms.hhs.gov/DemoProjectsEvalRpts/downloads/NHP4P_OpenDoor.pdf 	<p>Participation will entail reporting and tracking of performance, at a time when other government and private sector initiatives are underway (e.g., Five Star, Quality First, Care Transitions Project, etc.). However, if CMS mainstreams this initiative following the demo, participating facilities will already have experience with the measures.</p>