

The Medicare Home Health Pay-for-Performance Demonstration: What's the Plan?

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Overview

- Overview of the Medicare Home Health Pay-for-Performance (P4P) Demonstration:
 - Rewards both high quality care and improvement
 - Participation is voluntary
 - Will assess impact of P4P on home health agencies, Medicare beneficiaries, Medicare program overall
 - 2-year demonstration (10/2007-9/2009)
 - *Design still pending final CMS, HHS approval*

Design Principles

- Use existing data and quality measures to track performance
 - No new data collection burdens
- Budget neutrality
 - No HHA will have payments reduced
 - Funds for incentive payments will come from Medicare savings – HHA, inpatient, physician, etc.
- Experimental design
 - HHAs randomly assigned to treatment (P4P) or control group

Location

- Different regions of the US- to capture differences in:
 - HHA characteristics and practice patterns
 - outcomes trends
 - local infrastructure
- Specific state(s) to be selected in each region
 - Sufficient HHAs, sufficient patients to estimate Medicare impacts
 - Sufficient agencies with outcomes data
 - Try to avoid overlapping initiatives
- Within states, all certified agencies will be eligible

Key design components

PAYMENT:

- Funding incentive payments by measuring Medicare savings

PERFORMANCE:

- Which performance measures?
- How to score performance?

PAYMENT FOR PERFORMANCE:

- How should payments be allocated to participating HHAs?

Funding incentive payments

- Budget neutrality = no new money
- Options used in other P4P programs:
 - (a) Withhold portion of payments, redirect to winners OR
 - (b) Share program savings (all or portion) with participants
- Home Health P4P Demonstration will use (b) - funding from (anticipated) Medicare savings
 - Enhanced HHA quality expected to reduce use of all Medicare services – hospital, nursing home, rehab, ER, outpatient, physician
 - Medicare savings = difference between change in treatment and control group Medicare costs per day.

Estimating Medicare savings

- Compare change in Medicare costs for P4P agency patients to the control group (same region)
 - Include as many types of Medicare services as possible
 - (hospital, home health, SNF, rehab, ER, physician, DMEPOS)
 - “Observation window” includes time on HHA service plus 30 days
 - Apply risk-adjustment models to control for differences in patient acuity and risk of hospitalization.
 - Exclude managed care enrollees
- No savings, no payments!

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7

Estimating Medicare savings: Example

	Demonstration Group		Comparison Group	
	Baseline	Year 1	Baseline	Year 1
Total Medicare costs for HHA patients during observation period	\$19,000,000	\$21,000,000	\$19,500,000	\$22,000,000
Patient days in observation period	190,000	200,000	195,000	200,000
Actual Medicare costs per day (total costs/total days)	\$100.00	\$105.00	\$100.00	\$110.00
Percent change in Medicare costs/day		5.00%		10.00%
Expected Medicare costs for demonstration beneficiaries (Baseline costs * comparison group change)		\$110.00		
Savings per day (Expected costs - actual costs)		\$5.00		
Total Medicare Savings (Savings per day * number of days)		\$1,000,000		

In this example, the rate of increase in Medicare expenditures for demonstration group beneficiaries (5%) is lower than that for the comparison group (10%). This results in Medicare savings (\$1,000,000), which are used to fund incentive payments.

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8

Selecting Performance Measures

- The quality and outcome measures used to measure agency performance are critical
 - Create demonstration incentives
- Using selected existing OBQI measures
 - Familiarity – no new education/learning curve
 - Agencies used to monitoring these scores
 - Use existing (OASIS) data – no new data collection
 - Smaller number of measures – focuses HHA efforts

Selecting Performance Measures, cont.

- Criteria for selection
 - Validity and reliability of OASIS items
 - Measure is under the agency's control
 - Perceived room for improvement
 - Statistical performance
 - Importance in home health
- Evaluated all current OBQI measures

Proposed Performance Measures

- Incidence of Acute Care Hospitalization
- Incidence of Any Emergent Care
- Improvement in Bathing
- Improvement in Ambulation / Locomotion
- Improvement in Transferring
- Improvement in Urinary Incontinence
- Improvement in Management of Oral Medications
- Improvement in Status of Surgical Wounds

Identifying the winners

Two types of winners:

- To encourage participation by agencies at all performance levels, incentive payments will be allocated to BOTH :
 - top performers
 - top improvers (relative to performance level in year before the demonstration)
- More weight assigned to performance

Identifying the winners

For each measure:

- Agencies with the top 20% performance level (in each state) qualify for an incentive payment
- Qualifying agencies with top 20% rates of improvement qualify for an incentive payment.
 - Qualifications:
 - Not already high performer in same measure
 - Performance in measure is above minimum threshold (e.g., 30%)
 - Improvement rate >0%
- Agency can be a “high performer” on some measures and a “high improver” on others.

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13

HHP4P Demonstration - Identifying the Winners								
Acute Care Hospitalization Rate								
Agency	PERFORMANCE		IMPROVEMENT				rank	%ile
	Year 1	%ile	Baseline	Change	rank	%ile		
A	16	100%	18	-2	-11%			
B	18	95%	15	3	20%			
C	18	90%	21	-3	-14%			
D	19	85%	19	0	0%			
E	20	80%	20	0	0%	9	20%	
F	21	75%	25	-4	-16%	5	60%	
G	22	70%	29	-7	-24%	2	90%	
H	23	65%	24	-1	-4%	8	30%	
I	24	60%	30	-6	-20%	3	80%	
J	25	55%	28	-3	-11%	7	40%	
K	27	50%	31	-4	-13%	6	50%	
L	29	45%	43	-14	-33%	1	100%	
M	30	40%	27	3	11%	10	10%	
N	31	35%	37	-6	-16%	4	70%	
O	32	30%	34	-2	-6%			
P	35	25%	32	3	9%			
Q	36	20%	40	-4	-10%			
R	42	15%	41	1	2%			
S	42	10%	50	-8	-16%			
T	43	5%	46	-3	-7%			

•High performance winners: agencies with **top 20% performance**

•High improvement winners:

(Excludes:

- Agencies already in top 20% performers
- Agencies in bottom 30% performers)

top 20% improvement

(no payment to agencies with no improvement)

14

Historical data

Based on national Home Health Compare data for 2006, 61% of HHAs performed in the top 20% on one or more of the proposed measures:

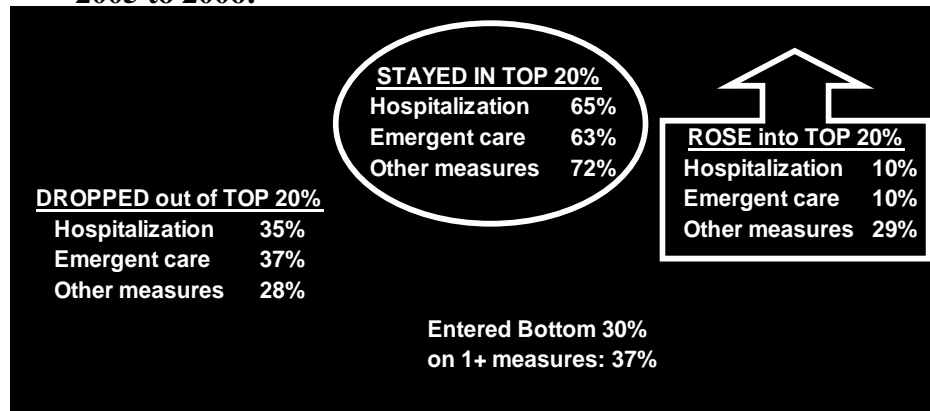
Top 20%: hospitalization	Top 20%: emergent care	Top 20%: other measures	% AGENCIES	
-	-	-	39%	} 61%
-	-	X	25%	
-	X	-	7%	
-	X	X	6%	
X	-	-	2%	
X	-	X	13%	
X	X	-	0%	
X	X	X	7%	
			100%	

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15

Agency movement from year to year

Changes in agency status as high performers (top 20%), 2005 to 2006:



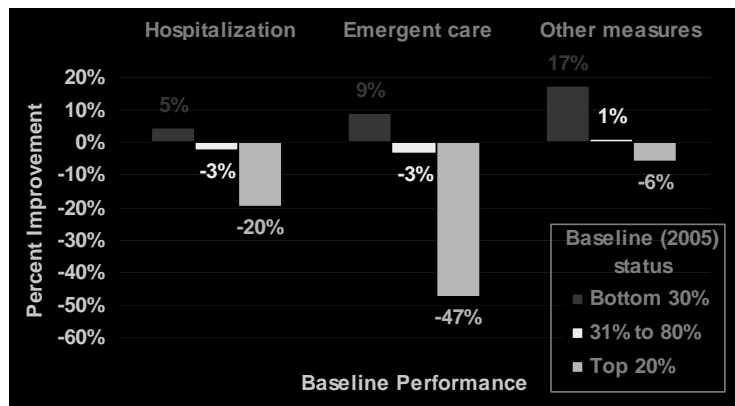
DATA: HHAs with
HHC data in
both 2005 & 2006

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16

Agency movement from year to year

Average changes in agency performance (2005 to 2006)
by baseline performance:



HHC data in
both 2005 & 2006

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17

Allocating incentive payments

- Savings pools are calculated separately for each region/state.
- Incentive payment pools are calculated separately for each measure and for performance vs. improvement.
- Incentive payments are allocated among winners based on agency Medicare activity.

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18

Allocating the incentive payment pool

Total Medicare savings pool for region/state: \$1,000,000				
ALLOCATION TO MEASURES and PERFORMANCE/IMPROVEMENT				
Measure		Total Dollars	Dollars for performance	Dollars for improvement
			75%	25%
Incidence of Acute Care Hospitalization	25%	\$250,000	\$187,500	\$62,500
Incidence of Any Emergent Care	15%	\$150,000	\$112,500	\$37,500
Improvement in Bathing	10%	\$100,000	\$75,000	\$25,000
Improvement in Ambulation / Locomotion	10%	\$100,000	\$75,000	\$25,000
Improvement in Transferring	10%	\$100,000	\$75,000	\$25,000
Improvement in Urinary Incontinence	10%	\$100,000	\$75,000	\$25,000
Improvement in Management of Oral Medications	10%	\$100,000	\$75,000	\$25,000
Improvement in Status of Surgical Wounds	10%	\$100,000	\$75,000	\$25,000
TOTAL	100%	\$1,000,000	\$750,000	\$250,000

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19

Allocating incentive payments to agencies

MEASURE: Incidence of Acute Care Hospitalization							
HIGH PERFORMERS				HIGH IMPROVERS			
Agency	Medicare patient days	%	Dollars for performance	Agency	Medicare patient days	%	Dollars for improvement
			\$ 187,500				\$ 62,500
A	6,000	10%	\$ 18,750				
B	12,000	20%	\$ 37,500				
C	24,000	40%	\$ 75,000				
D	18,000	30%	\$ 56,250				
TOTAL	60,000	100%	\$ 187,500				
				G	12,000	40%	\$ 25,000
				L	18,000	60%	\$ 37,500
				TOTAL	30,000	100%	\$ 62,500

- Calculation is performed annually for each measure in each state.
 - Must wait for claims data to be submitted and processed.

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20

Monitoring Performance

- The design and implementation contractor (Abt Associates Inc.) will collect outcomes data and issue interim status reports to P4P agencies, showing their current performance standings.
 - Planning to calculate outcomes separately for Medicare fee-for-service patients to score performance
- Control group agencies will receive reports at end of demonstration period.

Next Steps

- The Demonstration design will be finalized in Spring **2007**.
- Solicitation and recruitment for participation in the Demonstration will occur in **Summer 2007**.
- The Demonstration will operate:
October 2007 through **September 2009**.

Demonstration Contact Information

- Watch for demonstration updates at:
<http://www.hhp4p.info>
- Send comments, suggestions about the Home Health Pay-for-Performance Demonstration to:
HHP4P@cms.hhs.gov

Why participate?

- No financial risk or data collection burden
- Potential for financial benefit, good publicity
 - Additional level of outcomes information
- Provide data to inform future policy decisions
 - Have your agency's experience be part of the information base
- “Try out” future Medicare policy in a protected environment
 - “Be on the train or under it!”