

The Medicare Home Health Pay-for-Performance (HHP4P) Demonstration: Overview



*Henry B. Goldberg
Abt Associates Inc.*

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
 - Operations: January 2008 – December 2009
- Now enrolling participating HHAs

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

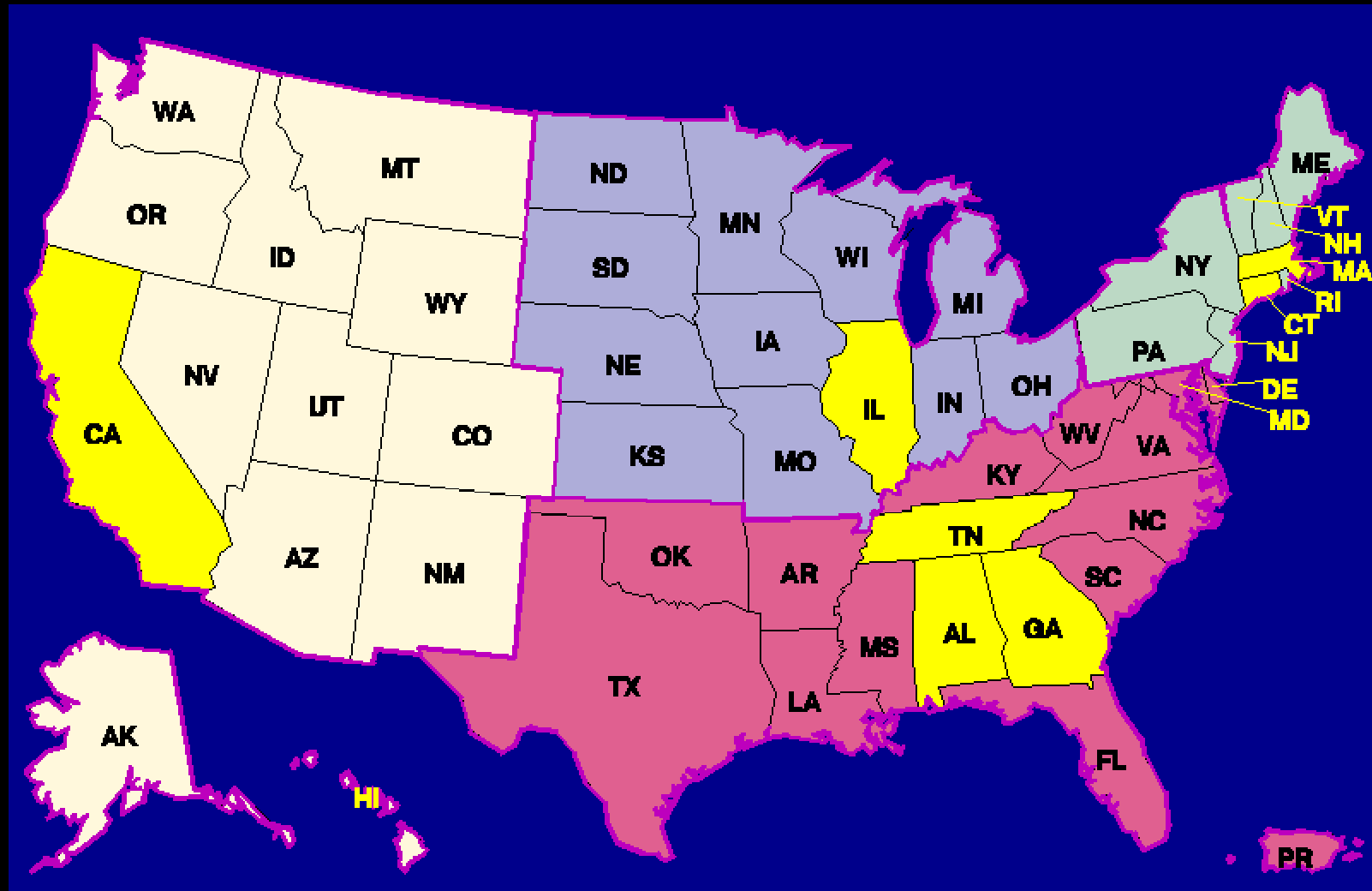
- Want to implement demonstration in different regions of the US- to capture differences in:
 - HHA characteristics and practice patterns
 - outcomes trends
 - local infrastructure
- State(s) selected in each region based on:
 - Sufficient HHAs, sufficient patients to estimate Medicare impacts
 - Sufficient agencies with outcomes data
 - Try to avoid overlapping initiatives
- Within demo states, all certified agencies are eligible

Location

The specific demonstration states are:

- *Northeast:* Connecticut, Massachusetts
- *South:* Alabama, Georgia, Tennessee
- *Midwest:* Illinois
- *West:* California

Home Health P4P Demonstration States



Potential Participants

Region	State	Certified HHAs
Northeast:	Connecticut	86
	Massachusetts	125
South:	Alabama	144
	Georgia	101
	Tennessee	139
Midwest:	Illinois	478
West:	California	635
	TOTAL	1708



Potential Participants

Characteristics		Certified HHAs	
		Number	%
Location	Urban	1415	83%
	Rural	293	17%
Auspice	Proprietary	1172	69%
	Nonprofit	412	24%
	Government	124	7%
Facility	Freestanding	1423	83%
	Hospital-based	285	17%

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 best available risk-adjustment models to control for differences in patient acuity and risk of hospitalization.
 - Exclude managed care enrollees
- No savings, no payments!

Estimating Medicare savings: Example

Medicare costs per day: $\frac{\text{Total Medicare payments in observation period (HH + 30 days) for all patients}}{\text{Total days in observation period for all patients}}$

COMPARISON GROUP: Actual Medicare costs per day - baseline	\$100.00
COMPARISON GROUP: Actual Medicare costs per day - Demo Yr 1	\$110.00
COMPARISON GROUP - change in Medicare costs per day	+10%
TREATMENT GROUP: Actual Medicare costs per day - baseline	\$100.00
TREATMENT GROUP: Actual Medicare costs per day - Demo Yr 1	\$105.00
TREATMENT GROUP - change in Medicare costs per day	+5%
TREATMENT -COMPARISON DIFFERENCE = Medicare Savings per day (Expected costs - actual costs)	-5%
Savings per day (Expected costs - actual costs)	\$5.00
TREATMENT GROUP - Medicare days in observation period	200,000
Total Medicare Savings (Savings per day * number of days)	\$1,000,000

In this example, the rate of increase in total Medicare payments 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.

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 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 previous year)
- 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%

Sample measure: Hospitalization

Agency	Year 1	%ile	Baseline	Change	rank	%ile	
A	16	100%	18	-2	-11%	TOP 20% performance (3)	
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%	BOTTOM 30% performance (4)	
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%		

•(1) High performance winners: agencies with **top 20% performance**

•(2) High improvement winners:

(Excludes:

- Agencies already in top 20% performers (3)
- Agencies in bottom 30% performers) (4)

top 20% improvement

(no payment to agencies with no improvement)

Identifying the winners

- In some P4P systems, scores on a number of measures are combined into a single “index” of overall performance
 - winning is “all or nothing”
- In the Home Health P4P Demonstration, an agency can be a “high performer” on some measures and a “high improver” on others:
(7 measures) X (2 types of winners) = 14 opportunities

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%
-	-	X	25%
-	X	-	7%
-	X	X	6%
X	-	-	2%
X	-	X	13%
X	X	-	0%
X	X	X	7%
			100%

} 61%

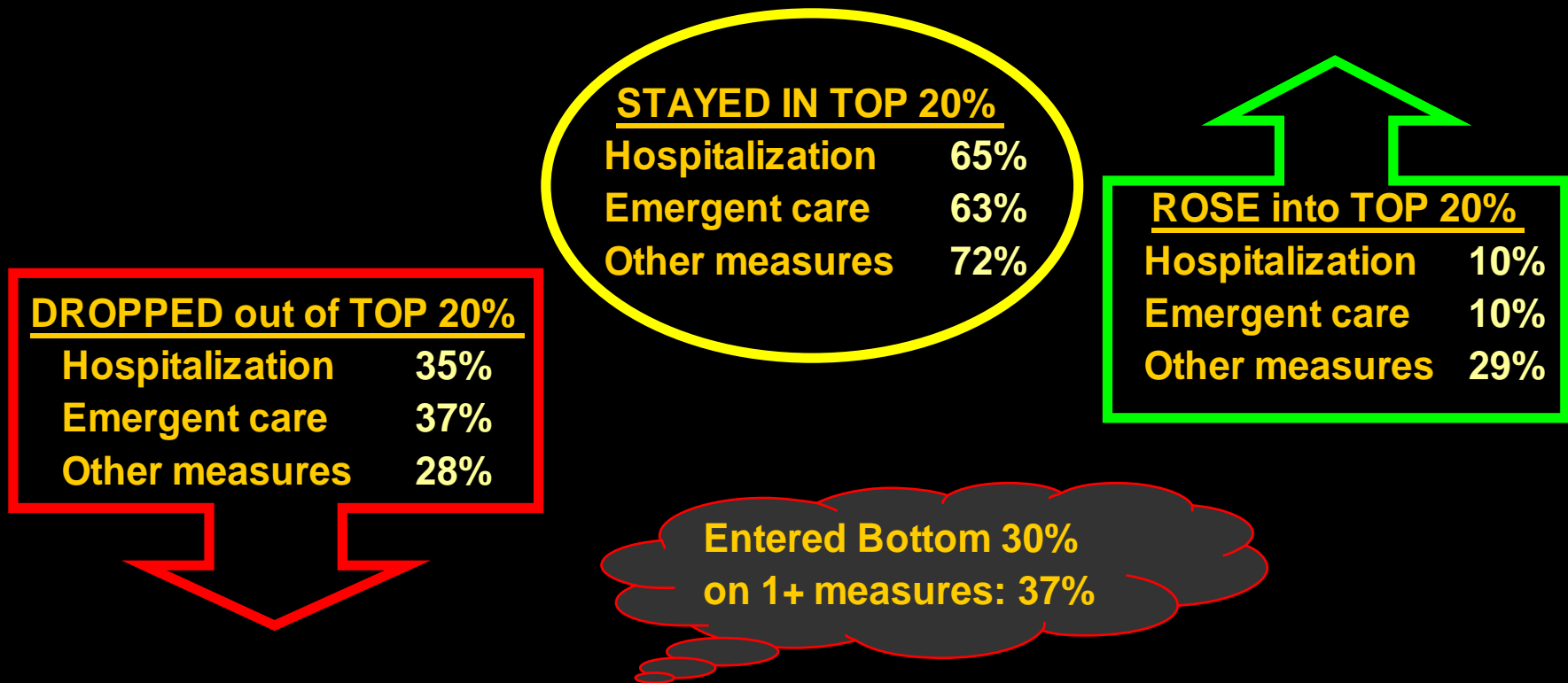
Historical data, demo states

Based on Home Health Compare data for 2006, in the 7 demo states, a high proportion of HHAs were top performers or top improvers on at least one demonstration measure:

State	Top 20% performance, 1+ measure	Top 20% improvement, 1+ measure	Winner, 1+ measure
Alabama	66%	42%	78%
California	63%	40%	78%
Connecticut	58%	47%	77%
Georgia	60%	42%	75%
Illinois	59%	42%	78%
Massachusetts	56%	39%	71%
Tennessee	59%	39%	74%
Total, 7 demo states	61%	41%	77%

Agencies move from year to year

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



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.

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	30%	\$300,000	\$225,000	\$75,000
Incidence of Any Emergent Care	20%	\$200,000	\$150,000	\$50,000
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 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	

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
			\$ 225,000				\$ 75,000
A	6,000	10%	\$ 22,500				
B	12,000	20%	\$ 45,000				
C	24,000	40%	\$ 90,000				
D	18,000	30%	\$ 67,500				
TOTAL	60,000	100%	\$ 225,000				
				G	12,000	40%	\$ 30,000
				L	18,000	60%	\$ 45,000
				TOTAL	30,000	100%	\$ 75,000

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

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 (*to avoid affecting behavior: “contamination”*)
- Evaluation contractor: University of Colorado

Current Status

- Soliciting HHAs to enroll
 - Letters to all certified agencies in demo states
 - Association listservs, state calls, other channels
 - Special Open Door call: November 13, 2007

Enrollment Forms Due NOVEMBER 30, 2007

- Demonstration will operate for two years:
January 2008-December 2009

Demonstration Contact Information

- Demonstration updates, enrollment info at:

<http://www.hhp4p.info>

- Send general comments, suggestions about the Home Health P4P Demonstration to:

HHP4P@cms.hhs.gov

- **Demonstration information line:**

800-608-0829

