

Nursing Home Work Group Value Based Purchasing

Nursing Home Reimbursement

May 12, 2009



Agenda ~ Value Based Purchasing Work Group

May 12, 2009

- ▶ Introductions
- ▶ Principles of Reform
- ▶ Overview of Value Based Purchasing Statute
- ▶ Identify Key Methodology Issues to be Discussed
- ▶ Other States
- ▶ Schedule – June Meeting
 - (December 15, 2009 Commissioner's Report Due

Principles of Medicaid Reimbursement Reform

- ▶ Medicaid Rates should:
 - 1) Be Transparent and administratively efficient
 - 2) Pay for Medicaid Patients
 - 3) Encourage cost-effective care and promote efficiencies
 - 4) Encourage and reward quality care
 - 5) Encourage care in the right setting
 - 6) Be Updated Periodically
 - 7) Comply with Federal Medicaid Rules
 - 8) Reinforce health systems planning and advance State health care programs
 - 9) Be consistent with Budget Constraints

2009-10 Final Budget Enacted Value Based Purchasing

- ▶ April 1, 2010 – New Value Based Purchasing Methodology Takes Effect
 - Initial rates due 60 in advance of April 1 ~ January 30th

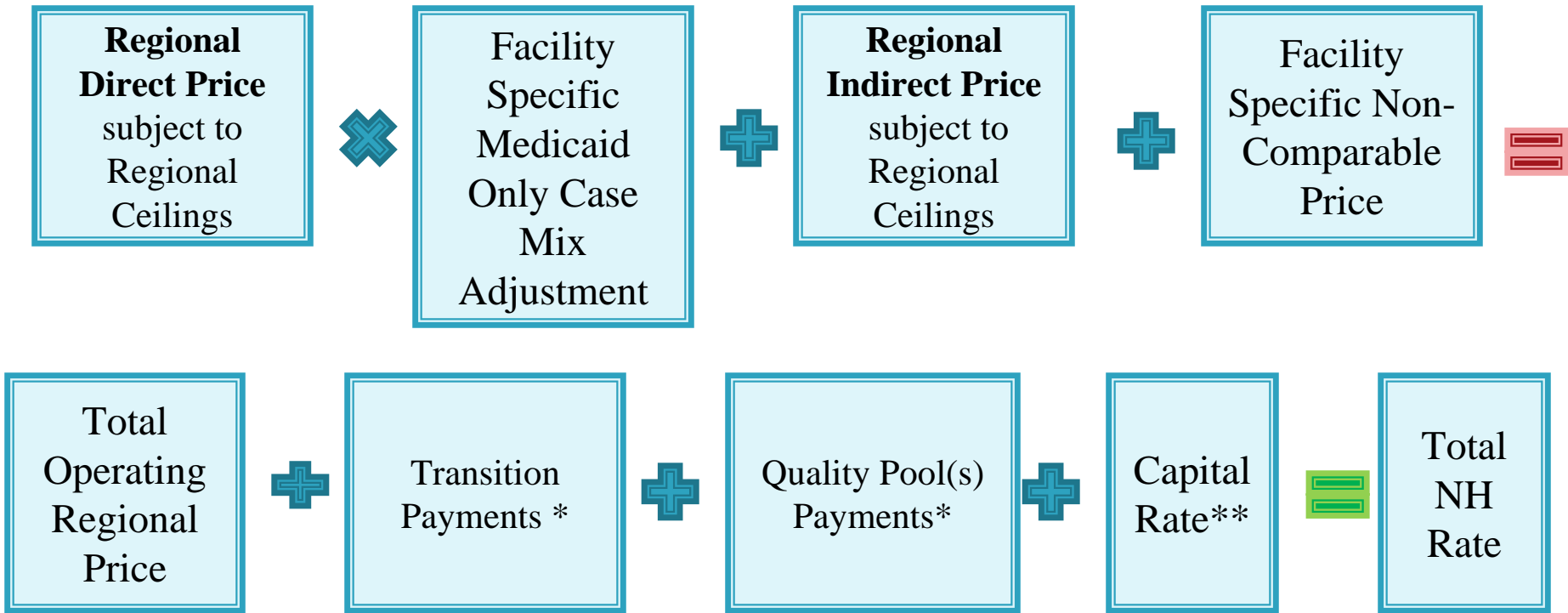
- ▶ Elements of Value Based Purchasing statute include:
 - Regional Pricing Methodology for Operating Component of Rate
 - 2007 Base Year – base year updated no less frequently than every six years
 - Regional, rather than facility specific rates
 - MDS Case Mix – 53 RUG Groups
 - Medicaid Only Case Mix
 - Quality Incentive Pool or Pools
 - Transition Payments

- ▶ Total Spending No Greater than Prior Year Spending

- ▶ Workgroup Recommendations due December 15, 2009

Overview of Value Based Purchasing Methodology

2007 Base Year



*If applicable

**Addresses Zero Useful Life/Residual Reimbursement

Regional Pricing ~ Key Methodology Issues

- ▶ Regions (current model uses 8 NYPHRM regions)
- ▶ Ceiling adjustments to allowable costs
- ▶ Cost differentials among facility types
- ▶ Cost differentials related to direct care staffing among Public, Voluntary and Proprietary facilities ~ relationship to quality pool
- ▶ Special needs patients ~ Bariatric, Dementia, Behavioral rate per diem add-ons
- ▶ Relationship between costs and quality
- ▶ Establishment of quality care pool(s)

Quality Incentive Pool – Executive Budget Proposal

Staffing	Long Stay Measures MDS Resident Outcomes	Survey Scores
Total RN Hours + RN Agency Contracted Staff Hours/ Total Hours All Staff (RN, Agency Contract, LPN, Aides, Orderlies)	% of Residents Who Have/Had a Catheter Inserted and Left in their Bladder % of Residents with a Urinary Tract Infection % of Residents Who Lose Too Much Weight % of Residents Whose Need for Help with Daily Activities Has Increased % of Residents Whose Ability to Move About In and Around Their Room Got Worse	Re-Certification Survey Scores
Weight: 20%	Weight: Each Measure 12%, Category 60%	Weight: 20%
Source: Facility specific ASPEN (Automated Survey Processing Environment) data	Source: Facility specific Minimum Data Set (MDS)	Source: Facility Specific ASPEN data

- ▶ Focus competition for resources on quality and not costs
 - First year, 2010-11, reward highest quality achievers
 - Beginning in 2011-12 ~ Reward highest quality achievers and improvers
- ▶ Determine scores for each home in each Regional Area Offices (RAO)
 - Top 20% of Homes in Each RAO with Highest Quality Scores Awarded Share of Pool Distributed by Medicaid Patient Days

Other States ~ Value Based Purchasing

Delaware	Idaho
Georgia	Indiana
Iowa	Ohio
Kansas	North Carolina
Maine	Vermont
Maryland	New York
Minnesota	Medicare Quality Demonstration (4 States, including New York)

Transition Payments

- ▶ Provide assistance to help nursing homes to transition to Value Based Purchasing and to reconfigure service delivery to address changing health care priorities
- ▶ Nursing homes with Medicaid Utilization of 50% or more are eligible
 - Public Facilities that receive IGT payments are not eligible for Transition Funding
- ▶ Transition funds expected to be available over multi-year period
- ▶ After 2 years, a progress report must be submitted to receive additional funding

HEAL

- ▶ Up to \$175 million for alternative long term care projects
- ▶ Complementary to reduction of RHCF capacity in enacted budget
- ▶ Looking for multi providers projects

Next Steps

- ▶ Allowable costs ~ (week of June 15th)
- ▶ 2007 Full House MDS Data ~ (week of June 15th)
- ▶ Separate quality pool discussion (June meeting)