National Rural Health Resource Center

STROUDWATER

DELIVERING POST-ACUTE CARE SERVICES IN A VALUE-BASED CARE ENVIRONMENT: TRENDS & IMPLICATIONS

Louise Bryde, Senior Advisor

March 13, 2024

Disclaimer: *This project is supported by the Health Resources and Service Administration (HRSA) of the U.S. Department of Health and Human Services (HHS) under grant number U5ERH39345 as part of a financial assistance award totaling $800,000 (0% financed with nongovernmental sources). The contents are those of the author (s) and do not necessarily represent the official views of, nor an endorsement, by HRSA/HHS, or the U.S. Government.*

WEBINAR LEARNING OBJECTIVES

- Attendees will be able to:
  - Identify and briefly describe the CMS-recognized levels of Post-Acute Care services in the U.S.
  - Demonstrate a basic awareness of Value-Based Care models and enrollment trends in the U.S.
  - Demonstrate a general understanding of the impact of Value-Based Care and Reimbursement arrangements on Post-Acute Care utilization
  - Briefly describe/discuss potential implications for the future of PAC services

WHAT IS VALUE-BASED CARE?

- According to the American Academy of Family Physicians, volume-based, fee-for-service (FFS) care "does not adequately support the comprehensive, continuous nature of primary care and does not keep costs in check. Value-based care (VBC), by contrast, is comprehensive and longitudinal, prioritizing quality and outcomes over quantity of services provided."
- Value-based payment (VBP) arrangements "promote that level of care by holding physicians, clinicians, and care facilities accountable for quality and cost through shared financial risk. VBP uses alternative payment models or pay-for-performance arrangements to reinforce health care decision-making by tying compensation to performance measures." (Value-based Delivery & Payment Models | AAFP)
- In a February 2023 Report, the Commonwealth Fund stated that value-based care ties the amount healthcare providers earn for their services to the results they deliver for their patients, such as the quality, equity, and cost of care.
- Through financial incentives and other methods, "value-based care programs aim to hold providers more accountable for improving patient outcomes while also giving them greater flexibility to deliver the right care at the right time." (Value-Based Care: What It Is, and Why It's Needed | Commonwealth Fund)

KEY TERMS

- **Value-Based Care:** Designing care so that it focuses on quality, provider performance and the patient experience.
- **Alternative Payment Models (APMs)**, such as those tested by the CMS Innovation Center, reward health care providers for delivering high-quality and coordinated care.
- APMs can apply to a specific:
  - Health condition, for example end-stage renal disease
  - Care episode, such as joint replacement
  - Provider type, for example primary care providers
  - Community/communities, such as the Pennsylvania Rural Health Model (PARHM)

  (Alternative Payment Models (APMs) | CMS) and (Early impacts of the Pennsylvania Rural Health Model on potentially avoidable utilization | Health Affairs Scholar | Oxford Academic (oup.com))
- **Capitation:** A way of paying health care providers or organizations in which they receive a predictable, upfront, set amount of money to cover the predicted cost of all or some of the health care services for a specific patient population over a certain period of time. (Capitation and Pre-payment | CMS)
- **Accountable Care Organizations (ACOs):** Groups of doctors, hospitals, and other health care professionals that work together to give patients high-quality, coordinated service and health care, improve health outcomes, and manage costs. ACOs may be in a specific geographic area and/or focused on patients who have a specific condition, like chronic kidney disease. Accountable Care and Accountable Care Organizations | CMS

CMS-RECOGNIZED LEVELS OF POST-ACUTE CARE

The Centers for Medicare and Medicaid Services (CMS) recognizes four levels/settings of Post-Acute Care (PAC):

- Inpatient Rehabilitation Facility (IRF)
- Long-Term Acute Care/Long-Term Care Hospital (LTAC/LTCH)
- Skilled Nursing Facility (SNF)
- Home Health Agency (HHA)

Hospice Services may also be included in discussions about Post-Acute Care.

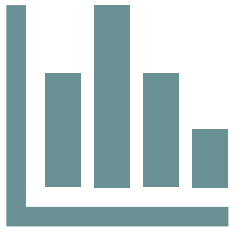
POST-ACUTE CARE REFORM EFFORTS

- The American Hospital Association's 2019 Post-Acute Care Fact Sheet notes that Congress and CMS have initiated an ambitious plan to significantly reform Post-Acute Care, sending a clear message that policymakers want to raise the bar on the quality and efficiency of PAC Services.
- Over the past ten years, Congress has mandated:
  - An overhaul of the LTAC payment system in the Bipartisan Budget Act of 2013
  - Passed the *Improving Medicare Post-Acute Care Transformation (IMPACT) Act* in 2014, which required consistent discharge planning and quality and patient assessment metrics and the development of a combined prospective payment system for the four PAC settings by 2023.
    - Work is ongoing to fully implement the IMPACT Act.
  - Mandated the redesign of the Home Health payment system via the Balanced Budget Act of 2018.
  - In 2019, CMS implemented a re-engineered SNF payment system and IRF payment and patient assessment reforms. fact-sheet-post-acute-care-0719.pdf (aha.org)
    - Per the Medicare Payment Advisory Commission (MedPAC), a key goal of the new SNF payment system, the Patient-Driven Payment Model (PDMP), was to move away from paying for the volume of services provided, including Physical Therapy Services, instead paying for services based on patient medical complexity and characteristics and functional level.
    - MedPac looks at two claims–based outcomes measures in Post-Acute Care, the average risk-adjusted rate of patient discharge to the community and potentially preventable hospital readmissions after discharge.
    - MedPac also reviews SNF staffing. In 2022, the median 12-month staff turnover rate was 53% percent.
    - (December-2023-meeting-transcript.pdf (medpac.gov)

SKILLED NURSING FACILITY VALUE-BASED PURCHASING (SNF VBP) PROGRAM

What is the Skilled Nursing Facility Value-Based Purchasing (SNF VBP) Program?

The SNF VBP Program is a Centers for Medicare & Medicaid Services (CMS) program that awards incentive payments to skilled nursing facilities (SNFs) to encourage SNFs to improve the quality of care they provide to patients.



What performance measure is used?

The SNF VBP Program currently uses the **SNF 30-Day All-Cause Readmission Measure (SNFRM),** which evaluates the risk-standardized readmission rate (RSRR) of unplanned, all-cause hospital readmissions.

Each SNF receives a SNFRM result for a baseline period and a performance period.

The SNFRM is risk adjusted for patient demographics, comorbidities, and other health status variables that affect the probability of a hospital readmission, including diagnoses of COVID-19.

The SNFRM counts any hospital readmission if it occurs within 30 days of discharge from a prior hospitalization to a SNF and is unplanned.

Source: Skilled Nursing Facility Value-Based Purchasing Program FY 2024 Fact Sheet (cms.gov)

SKILLED NURSING FACILITY VALUE-BASED PURCHASING (SNF VBP) PROGRAM (CONTINUED)

- **How does the SNF VBP Program affect a SNF's FY 2024 payments?**
  - CMS withholds 2% of SNFs' Medicare FFS Part A payments to fund the Program.
  - CMS redistributes 60% of the withhold to SNFs as incentive payments and the remaining 40% is retained in the Medicare Trust Fund.
  - An incentive payment multiplier is applied to the SNF's adjusted federal per diem rate for services provided during the applicable SNF VBP Program year

Source: Skilled Nursing Facility Value-Based Purchasing Program FY 2024 Fact Sheet (cms.gov)

HOME HEALTH VALUE-BASED PURCHASING (HHVBP) MODEL

- The Center for Medicare and Medicaid Innovation (Innovation Center) implemented the original Home Health Value-Based Purchasing (HHVBP) Model from January 1, 2016, through December 31, 2021, with a core goal to shift from volume-based payments to a model designed to promote the delivery of higher quality care to Medicare beneficiaries.
- The model was designed to support greater quality and efficiency of care among Medicare-certified Home Health Agencies (HHA) across the nation. (Home Health Value-Based Purchasing Model | CMS)
- CMS contracted with Abt Associates to support implementation of the original Home Health Value-Based Purchasing (HHVBP) Model during 2016-2021 and of the Expanded Model, which began in calendar year 2022.
- The original HHVBP Model operated in nine states. The expanded Model includes HHAs nationwide
- In 2023, Abt facilitated the formation of a Technical Expert Panel (TEP) to provide expertise regarding the needs of home health populations.
  - Specific areas of focus will include providing input and advice regarding HHVBP performance measures and scoring methodology refinements and potential alternatives.
  - The TEP will also help to ensure that refinements to the expanded HHVBP Model reduce inequities in home health access and quality of care. (2023 Technical Expert Panel Meetings: Expanded Home Health Value-Based Purchasing Model Summary Report (cms.gov))

HOME HEALTH VALUE-BASED PURCHASING (HHVBP) MODEL (CONTINUED)

- **KEY TAKEAWAYS:**
  - The six years of the original HHVBP Model resulted in:
    - Cumulative Medicare savings of $1.38 billion — a 1.9% decline relative to the 41 non-HHVBP states.
    - Declines in most aspects of utilization by fee-for-service Medicare home health patients (e.g., unplanned hospitalizations, skilled nursing facility use) with unintended increase in outpatient emergency department (ED) visits.
    - Gains in functional status including patient mobility and self-care, with slight decline in some aspects of patient experience.
    - Intensification of existing activities related to quality and performance improvement, as reported by agencies.
    - No change in access to home health, but also no change in existing racial/ethnic inequities in use of lower quality agencies, and a modest growth in disparities by Medicaid coverage (Final Evaluation Report of the Original Model (2016-2021) (cms.gov))

HOME HEALTH VALUE-BASED PURCHASING (HHVBP) MODEL (CONTINUED)

HHVBP Model Medicare spending reductions largely driven by reductions in spending on:

- Skilled nursing facility services ($235.8 million, 3.9%)
- Inpatient hospitalization stay ($807.0 million, 3.4%)
- Home health spending ($283 million, 1.3%)

Offset by $99.6 million (6.1%) increase in outpatient ED and observation stay spending (Final Evaluation Report of the Original Model (2016-2021) (cms.gov)

MEDICARE SHARED SAVINGS PROGRAM (MSSP)

CMS issued a final rule announcing policy changes for Medicare payments under the Medicare Shared Savings Program (MSSP) on or after January 1, 2024.

- CMS's overarching goal is to increase ACO participation by 10%-15%.
- Key elements related to MSSP include:
  - Finalized proposed changes to continue to move ACOs toward digital measurement of quality by establishing a new Medicare Clinical Quality Measure (CQM) collection type.

By 2030, CMS aims to have all Medicare beneficiaries and most Medicaid beneficiaries enrolled in accountable, value-based care programs.

IMPACT OF MEDICARE ADVANTAGE PLANS

- According to the Medicare Payment Advisory Commission (MedPAC), Medicare Advantage Plans have become “tougher” at managing the utilization and cost per day of their members who are in Skilled Nursing Facilities.
- MedPAC meeting attendee comments in December 2023, indicated “half of the SNFs’ skilled business is in a Medicare Advantage Plan, including large national MA plans with a lot of leverage”… “MA Plans are playing a stronger and stronger role in this sector.”
    - Per MedPAC’s Medicare Advantage Preliminary Program Status Report in January 2024, **52% of eligible beneficiaries were enrolled in a Medicare Advantage Plan in 2023.**
- Some MA plans exclude Inpatient Rehabilitation Facilities (IRFs) and Long-Term Care Hospitals (LTCHs) from their MA networks, thereby limiting access to IRF and LTCH levels of care according to the American Hospital Association. (fact-sheet-post-acute-care-0719.pdf (aha.org))

ADDITIONAL RELATED RESOURCES

- Accountable Care Organizations (cms.gov)
- Alternative Medical Payment Models | AMA (ama-assn.org)
- Evaluation of the Home Health Value-Based Purchasing (HHVBP) Model: Sixth Annual Report (cms.gov)
- The Perils and Payoffs of Alternative Payment Models for Community Health Centers | Commonwealth Fund

QUESTIONS AND DISCUSSION

STROUDWATER

THANK YOU

Louise Bryde

Senior Advisor

404-790-8251 mobile

lbryde@stroudwater.com

www.stroudwater.com