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OVERVIEW OF THE MEDICARE POST ACUTE CARE PAYMENT REFORM INITIATIVE

The Deficit Reduction Act of 2005 directed the Centers for Medicare & Medicaid Services (CMS) to develop a Post Acute Care (PAC) Payment Reform Demonstration. This demonstration is to be in place in early 2008 with a report submitted to Congress in 2011. The goal of this initiative is to standardize patient assessment information from PAC settings[1] and to use these data to guide payment policy in the Medicare program. This demonstration will provide standardized information on patient health and functional status, independent of PAC site of care, and examine resources and outcomes associated with treatment in each type of setting. Consistent case-mix data is needed to determine whether similar patients are treated in different settings. Similarly, good information on resource use within each setting is needed to understand differences in patient treatment and outcomes.

CMS has contracted with RTI, International to carry out this mandate through several initiatives, including:

1. ***Development of a Standardized Patient Assessment Tool*** for use at acute hospital discharge and at PAC admission and discharge. This tool, the Continuity Assessment Record and Evaluation (CARE) tool, will measure the health and functional status of Medicare acute discharges and measure changes in severity and other outcomes for Medicare PAC patients.

2. ***Conduct a PAC Payment Reform Demonstration*** to examine differences in costs and outcomes for PAC patients of similar case mix who use different types of PAC providers. CMS recognizes the variation in local practice patterns and available services across the US and will examine how different service compositions affect PAC costs and outcomes, all else equal.

CMS has also contracted with Northrop Grumman to establish a web application at CMS for providers to submit the standardized assessment data.

Development of a Standardized Patient Assessment Tool.

This initiative, which builds on current measurement science, began in November 2006 with input from the scientific communities, including each of the healthcare provider communities and experts in health services research and information technology. Open Door Forums, Technical Expert Panels, and smaller discussion groups have been held to develop a standardized patient assessment tool that can measure case mix differences in Medicare acute discharges. This CARE tool is using the latest informatics technology to develop inter-operable, web-based data reporting systems for the Medicare program. The effort capitalizes on the current

[1] Post Acute Care settings included in this legislation are Long Term Care Hospitals (LTCHs), Inpatient Rehabilitation Facilities (IRFs), Skilled Nursing Facilities (SNFs), and Home Health Agencies (HHAs).

measurement science in the fields of physical and medical medicine, long term care, and electronic reporting systems. It has been designed to measure outcomes in physical and medical treatments while controlling for factors that affect outcomes, such as cognitive impairments and social and environmental factors. Many of the items are already collected in hospitals, SNFs and HHAs, although the exact item form may be different. The assessment tool is being designed to eventually replace similar items on the existing Medicare assessment forms, including the OASIS, MDS, and IRFPAI tools. The web-based technology allows for future changes in the data sets to incorporate advances in evidence-based medicine. The system is also designed to minimize provider burden by enabling item subsets to be used when appropriate for measuring each domain, depending on the patient's characteristics.

Four major domains are included in the tool: medical, functional, cognitive impairments, and social/environmental factors. These domains either measure case mix severity differences within medical conditions or predict outcomes such as discharge to home or community, rehospitalization, and changes in functional or medical status. The development of the CARE tool builds on prior research and incorporates lessons learned from clinicians treating the continuum of patients seen in all four settings. The tool targets a range of measures that document variations in a patient's level of care needs including factors related to treatment and staffing patterns such as predictors of physician, nursing, and therapy intensity.

Demonstration Timelines.

This demonstration is being carried out in two phases. Phase I will be completed by December 2007. It includes developing the CARE patient assessment tool and resource use tools, testing them in one market area, and selecting markets for the Phase II demonstration. Phase II begins in January 2008 with the first of 10 market areas participating in the PAC payment reform demonstration. Nine other markets will be included as of March 2008 and continuing through 2009.

Phase I. During the Summer of 2007, the CARE tool was tested in five types of providers (acute, LTCH, IRF, SNF, and HHA) in the Chicago area. The goal of this pilot test was to evaluate the tool's application in the different settings, examine the psychometric properties of these items as they are used across PAC populations, and refine the tool for its use in the Phase II demonstration.

A second effort also underway during the summer of 2007 was the development of a cost and resource use (CRU) tool. This tool measures staff and ancillary resources associated with different types of patients and was pilot-tested in the various PAC settings in the Boston area. In addition, interview protocols were developed to identify fixed and variable costs within each PAC setting.

Third, providers in 10 different geographic market areas will be selected for participation in the demonstration. Markets will be chosen to represent variations in geographic location, population density, PAC provider availability, patterns of corporate ownership, and other factors.

Many providers have expressed interest in participating in the demonstration by sending requests to participate to the demonstration website --

PAT-COMMENTS@RTI.ORG

Other sites also will be identified for recruitment from our analysis of Medicare administrative files. Participating providers will be contacted during the Fall of 2007.

Phase II. In January of 2008, the first of 10 market areas will begin collecting data using the CARE tool. Assessments will be completed on all Medicare beneficiaries discharged from participating units in acute hospitals and on all Medicare beneficiaries admitted and discharged from participating units in PAC settings during a selected time period. CRU data will be collected in select sites for 2 week periods intermittently throughout the study period. Interim assessments will also be conducted during the CRU data collection period for patients not being admitted or discharged during that time.

Data will be submitted through web-based data submission systems. These data systems are designed to be used on any computer with web access and will allow direct transfer of data to CMS. The systems are designed to be interoperable so that ultimately, data can be downloaded from provider systems, where applicable. This will reduce data entry time and improve reliability for items already stored in a provider system, such as beneficiary insurance information, and other items that are important for improving continuity of care, such as known allergies or prescription medications at discharge.

This PAC Payment Reform demonstration is an important and exciting CMS initiative. It will give CMS and Medicare-participating providers better information on the acuity of Medicare beneficiaries using their services. The information will be critical in refining CMS approaches to measuring case mix intensity in PAC populations and how this varies by providers in different parts of the country. Adopting techniques that provide greater uniformity in how patients are assessed and quality is measured will allow CMS to improve Medicare payments.

For further information, please contact Barbara Gage, Ph.D., Principal Investigator at RTI, (781) 434-1717 or bgage@rti.org. To include your facility in the 2008 demonstration, please send an email requesting participation to:

PAT-COMMENTS@RTI.ORG

The Centers for Medicare & Medicaid Services thanks you in advance for your interest in this exciting and ground-breaking initiative.