

MEDICARE ANNOUNCES PLANS FOR HOME HEALTH PAY FOR PERFORMANCE DEMONSTRATION

The Centers for Medicare & Medicaid Services (CMS) today announced plans for a home health pay-for-performance demonstration, an important new step in its drive to become a more effective purchaser of quality healthcare.

CMS will begin soliciting home health agencies for the project this fall with the actual demonstration performance period to begin January 1, 2008. The demonstration will operate for two years in seven states.

“This is yet another example of our continued commitment to provide value-based purchasing initiatives for Medicare beneficiaries in all health care settings. It will support our key goal of achieving better quality of care by rewarding providers on the basis of patient outcomes and efficiency.” said Kerry Weems, Acting Administrator of CMS.

Under the demonstration, home health agencies (HHAs) will be eligible to receive incentive payments if their quality improvement efforts result in the highest performance levels or significant improvements in patient outcomes.

The availability of incentive payments will depend on whether or not the demonstration results in improvements in the quality of care and the actual savings to the Medicare program overall - not just for home health services provided to the patients served under the demonstration.

System wide savings can be achieved when a home health agency prevents a re-hospitalization of the Medicare beneficiary or a further complication stemming from their illness. As the payments will be funded out of Medicare savings, none of the participating organizations will face payment reductions as a result of their participation in the demonstration.

Seven quality measures from the existing Outcome-Based Quality Improvement (OBQI) set will be used to evaluate HHA performance so that HHAs will not have to submit additional data in order to participate.

The measures are:

- Incidence of Acute Care Hospitalization
- Incidence of Any Emergent Care
- Improvement in Bathing
- Improvement in Ambulation/Locomotion
- Improvement in Transferring

- Improvement in Status of Surgical Wounds
- Improvement in Management of Oral Medications

HHAs that agree to participate will be randomly assigned to either a study group or a control group. Those agencies assigned to the study group will have their patients' outcomes monitored over time. Those agencies with the best patient outcomes among participants in their states, or with the highest degree of improvement relative to the previous year, will be eligible for incentive payments.

CMS has selected the following states to provide a nationally representative sample of both HHAs and Medicare beneficiaries who utilize home health services:

- Northeast region: Connecticut, Massachusetts
- Southern region: Alabama, Georgia, Tennessee
- Midwestern region: Illinois
- Western region: California

CMS will be soliciting HHAs in the seven states to participate in the demonstration later this month. Additional information about the demonstration can be found at:

<http://www.cms.hhs.gov/DemoProjectsEvalRpts/MD/itemdetail.asp?filterType=dual,%20data&filterValue=Upcoming%20Demonstrations&filterByDID=2&sortByDID=3&sortOrder=ascending&itemID=CMS1189406&intNumPerPage=10>