

Indiana Medicaid's Value Based Purchasing is Almost Here

July 1, 2013 is just around the corner and on that date a new era will begin in Medicaid reimbursement for Indiana nursing facilities. More than 2 years of study by the Division of Aging of the Indiana Family and Social Services Administration (the "Division"), and negotiation between the Division and the IHCA and other nursing facility trade groups, have resulted in an eight-measure pay-for-performance component to the nursing facility reimbursement rate.

Under Value Based Purchasing ("VBP"), or Phase III, nursing facility reimbursement rates will in-part depend on their performance with ISDH surveys and seven separate staffing measures. The ISDH Report Card Score that currently determines 100% of the performance add-on will drop to 75% of the new VBP measure, and the remaining 25% will depend on facility performance with staff retention, turnover, and nursing hours per resident day (see below).

VBP Quality Measures – 100 Quality Points possible

- Depending on how many Quality Points are earned, a facility can earn up to \$14.30 per patient day in an add-on to the reimbursement rate. If a facility scores between 0-25 Quality Points then zero (0) add-on is earned, if between 26-77 Quality Points the facility earns approximately .27-cents per point, and if between 78-100 Quality Points the facility earns the entire \$14.30 per patient day add-on. Facilities that are a new operation and did not have data to use for calculating the add-on will receive the statewide average add-on.

Report Card Score – 75 Quality Points

- Score derived from nursing home survey findings, as calculated by the Indiana State Department of Health.
- Earning Quality Points: If, as of June 30th of each year, a facility has a Report Card Score above 266 the facility earns zero (0) Quality Points, if between 83-265 the facility earns a proportional share of Quality Points, and if between 0-82 then the facility earns all 75 Quality Points for this category.

Nursing Hours Per Resident Day – 10 Quality Points

- Nursing hours (RN, LPN, CNA) per resident day weighted by facility-specific wage rates by staff type and by total acuity. Data comes from the facility's annual Medicaid cost report. This measurement excludes pool nursing hours.
- Earning Quality Points: If, based on the annual Medicaid cost report, the facility has less than or equal to 3.315 nursing hours per resident day the facility earns zero (0) Quality Points, if between 3.315-4.401 the facility earns a proportional share of Quality Points, and if equal to or greater than 4.401 the facility earns all 10 Quality Points for this category.

RN/LPN Retention – 3 Quality Points

- Proportion of RNs/LPNs employed by the facility at the beginning of the year who are still employed at the end of the year. Data comes from the facility's annual Medicaid cost report.
- Earning Quality Points: If, based on the annual Medicaid cost report, the facility has less than or equal to a 58.3% RN/LPN retention rate the facility earns zero (0) Quality points, if between

58.3%-83.3% the facility earns a proportional share of Quality Points, and if equal to or greater than 83.3% the facility earns all 3 Quality Points for this category.

CNA Retention – 3 Quality Points

- Proportion of CNAs employed by the facility at the beginning of the year who are still employed at the end of the year. Data comes from the facility's annual Medicaid cost report.
- Earning Quality Points: If, based on the annual Medicaid cost report, the facility has less than or equal to a 49.5% CNA retention rate the facility earns zero (0) Quality points, if between 49.5%-76.0% the facility earns a proportional share of Quality Points, and if equal to or greater than 76.0% the facility earns all 3 Quality Points for this category.

RN/LPN Turnover – 1 Quality Point

- Expressed as a ratio: Number of RNs/LPNs leaving employment during the year divided by the number employed at the beginning of the year. Data comes from the facility's annual Medicaid cost report.
- Earning Quality Points: If, based on the annual Medicaid cost report, the facility has equal to or greater than a 71.4% RN/LPN turnover rate the facility earns zero (0) Quality points, if greater than 26.1% and less than 71.4% the facility earns a proportional share of Quality Points, and if less than 26.1% the facility earns the full 1 Quality Point for this category.

CNA Turnover – 2 Quality Points

- Expressed as a ratio: Number of CNAs leaving employment during the year divided by the number employed at the beginning of the year. Data comes from the facility's annual Medicaid cost report.
- Earning Quality Points: If, based on the annual Medicaid cost report, the facility has equal to or greater than a 96.2% CNA turnover rate the facility earns zero (0) Quality points, if greater than 39.4% and less than 96.2% the facility earns a proportional share of Quality Points, and if less than 39.4% the facility earns all 2 Quality Points this category.

Administrator Turnover – 3 Quality Points

- Number of Administrators employed by the facility in the prior 5 years. Data comes from the facility's annual Medicaid cost report.
- Earning Quality Points: If, based on the annual Medicaid cost report, the facility has reported 6 or more Administrators in the past 5 year period the facility earns zero (0) Quality Points, if 5 Administrators in the past 5 year period the facility earns 1 Quality Point, if 4 Administrators in the past 5 year period the facility earns 2 Quality Points, if 3 or fewer Administrators in the past 5 year period the facility earns all 3 Quality Points.
 - An Administrator hired on a temporary basis due to a documented medical or other temporary leave of absence shall not be counted as turnover so long as the previous Administrator is reasonably expected to return to their position and whose employment or designation as Administrator is not terminated.

DON Turnover – 3 Quality Points

- Number of Administrators employed by the facility in the prior 5 years. Data comes from the facility's annual Medicaid cost report.
- Earning Quality Points: If, based on the annual Medicaid cost report, the facility has reported 6 or more DONs in the past 5 year period the facility earns zero (0) Quality Points, if 5 DONs in the

past 5 year period the facility earns 1 Quality Point, if 4 DONs in the past 5 year period the facility earns 2 Quality Points, if 3 or fewer DONs in the past 5 year period the facility earns all 3 Quality Points.

- An DON hired on a temporary basis due to a documented medical or other temporary leave of absence shall not be counted as turnover so long as the previous DON is reasonably expected to return to their position and whose employment or designation as Administrator is not terminated.

IHCA's Advocacy

The IHCA has been involved with the Division's development of VBP/Phase III and has made substantive improvements to the program. Though associations were not formally a part of the Division's Clinical Expert Panel ("CEP") that developed VBP, IHCA's outside regulatory counsel, Susan Ziel of Krieg DeVault, LLP, served on the panel and kept IHCA informed of the panel's discussions. Since the CEP's Report on VPB was released in March of 2011 the IHCA's Payment Committee, co-chaired by Rick Mittman of BKD and Lori Haug of Miller's Health Systems, has been actively engaged with the Division on the details of the proposed program.

In the 2 years since the CEP's Report, the IHCA sent no fewer than four formal written evaluations of the proposed VBP framework and spend countless hours negotiating with the Division to develop a reasonable approach to the new methodology. In moving from the current system based solely on Report Card Scores to the new VBP system, the IHCA was able to help the transition be smoother in terms of fiscal impact, convince the Division that some of the original measurements were not ready to be implemented, and reduce the impact of duplicative turnover and retention measures.

In efforts to make the VBP methodology reflect actual clinical outcomes, rather than staffing inputs, the IHCA suggested that the Division use some of the MDS Quality Measures that are currently being reported on Nursing Home Compare. IHCA's Regulatory/Clinical Committee and Payment/Reimbursement Committee began evaluating which MDS Quality Measures would be best to start with and were prepared to engage the Division in evaluation of the measures. Although the MDS Quality Measures will not be used as of July 1, 2013, IHCA expects to pick this discussion up during the summer of 2013 for future consideration.

Satisfaction Surveys of Residents, Family and Staff

Originally part of the proposed VBP methodology, satisfaction surveys of residents, family and staff will take place between July and September 2013, but will not impact the VBP Quality Point calculation until July 1, 2014 at the earliest. Viewed as a key component to the VBP program, the Division encountered difficulties finding a contractor to perform the satisfaction surveys when an RFP was issued in the fall of 2011. After having to pull back from that first RFP, the Division issued another RFP in the fall of 2012 and recently selected Press Ganey of South Bend to perform the surveys. Press Ganey has hired two subcontractors to assist with the rollout of the surveys, Knowledge Services of Indianapolis, and GO ResourceLink of Carmel.

The satisfaction surveys for residents will be in-person and performed within Indiana's nursing facilities this summer, and the family and staff surveys will be paper or computer based. IHCA has already asked many questions of the Division concerning the resident surveys and a meeting is being scheduled by the Division to discuss the process that will be used. The Division's contract with Press Ganey requires use of a resident screening tool, developed by the Regenstrief Institute, to identify interview-able residents. It is expected that each facility will receive a letter from Press Ganey discussing the survey process and IHCA will be sure to keep membership informed.

What's Next?

In the immediate future, over this spring and summer, the Division will be releasing details of the satisfaction survey process, and the IHCA will continue to meet with the Division on future revisions to the VBP methodology. IHCA has strongly advocated for therapy hours to be included in the methodology and has introduced the discussion of MDS Quality Measures, and both of these subjects will be on the table for inclusion into the program. IHCA anticipates that revision to the VBP program will take place on July 1, 2014 and include measurements on the satisfaction survey, therapy hours, and some MDS Quality Measures.

IHCA has also focused its educational programming in areas that the VBP program focuses upon. Relevant regulatory/clinical topics have been scheduled, as have sessions addressing resident and employee satisfaction, and overall hospitality training. IHCA is also planning a one-day HR focused session for the fall that will address employment law issues, and retention and turnover. IHCA will continue to look for relevant speakers and schedule sessions accordingly.

For more information about the VBP program, please contact Zach Cattell at zcattell@ihca.org or 317-616-9001.