



MEDICARE NEWS

FOR IMMEDIATE RELEASE
July 5, 2011

Contact: CMS Media Relations Group
(202) 690-6145

Home Health Agencies Share \$15 Million in Savings From CMS Quality Demonstration

Pay for Performance (HHP4P) interveners used efficiencies, quality measures to cut HH costs

The Centers for Medicare and Medicaid Services (CMS) today announced it will share nearly \$15 million in additional savings with more than 100 Home Health Agencies (HHAs) that participated in the intervention group of the two-year Medicare Home Health Pay for Performance (HHP4P) demonstration.

“By incentivizing Home Health Agencies to improve the quality of care for Medicare beneficiaries that receive home health services, we can inspire savings for Medicare while at the same time improving outcomes and safety,” said CMS Administrator Dr. Donald M. Berwick.

The HHP4P demonstration conducted between January 2008 and December 2009 was undertaken to determine the impact of financial incentives on improving the quality of care provided to home health patients and the subsequent impact on overall Medicare costs, with any savings being shared with agencies that either attained high levels of quality or made significant improvements in quality of care. This demonstration is part of CMS' agency-wide value-based purchasing initiative to improve the quality and efficiency of care furnished to Medicare beneficiaries.

Medicare savings were determined based on a comparison of the rate of change in total Medicare costs for beneficiaries receiving care from HHAs in the intervention group, with the costs for beneficiaries served by HHAs in the control group in the same region. These costs include Medicare payments for home health care, inpatient hospital care, nursing home and rehabilitation facility care, outpatient care, physician care, durable medical equipment (DME), and hospice care. If no savings were generated in a region, no incentive payments were made in that region. However, improvements in quality of care may have resulted regardless of whether savings were achieved.

A total of 123 HHAs out of 270 participating in the demonstration intervention group will receive incentive payments from savings based on their performance during the second year of the Medicare HHP4P demonstration. For Year 2, the demonstration calculated aggregate savings of \$14.95 million for two of the four demonstration regions. The Midwest and the Northeast regions did not achieve any savings and, therefore, were not eligible to receive incentives.

All Medicare-certified HHAs in seven states representing the four U.S. Census regions were invited to participate in the demonstration:

- the Northeast included HHAs in Connecticut and Massachusetts,
- the South included HHAs in Alabama, Georgia, and Tennessee, and
- the Midwest and West regions included HHAs in Illinois and California, respectively.

Agencies that volunteered for the HHP4P demonstration were randomly assigned to either the intervention or a control group. Performance was measured using seven home health quality measures that are computed from the Outcome-Based Quality Improvement (OBQI) data set. This information is publicly reported on CMS' Home Health Compare web site:

(www.medicare.gov/homehealthcompare)

Each intervention HHA's performance for its traditional Medicare (fee-for-service) patients was measured based on each of the seven quality measures and was assessed and compared to the other intervention group HHAs within their state. Agencies with performance in the top 20% in their state, as well as those demonstrating the greatest degree of quality improvement in each measure, were eligible to share in any Medicare savings generated in their region.

A total of 123 home health agencies in two regions are eligible to share the nearly \$15 million in the Year 2 savings. In Year 1, 166 intervention group agencies in three regions received payments totaling more than \$15 million.

Across all four regions of the country, a total of 172 agencies (64%) qualified for having high levels of quality on one or more measure(s) and 91 agencies (34%) qualified for significant quality improvement on one or more measure(s). The amount of the incentive paid to an individual HHA is based on the total number of Medicare patient days associated with that HHA.

The Medicare HHP4P demonstration is still being evaluated, with additional results expected later in 2011.

Additional background about this demonstration can be found at:

<http://www.cms.hhs.gov/DemoProjectsEvalRpts/MD/itemdetail.asp?itemID=CMS1189406>

Questions or comments may be submitted to CMS at: hnp4p@cms.hhs.gov

More information is available at a new web portal, made available by the U.S. Department of Health and Human Services, at www.healthcare.gov

###