

Medicare Home Health Pay for Performance Demonstration

The Centers for Medicare and Medicaid Services (CMS) with the assistance of Abt Associates has designed a Home Health Pay-for-Performance demonstration to determine the impact of incentive payments to Home Health Agencies (HHAs) for improving the quality of care of Medicare beneficiaries who receive home health services. Pay-for-performance (P4P) initiatives are a CMS priority. For purposes of this demonstration, pay-for-performance can be defined as any purchasing effort aimed at improving health care quality, outcomes or safety by rewarding improvements based on measurements of quality, efficiency and outcomes. Reductions in the need for additional, more costly care should result in overall cost savings to Medicare.

This demonstration will determine the impact of offering incentive payments to HHAs for improving the quality of care rendered to Medicare beneficiaries when such quality of care results in reduced need for additional services and reduces cost. Incentive funds will be generated from within current spending levels. Recruitment for participation in the demonstration began in October 2007 with implementation of the demonstration expected to start in January 2008 and continue through December 2009.

The demonstration will be implemented in the following States:

- Northeast: Connecticut, Massachusetts
 - Midwest: Illinois
 - South: Alabama, Georgia, Tennessee
 - West: California
- (multiple states were chosen in region where no single state could provide a sufficient sample of beneficiaries.)*

All Medicare certified home health agencies in each of the demonstration areas will be notified by letter of their opportunity to participate in the demonstration. Participation is voluntary. A packet of information including background and application materials will be provided. Of those agencies choosing to participate, a randomization process will determine which agencies will participate in the intervention or control group. Only those participating in the intervention group will be eligible for performance incentives. Agencies will not be at any financial risk or be required to collect any additional data as a result of participating in this demonstration.

An incentive pool will be generated out of savings accrued from the reduction in the use of more costly Medicare services. The pool will be shared with home health agencies that produced the highest level of patient care or produced the greatest improvement in patient care as measured by seven OASIS measures.

- Incidence of Acute Care Hospitalization
- Incidence of Any Emergent Care
- Improvement in Bathing
- Improvement in Ambulation / Locomotion
- Improvement in Transferring
- Improvement in Management of Oral Medications
- Improvement in Status of Surgical Wounds

Seventy-five percent of the incentive pool will be shared with those agencies in the top 20% of the highest level of patient care. Twenty-five percent of the incentive pool will be shared with the top 20% of those making the biggest improvements in patient care. If there are no savings, there will be no incentives.