

## **Nursing Facility Quality Measure Initiative**

The Health Care Association of Michigan (HCAM) is proposing a Quality Measure Initiative funded through an increase in the nursing facility provider tax. HCAM is recommending up to a half percent increase beginning in Fiscal Year 2018. This will generate approximately \$97 million - \$ 34million state/ \$63 million federal match. The nursing facility state retainer would increase approximately \$16 million.

### **Why a Quality Measure Initiative is Needed**

There are several reasons why nursing facilities support paying more provider tax to fund a quality measure initiative. The Center for Medicaid and Medicare Services (CMS) is aggressively testing a variety of models which pay providers based on health of the patient and quality of care rather than the number of services provided. A quality initiative program, such as the one we are proposing, recognizes and rewards quality and provides a powerful incentive to achieve and maintain high quality. It will enable nursing facilities to focus resources on particular areas of need such as recruiting, training and retaining a skilled workforce including certified nursing assistants, LPNs, RNs and others. It will also aide in addressing unfunded mandates in the new federal "Requirements of Participation." Our proposal is based on nationally recognized Quality Measures (QMs) established by CMS and easily verifiable data available in the public domain. It is consistent with quality incentive and pay for performance programs implemented in at least 13 states.

### **Structure of the Quality Measure Initiative**

HCAM proposes using the Quality Measures in the Five Star Rating System. Nursing facilities that are certified to participate in the federal Medicaid/Medicare programs are rated for quality performance by the Five Star Rating System established and maintained by the CMS. The Five Star Rating system is built on several domains, one of which is a star rating of 1 through 5 (with 5 being superior) attributed to each facility based on a set of Quality Measures that were developed from Minimum Data Set (MDS) assessments for all residents and Medicare claims data. The measures were selected based on their validity and reliability, the extent to which facility practice may affect the measure statistical performance, and importance.

Using Quality Measures is beneficial as the rating system is periodically rebased, to press the quality goal toward higher performance. Also, new measures are added periodically to continuously challenge each provider to service delivery excellence.

## **Why is the Quality Measure Star in the CMS 5 Star Rating System the Best Choice:**

- CMS conducts special MDS focused surveys separate from the annual comprehensive certification survey in Michigan. This unique special survey protocol is laser-focused on the accuracy of the MDS data and the care plan that is developed subsequently to deliver appropriate care to and promote positive clinical outcomes for each resident/patient.
- The MDS is reviewed during the annual certification survey to compare it with the individualized plan of care for the resident/patient. This further reduces the risk of influencing MDS data as a mismatch of assessment data to the care plan would result in serious regulatory deficiencies and subsequent enforcement action against the facility.
- The MDS Assessment has been a required assessment tool for many years. It has been refined and is required across the nation as a best practice standard. It is a reliable tool and MDS coordinators and facility-based interdisciplinary teams of health care professionals that contribute to the assessment process are highly trained to facilitate this important clinical assessment for residents.
- Consumers and regulators expect positive clinical outcomes for all residents/patients served in nursing facilities. In order to assure positive clinical outcomes, accurate clinical assessments using the MDS tool are essential from which an individualized plan of care can be developed, implemented and evaluated on a continuous basis.
- Many MDS software systems have a "logic check" that will look for obvious data errors. This feature basically identifies inconsistencies in coding promoting accuracy of process.
- The Quality Measure Star rating is one of three domains embedded in the overall 5 Star Rating System and is most dramatically impacted by a facility's targeted quality improvement activities.

### **Quality Measures include:**

Measures for Long-Stay residents (in the facility for more than 100 days) derived from MDS assessments:

- Percentage of residents whose need for help with activities of daily living has increased
- Percentage of residents whose ability to move independently worsened – added 2016
- Percentage of high risk residents with pressure ulcers (sores)
- Percentage of residents who have/had a catheter inserted and left in their bladder
- Percentage of residents who were physically restrained
- Percentage of residents with a urinary tract infection
- Percentage of residents who self-report moderate to severe pain
- Percentage of residents experiencing one or more falls with major injury
- Percentage of residents who received an antipsychotic medication

Measures for Short-Stay residents derived from MDS assessments:

- Percentage of residents whose physical function improves from admission to discharge – added 2016
- Percentage of residents with pressure ulcers (sores) that are new or worsened
- Percentage of residents who self-report moderate to severe pain
- Percentage of residents who newly received an antipsychotic medication

Measures for Short-Stay residents derived from claims data and MDS assessments:

- Percentage of residents who were re-hospitalized after a nursing home admission – added 2016
- Percentage of residents who have had an outpatient emergency department visit – added 2016
- Percentage of residents who were successfully discharged to the community – added 2016

## Criteria for Determining and Qualifying for the Incentive

The funds available for nursing facilities would be distributed based on three criteria: (1) the nursing facility's CMS star rating for the Quality Measures with more available for higher star; (2) size of facility from the MDHHS Certificate of Need licensed bed inventory; and (3) Medicaid participation from the Medicaid cost report filing. The incentive payment to nursing facilities is intended to fund efforts that address improving the quality measures related to patient care.

A facility that has not paid the provider tax in the previous six months prior to the start of the program shall not qualify to receive the incentive.

Facilities receive funds based on the following elements:

- (1) Star Rating Scale based on the estimated available dollars

<u>Star Rating</u>	<u>Award Star Rating Per Bed</u>
5	\$2,950
4	\$2,283
3	\$1,890
2	\$1,301
1	\$922

- (2) Licensed Beds from MDHHS Certificate of Need Bed Inventory

- (3) Medicaid Participation Scale

<u>Participation Percentage</u>	<u>Applicable Percent</u>
Greater Than 63%	100%
From 63% - 50%	75%
Less Than 50%	50%

## Calculation Method:

Star ratings from the April 2016 CMS data base for the Quality Measures are ranked by star from highest to lowest (5 down to 1). Approximately 20 nursing facilities do not have a star rating for this quarter. These facilities would be entitled to an initiative payment based on the 1 star scale and less than 50 percent Medicaid participation. Also, hospice nursing facility beds are not considered a part of this program as they do not participate in the CMS Five Star Program.

The facility star rating is matched against the licensed beds from the March 16, 2016 MDHHS CON bed inventory for these facilities. Then the appropriate Medicaid utilization is added to the worksheet for each facility based on the fiscal 2014 cost report. For those facilities that do not file a Medicaid cost report it would be shown as zero percent.

Nursing facilities that are not Medicare or Medicaid certified do not receive any incentive payment as they do not participate in the CMS Five Star Program. There are less than ten facilities in this situation.

## Summary Distribution of Example Methodology:

Star Rating	Stars Facilities	Licensed Beds	Per Bed Amount	Total Value	Payment Medicaid Percent
Rate 5	131	13,321	\$2,950	\$39,296,950	\$33,006,075
Rate 4	99	10,843	\$2,283	\$24,754,569	\$19,699,436
Rate 3	88	9,314	\$1,890	\$17,548,650	\$15,185,205
Rate 2	70	8,072	\$1,301	\$10,501,672	\$9,486,892
Rate 1	41	4,447	\$922	\$4,100,134	\$3,743,090
No Rate	18	961	\$922	\$1,181,082	\$590,541
Total	449	46,958		\$97,383,057	\$81,711,239

### Medicaid Percentage Table

Greater than 63%	100%
From 63-50%	75%
Less than 50%	50%

Using past performance as the determining factor in the methodology is less burdensome for the department to administer the program. Additionally, accuracy of the calculation is guaranteed and it would be available to go out with the provider's annual rate letter. The supplemental would be paid on historical data thus presenting no risk of settlement, appeal or need for additional audit functions.

### Evaluation Process and Goals

HCAM recommends evaluating the program after **3 years** to determine if any changes are necessary and to evaluate movement of facility's Quality Measure rating. HCAM suggests the Michigan Department of Health and Human Services, with participation from the nursing facility associations, evaluate the program. An initial baseline rating would be established prior to the start of the first year (July 2017) and at the end of the third year (July 2020). Operation and evaluation of the program would run concurrent with the state fiscal year.

#### Specific Factors to Review:

- Movement of facility quality measure rating
- Movement of the Variable Cost Limit and the class wide average limits

The overarching goals for this program are a percentage of 4 and 5 star facilities to maintain their rating; a percentage of 3 stars to move up in ratings; and for a percentage of 1 and 2 star facilities to reach a 3 star or higher.

#### Specific Goals:

- 100 percent of 4 and 5 star facilities maintain quality measure rating of a 4 or 5
- 50 percent of 3 star facilities move up in quality measure ratings
- 25 percent of 1 and 2 star facilities move to a minimum 3 star quality measure rating

## APPENDIX

### Definition of Quality Measures:

<p><b>Percentage of residents whose ability to move independently worsened</b></p>	<p>This measure is a change measure that reports the percent of long-stay residents who have demonstrated a decline in independence of locomotion when comparing the target assessment to a prior assessment. Residents who lose mobility may also lose the ability to perform other activities of daily living, like eating, dressing, or getting to the bathroom.</p>
<p><b>Percentage of residents whose need for help with activities of daily living has increased</b></p>	<p>This measure reports the percentage of long-stay residents whose need for help with late-loss Activities of Daily Living (ADLs) has increased when compared to the prior assessment. This is a change measure that reflects worsening performance on at least two late loss ADLs by one functional level or on one late loss ADL by more than one functional level compared to the prior assessment. The late loss ADLs are bed mobility, transfer, eating and toileting. Maintenance of ADLs is related to an environment in which the resident is up and out of bed and engaged in activities. The CMS Staffing Study found that higher staffing levels were associated with lower rates of increasing dependence in ADLs.</p>
<p><b>Percentage of high-risk residents with pressure ulcers</b></p>	<p>This measure captures the percentage of long-stay, high-risk residents with Stage II-IV pressure ulcers. Residents at high risk for pressure ulcers are those who are impaired in bed mobility or transfer, who are comatose, or who suffer from malnutrition.</p>
<p><b>Percentage of residents who have/had a catheter inserted and left in their bladder</b></p>	<p>This measure reports the percentage of residents who have had an indwelling catheter in the last seven days. Indwelling catheter use may result in complications, like urinary tract or blood infections, physical injury, skin problems, bladder stones or blood in the urine.</p>
<p><b>Percentage of residents who were physically restrained</b></p>	<p>This measure reports the percentage of long-stay residents who are physically restrained on a daily basis. A resident who is restrained daily can become weak, lose his or her ability to go to the bathroom without help and develop pressure ulcers or other medical complications.</p>
<p><b>Percentage of residents with a urinary tract infection</b></p>	<p>This measure reports the percentage of long-stay residents who have had a urinary tract infection within the past 30 days. Urinary tract infections can often be prevented through hygiene and drinking enough fluid. Urinary tract infections are relatively minor but can lead to more serious problems and cause complications like delirium if not treated.</p>
<p><b>Percentage of residents who self-report moderate to severe pain</b></p>	<p>This measure captures the percentage of long-stay residents who report either (1) almost constant or frequent moderate to severe pain in the last five days or (2) any very severe/horrible pain in the last 5 days.</p>
<p><b>Percentage of residents experiencing one or more</b></p>	<p>This measure reports the percentage of long-stay residents who have experienced one or more falls with major injury reported in the</p>

<b>falls with major injury</b>	target period or look-back period (one full calendar year).
<b>Percentage of residents who received an antipsychotic medication</b>	This measure reports the percentage of long-stay residents who are receiving antipsychotic drugs in the target period. Reducing the rate of antipsychotic medication use has been the focus of several CMS initiatives.
<b>Percentage of residents whose physical function improves from admission to discharge</b>	The short-stay improvements in function measure assesses the percentage of short-stay residents whose independence in three mobility functions (i.e., transfer, locomotion, and walking) increases over the course of the nursing home care episode.
<b>Percentage of residents with pressure ulcers that are new or worsened</b>	This measure captures the percentage of short-stay residents with new or worsening Stage II-IV pressure ulcers.
<b>Percentage of residents who self-report moderate to severe pain</b>	This measure captures the percentage of short-stay residents, with at least one episode of moderate/severe pain or horrible/excruciating pain of any frequency, in the last 5 days.
<b>Percentage of residents who newly received an antipsychotic medication</b>	This measure reports the percentage of short-stay residents who are receiving an antipsychotic medication during the target period but not on their initial
<b>Percentage of residents who were re-hospitalized after a nursing home admission</b>	This measure reports the percentage of all new admissions or readmissions to a nursing home from a hospital where the resident was re-admitted to a hospital for an inpatient or observation stay within 30 days of entry or reentry.
<b>Percentage of short-stay residents who have had an outpatient emergency department (ED) visit</b>	This measure reports the percentage of all new admissions or readmissions to a nursing home from a hospital where the resident had an outpatient ED visit (i.e., an ED visit not resulting in an inpatient hospital admission) within 30 days of entry or reentry.
<b>Percentage of short-stay residents who were successfully discharged to the community</b>	This measure reports the percentage of all new admissions to a nursing home from a hospital where the resident was discharged to the community within 100 calendar days of entry and for 30 subsequent days, did not die, was not admitted to a hospital for an unplanned inpatient stay, and was not readmitted to a nursing home.