

ARKANSAS PROPOSAL TO LINK QUALITY WITH PAYMENT



Improving Quality for Medicaid Beneficiaries in SNFs.

- While quality of long term residents has been improving; there remains opportunities for further improvement
- Current Medicaid payment policies do not reward or incentivize higher quality
- Prior VBP programs often do not create an adequate financial incentive to change provider practice and set benchmarks that do not result in meaningfully improved outcomes.

Avoiding SNF use by Medicaid Beneficiaries.

- Efforts to reduce Medicaid Beneficiaries use of Nursing Facilities (NF) have shown mixed results
- Many individual's admitted to a SNF following a hospital stay end up remaining in the NF as a long term resident, often "spending down" and requiring Medicaid coverage
 - Currently, there are no financial incentives to SNFs to get new admissions go home
 - 62.9% of long stay residents in SNFs nationally use Medicaid
 - 67.1% of all Arkansas nursing home residents use Medicaid
 - Over 12k transitions back to the community in Arkansas SNFs in 2014

Improving Medicaid Quality in Arkansas LTC: Program Design (overview)

- **Goal**
 - Reduce the number of admissions to a SNF from becoming a long term care Medicaid resident and thereby decrease Medicaid expenses for skilled nursing facilities.
 - Improve the quality outcomes for Arkansas Medicaid beneficiaries who are residing in a AR nursing facility
- **Strategy to achieve goal**
 - Create a LTC Quality Score that is based on a point system related to how a SNF performs on a series of quality metrics divided into five categories:
 - Avoiding admissions becoming long stay residents
 - Clinical measures of quality
 - Staffing levels
 - Long stay hospitalization rate
 - Satisfaction
 - Provide financial Incentive based on SNFs LTC Quality Score

Quality Score: Overview

- Quality Score is composed of five components
- Total score ranges from 0 to 1000 points
- Total points for achieving each component give more to outcomes (especially those that also reduce costs)

Component Areas	Max Points	Min Points
Avoiding Long Stays (ALS) Sub Total	300	0
Quality Measures (QM)Sub Total	300	0
Staffing Measures (staff)Sub Total	100	0
Long Stay Hospitalizations Sub Total	200	0
Satisfaction	100	0
Maximum Potential TOTAL	1,000	0

- Point distribution for each component are shown in Appendix A

LTC QUALITY SCORE: AGGREGATE RESULTS

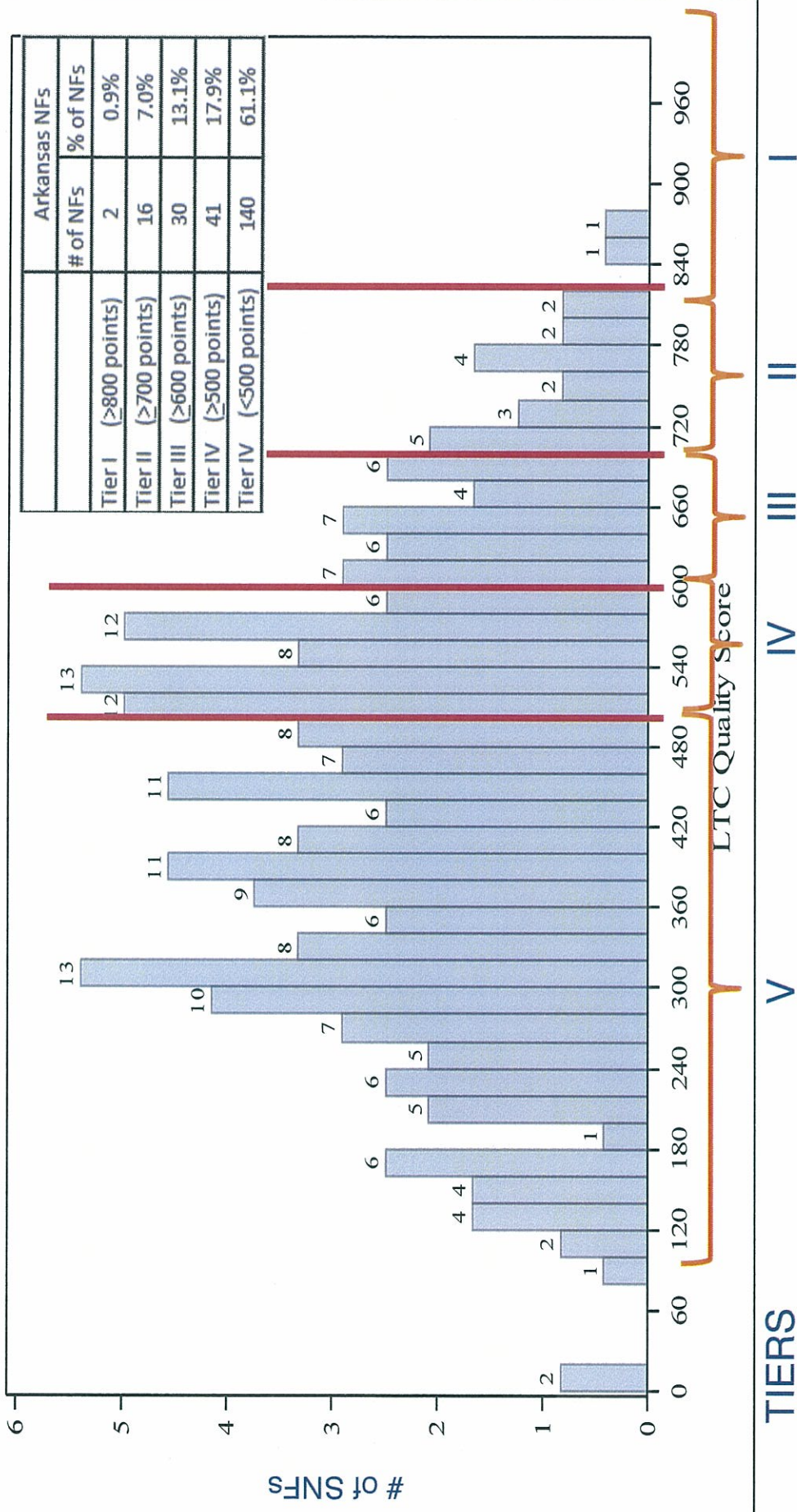
LTC Quality Score Tiers

- Scores for each component are added together to create LTC Quality Score
 - Total score ranges from 0 to 1,000
- SNFs are ranked on their LTC Quality Score
- SNFs are assigned to a Tier
 - Tiers are used to calculate financial incentive

	LTC Quality Score
Tier I	≥ 800
Tier II	≥ 700
Tier III	≥ 600
Tier IV	≥ 500
Tier V	≤ 500

Total Aggregate Score for ARSNFs

Distribution of LTC Quality Scores for AR



PROPOSAL: FINANCIAL INCENTIVES

Financial Incentive (overview)

- Places SNFs into Tiers based on their quality score
 - Each tier is linked to a financial incentive
- Incentive types link the Tier include
 - **Market basket rate** increase which size of overall bonus will automatically adjust for Medicaid volume
 - **Bonus payment** that is also based on the volume of Medicaid beneficiaries (don't want to pay bonus to providers who care for few or no Medicaid beneficiaries).
 - **Withhold that is returned** to the SNF

Incentive Payment (Option A:)

Option A: link to annual Medicaid Market Basket Rate Increase

	Quality Score ¹	Market Basket Increase ²
Tier I	≥800	100%
Tier II	≥700	80%
Tier III	≥600	50%
Tier IV	≥500	25%
Tier V	≤500	0%

¹ **Quality Score** is a sum of the points achieved for each metric in all five categories.

² **Market basket rate increase** is applied to the Medicaid per diem rate. It is determined by XXX. For Tier 1 the SNF receive the full market basket rate increase, Tier 2 receives 25% less, Tier 3 is 50% less, Tier IV is 75% less and Tier V has no market basket rate increase.

Incentive Payment (Option B)

Option B: link to Bonus Payment

		Bonus Payment Amount			
	Quality Score ¹	% of Incentive Pool	Per Medicaid Bonus (\$) ³	Volume of Medicaid in SNF ⁴	Total Bonus Payment ⁵
Tier I	≥800	40%	TBD	TBD	=
Tier II	≥700	30%	TBD	TBD	=
Tier III	≥600	20%	TBD	TBD	=
Tier IV	≥500	10%	TBD	TBD	=
Tier V	≤500	0%	0%	TBD	=

¹ **Quality Score** is a sum of the points achieved for each metric in all five categories.

² **% of incentive pool** This is total dollar amount available to all SNFs who achieve each Tier category. It is calculated by multiplying the % by the total incentive pool available in Nevada. For example Tier I = 50% x \$9.2M.

³ **Per Medicaid Bonus** is based on taking the incentive pool for each TIER and dividing it by volume of Medicaid in SNF for each Tier.

⁴ **Volume of Medicaid in SNF** is calculated based on total Medicaid covered days during the bonus time period.

⁵ **Total Bonus payment** is the per Medicaid bonus rate multiplied by the volume of Medicaid in each SNF.

Incentive Payment (Option C)

Option C: link to withhold that is returned to SNF

	Quality Score ¹	% of Withhold Returned ²
Tier I	≥800	100%
Tier II	≥700	85%
Tier III	≥600	75%
Tier IV	≥500	50%
Tier V	≤500	0%

¹ **Quality Score** is a sum of the points achieved for each metric in all five categories.

² **% of withhold returned:** This is proportion of a with-hold applied to the Medicaid per diem rate that will be returned to SNF based on the Tier level they achieved. The size of the with-hold is TBD.

Note: This will yield savings to Medicaid based on not all SNFs earning back 100% of their with-hold. However, as more SNFs earn back their with-hold; Medicaid costs will go down as the quality improves.

Issues to resolve

- What are financial incentives to use
 - Market basket rate
 - Withhold
 - Bonus payment of new money
 - If bonus what is size?
- Do you want mix and match?
 - Use Bonus payment for avoiding long stays (e.g. discharge admissions back home) & Market basket for long stay quality metrics
- Satisfaction survey currently not done in AR.
 - Most vendors have agreed to add or administer CoreQ questionnaire and calculate the measures using CoreQ