Uniform outcome measures under a unified post-acute care payment system

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Overview of presentation

- Review Commission work on a PAC PPS
- Summarize the requirements of the IMPACT Act
- Outline analyses of two outcome measures across PAC settings
MedPAC’s 2016 study of a unified PAC PPS: Findings

- It is possible to accurately predict the cost of stays using readily available data
- Key features: A uniform unit of service and case-mix system, other adjusters, and outlier policies
- Results in more uniform alignment of costs and payments across different types of cases
  - Payments would increase for medically complex care and decrease for therapy care unrelated to a patient’s condition
  - Payments would shift from high-cost providers and settings to lower-cost providers and settings
MedPAC’s study of a unified PAC PPS: Implementation issues

- Could implement PAC PPS sooner than the timetable anticipated in IMPACT Act
- Need to make conforming regulatory changes
- Consider a transition period and the level of payment
- Adopt companion policies to dampen FFS incentives to generate volume and stint on care
- Monitor provider behavior to detect unintended responses
# Summary of the Commission’s work examining the shortcomings of PAC

<table>
<thead>
<tr>
<th>Shortcoming</th>
<th>Commission work</th>
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<tr>
<td>• Can not compare patients or outcomes across settings</td>
<td>• Compared tools used in PAC settings, made recommendations (1999, 2005, 2014)</td>
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<td>• Can not evaluate the value of PAC</td>
<td>• Developed risk-adjusted outcome measures</td>
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<td>• Included value-based purchasing as a companion policy in a PAC PPS (2016)</td>
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<td>• Outcomes can not be compared across settings</td>
<td>• Began to align quality measures between IRFs and SNFs (2015)</td>
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<td>• HHA and SNF PPSs encourage unnecessary therapy</td>
<td>• Redesigned PPSs to eliminate therapy incentives (2008, 2011)</td>
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<td>• FFS discourages efficient and coordinated care over an episode</td>
<td>• Explored bundled payment for PAC stays (2013)</td>
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<td>• Multiple PPSs result in different prices for the same patient</td>
<td>• Compared patients, outcomes, and payments for select conditions in SNFs and IRFs (2014, 2015)</td>
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<td>• Designed features of a PAC PPS (2016)</td>
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Requirements of the IMPACT Act of 2014

- Studies of a payment system to span the four PAC settings
- Collect uniform patient assessment information
- Standardize performance measures
  - Requires public reporting of provider performance
Patient assessment information required by the IMPACT Act

- Functional status
- Cognitive status
- Medical conditions
- Special services and treatments
- Patient impairments (e.g. vision and hearing)
IMPACT Act did not require acute hospitals to submit assessment data

- Why is this information important?
  - Evaluate decision to discharge patients to PAC
  - Validate assessment information collected at admission to PAC
- Consider requiring hospitals to collect a small set of patient assessment items at discharge
Performance measures required by the IMPACT Act

- Function and cognition
- Skin integrity
- Resource use: Medicare spending per beneficiary
- Discharge to community
- Readmission to hospital
- Medication reconciliation
- Incidence of major falls
- Transfer of health information and patient preferences between providers
<table>
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<tr>
<th>Measures</th>
<th>Commission concerns</th>
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<td>Medication reconciliation</td>
<td>Some measure definitions differ by setting</td>
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<td>Discharge to community</td>
<td>Risk adjustment differs by setting</td>
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<td>Potentially avoidable readmissions</td>
<td>Medication reconciliation throughout the care continuum is not required</td>
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<td>Skin integrity</td>
<td>Discharge to community is not confirmed with claim</td>
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<td>Incidence of major falls</td>
<td>Function measure is a process measure</td>
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<td>Functional assessment was conducted</td>
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<td>Resource use (MSPB)</td>
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Follow-up PAC PPS work: Why develop and analyze PAC outcome measures?

- Commission helped shape the development of PAC outcome measures
  - Given the overlap in patients treated in different settings, measures and risk adjustment must be uniform
- If the implementation of PAC PPS is accelerated, we need to have developed uniform measures and established a baseline performance
Analyze PAC performance measures

- Begin with two measures
  - Readmissions
  - Medicare spending per beneficiary
- Compare performance across and within settings
- Provide a baseline for measuring changes under a PAC PPS
- Future: consider other measures
Potentially avoidable readmission rates

- Readmissions during the stay
  - Any time during the stay
  - A “point in time measure”
- Readmissions within 30 days of discharge
Why are LTCHs are excluded from the readmission rates?

- Key patient assessment information was not collected by LTCHs until recently
- “Interrupted stay” policy prevents the detection of patients readmitted to the hospital for 3 or fewer days
- Could explore policy options to change the claims submission requirements
Medicare spending per beneficiary

- Provider-level measure of total A + B spending during PAC stay plus 30 days
- Focuses attention on resource use during PAC stay and during period after discharge
  - Encourages effective care coordination, make referrals for needed care, and collaborate with providers with low readmission rates
  - Aligns provider incentives
Example of overlapping stays that align provider incentives

Hospital stay

PAC stay #1: IRF

PAC stay #2: SNF

Entire episode of care

Time

- All services during hospital stay
- 30 days after discharge

- All services during the IRF stay
- 30 days after discharge

- All services during the SNF stay
- 30 days after discharge
Next steps

- Develop and analyze variation in readmission rates and MSPB across and within settings
- Present results in the spring
- Include in a June report chapter
Commission discussion

- Planned analyses
- Policy options:
  - Require hospitals to gather functional assessment data at discharge
  - Require changes to claim submissions to be able to measure all readmissions from LTCHs