

Mandated report on the skilled nursing value-based purchasing program and proposed replacement

Carol Carter, Ledia Tabor, Sam Bickel-Barlow

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MedPAC's mandate to evaluate the SNF value-based purchasing program (VBP)

- Mandate in the Protecting Access to Medicare Act of 2014
- Evaluate the program
 - Review progress
 - Assess impacts of beneficiaries' socio-economic status on provider performance
 - Consider any unintended consequences
- Make recommendations as appropriate
- Report due June 30, 2021

Timetable for meeting report deadline

September 2020

- Reviewed current design and results of the first two years
- Identified shortcomings of the design

October 2020

- Outlined an alternative design
- Estimated potential impacts
- Compared impacts of current and alternative designs

January 2021

- Consider policy options

March & April 2021

- Review draft and final report
- Report expected to include recommendations

First two years' results of the SNF VBP

<u>Share of SNFs:</u>	<u>FY 2019</u>	<u>FY 2020</u>
Payments were lowered for majority of SNFs	73%	77%
Many SNFs did not earn back any portion of the amount withheld (2%)	21%	39%
Few SNFs received the maximum increase	3%	2%

Maximum net payment (after 2% withhold) was relatively small	1.6%	3.1%
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Patterns of performance indicate revisions are needed to the program

Patterns of performance

- Higher payment adjustments
 - Larger providers
 - Lower average risk scores
 - Fewer fully dual-eligible beneficiaries
- Inconsistent performance across years



Revisions to program design

- Consider social risk factors in the payment adjustments
- Raise minimum counts
- Expand the performance measure set

Results are preliminary and subject to change

Flaws of the current design can be corrected with alternative value incentive program (VIP)

<i>Current VBP flaw</i>	<i>Proposed VIP design</i>
Performance gauged with a single measure (readmissions) yet quality is multi-dimensional	Performance gauged with a small set of outcomes and resource use measures
Minimum count does not ensure reliable results for low-volume providers	A higher reliability standard is used to set a minimum stay count. Helps ensure results are reliable
Performance scoring does not encourage all providers to improve	Establishes a system to distribute rewards without “cliff” effects. All providers are encouraged to improve.

Flaws of the current design can be corrected with alternative VIP (continued)

<i>Current VBP flaw</i>	<i>Proposed VIP design</i>
Does not account for social risk factors of the beneficiaries treated by a SNF	Social risk factors are considered in tying performance points to incentive payments.
Amounts withheld are not fully paid out as incentive payments	Distributes all withheld funds back to providers as rewards and penalties based on their performance

Recent legislative changes address some SNF VBP flaws

<i>Flaw</i>	<i>Enacted change*</i>
Single performance measure	Allows up to 10 measures. Calls for validation of data.
Minimum count is too low	Program can not apply to providers that do not meet a minimum count for each measure
Scoring includes “cliffs”	Not addressed
No consideration of the social risk factors of a provider’s patients	Not addressed
Program retains a portion of the withhold as savings	Not addressed

SNF VIP: Score a small set of performance measures

- Performance measures should include outcomes, patient experience, and resource use
- SNF VIP modeling uses three claims-based measures:
 - Hospitalizations during the SNF stay
 - Successful discharge to the community
 - Medicare spending per beneficiary
- Need to finalize patient experience measures and methods to collect this information

SNF VIP: Incorporate strategies to ensure reliable measure results

- Use a higher reliability standard to determine the minimum stay count for inclusion in the program
 - SNF VIP modeling minimum stay count is 60
 - A provider's results are more likely to reflect actual performance
- To include as many providers as possible in the program, the performance period could span multiple years
 - SNF VIP modeling performance period spans 3 years

SNF VIP: Establish a system for distributing rewards with no “cliff” effects

- Performance on a measure is assessed against a national performance-to-points scale
 - SNF VIP modeling set the scales using a distribution of all SNFs performance
- Scales are continuous so each achievement is recognized and earns performance points
 - No minimum thresholds that must be met to earn points
 - No topping out for best performers

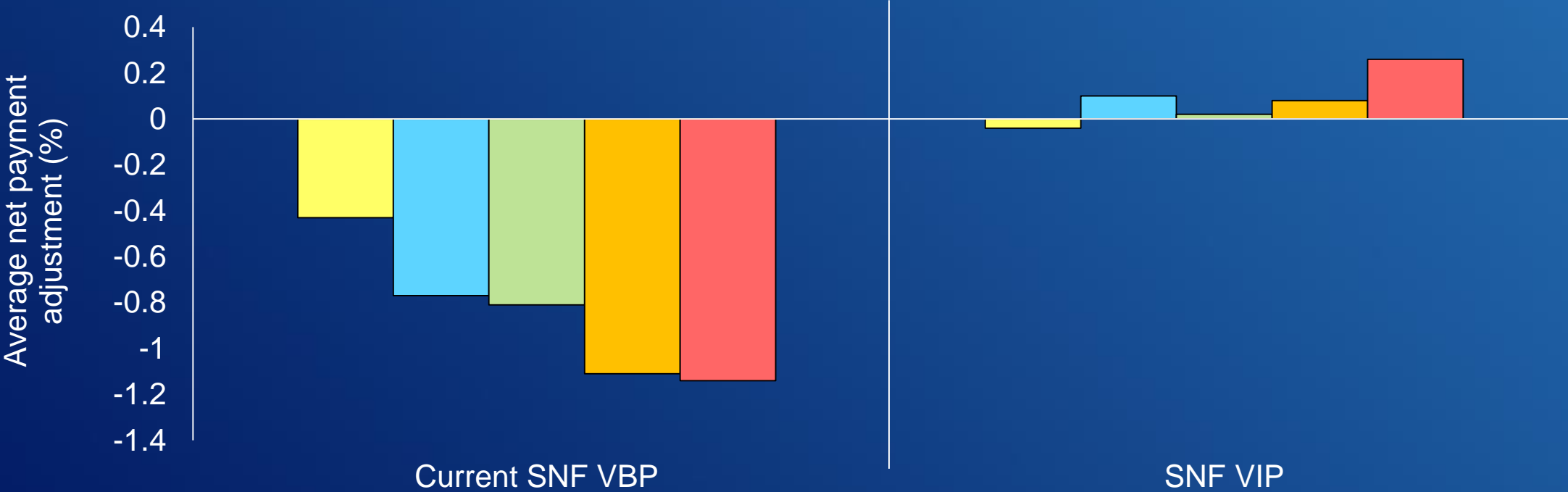
SNF VIP: Accounts for differences in patients' social risk factors

- Medicare should take into account differences in provider populations through peer grouping
 - SNF VIP modeling uses 20 groups based on share of fully dual-eligible beneficiaries
- Within each peer group, incentive payments are distributed to each provider based on its performance relative to its peers
- Performance rates remain intact, while payments are adjusted

SNF VIP: Distribute the entire provider-funded pool of dollars as rewards and penalties

- Design does not retain a portion of the withhold as program savings
- Each year, the payment adjustments would be calculated to fully spend out the incentive pools

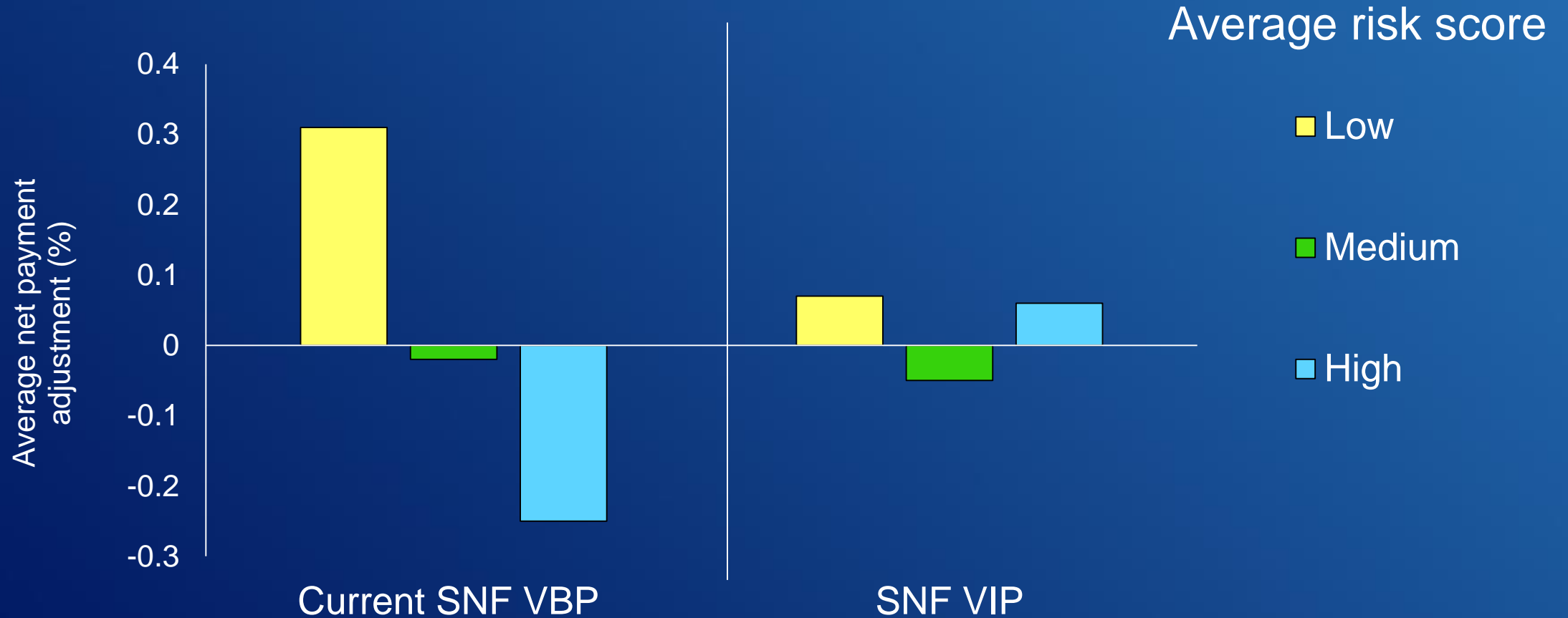
Under illustrative SNF VIP modeling, payment adjustments would be more equitable for SNFs with high shares of dual-eligible beneficiaries



■ Peer Group 1 (lower share of fully dual-eligible beneficiaries)
 ■ Peer Group 5
 ■ Peer Group 10
 ■ Peer Group 15
 ■ Peer Group 20 (higher share of fully dual-eligible beneficiaries)

Data are preliminary and subject to change.

Under illustrative SNF VIP modeling, providers would have less incentive to avoid medically complex patients



Data are preliminary and subject to change.

Summary

- SNF VBP is flawed
- SNF VIP design addresses the flaws of the SNF VBP
 - Creates stronger incentives to improve quality
 - Results in more equitable payments across SNFs with different mixes of patients
- Recent legislation corrects some, but not all, flaws of the SNF VBP

Policy option for discussion

- Eliminate the current SNF VBP
- Establish a SNF value incentive program that would
 - Score a small set of performance measures
 - Incorporate strategies to ensure reliable measure results
 - Establish a system for distributing rewards with no “cliff” effects
 - Account for differences in patients’ social risk factors using peer groups
 - Distribute the entire provider-funded pool of dollars
- Finalize development and begin to report patient experience measures