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

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March 4, 2021

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	October 2020	January 2021	March & April 2021
• Reviewed current design and results of the first two years • Identified shortcomings of the design	• Outlined an alternative design • Estimated potential impacts • Compared impacts of current and alternative designs	• Consider policy options	• Review draft and final report • Report expected to include recommendations

First three years' results of the SNF VBP

	Share of SNFs:
Payments were lowered for the 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	2% – 3%

- Maximum net payment (after 2% withhold) was relatively small (1.6% – 3.1%)

Patterns of performance in the SNF VBP

- Higher payment adjustments for providers that
  - Were larger
  - Had lower average risk scores
  - Treated fewer fully dual-eligible beneficiaries
- Size of payment adjustments varied across years

SNF value incentive program (VIP): Score a small set of performance measures

Current flaw	VIP	Illustrative model
• Performance gauged with a single measure (readmissions)	• Performance gauged with a small set of performance measures • Measure set could evolve over time • Need measures of patient experience	• Hospitalizations, successful discharge, and Medicare spending per beneficiary

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SNF VIP: Incorporate strategies to ensure reliable measure results

Current flaw	VIP	Illustrative model
• Minimum stay count to be included in the program does not ensure reliable results for low-volume providers	• Higher reliability standard • Performance period could span multiple years to include as many providers as possible	• Used reliability standard of 0.7 • 60 stays for each measure • Performance period spans 3 years

SNF VIP: Establish a system for distributing rewards that minimizes "cliff" effects

Current flaw	VIP	Illustrative model
• Performance scoring does not encourage all providers to improve	• Design distributes rewards with minimal "cliff" effects • All providers are encouraged to improve	• Performance is assessed against a national distribution • Scales that convert performance to points are continuous–every achievement is recognized

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

Current flaw	VIP	Illustrative model
• Does not account for social risk factors of the beneficiaries treated by a SNF	• Social risk factors are considered when tying performance points to incentive payments	• Uses peer groups to distribute payment incentives • Performance scores are not adjusted, while payments are adjusted

Tradeoffs inherent in the scoring and peer grouping design features

- Scoring that prevents the poorest performers from earning any reward
  - Sets expectations for furnishing a minimum level of quality
  - Likely to penalize those SNFs treating patients at more social risk
- Peer grouping counters the disadvantages that some SNFs face in achieving good performance
- Illustrative model:
  - Did not include a minimum performance standard
  - Worst-performing SNFs (bottom 14th percentile) were penalized

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

Current flaw	VIP	Illustrative model
• Amounts withheld are not fully paid out as incentive payments	• Distributes all withheld funds back to providers as rewards based on their performance	• Withheld 5% • All 5% distributed back to providers • Program is not used to achieve program savings

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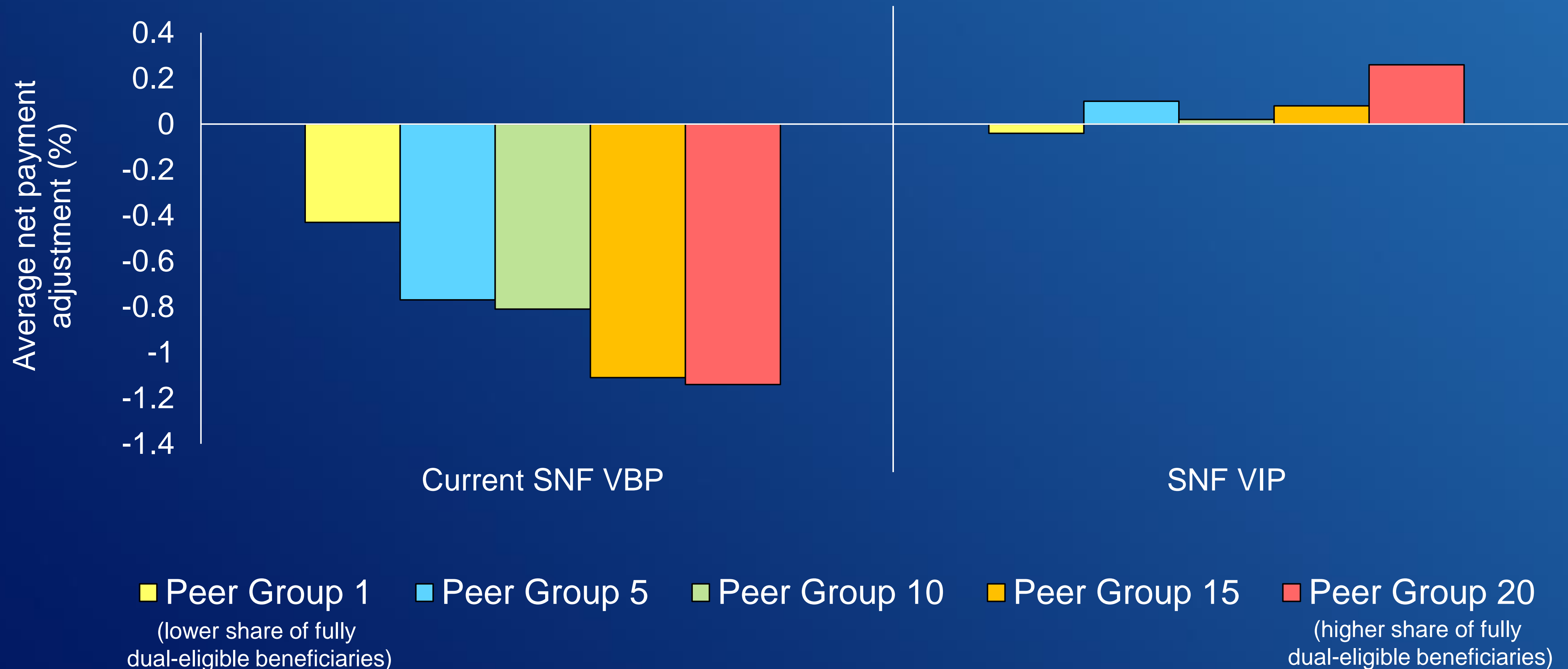
Recent legislative changes address some SNF VBP flaws

Flaw	*Enacted change**
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

* Changes to the SNF VBP enacted under the Consolidated Appropriations Act, 2021

Compared with SNF VBP, the illustrative SNF VIP would make payment adjustments more equitable for SNFs with higher shares of fully dual-eligible beneficiaries



Data are preliminary and subject to change.

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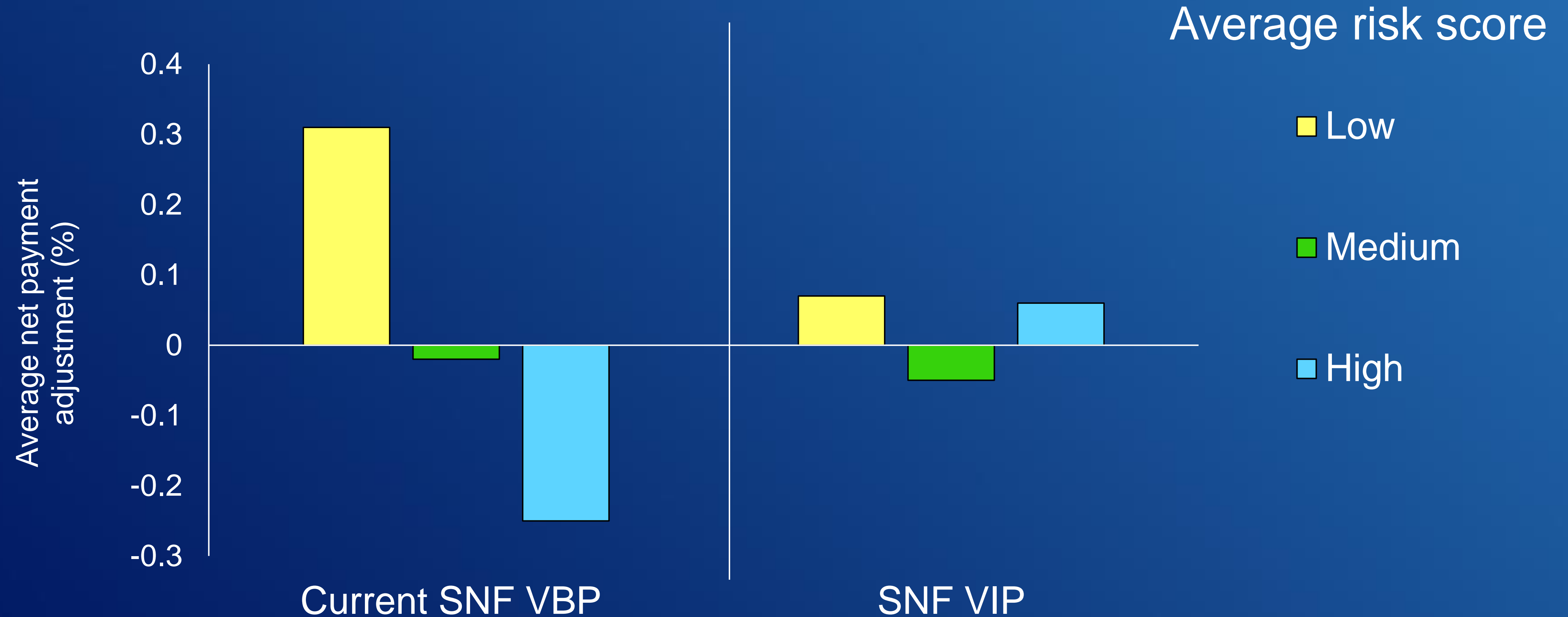
Compared with VBP, the illustrative SNF VIP would make payment adjustments more equitable across SNFs treating different mixes of medically complex patients



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SNF VIP should be paired with other tools to encourage improvement

- Public reporting of provider performance, including SNF VIP measure results
- Target technical assistance to low-performing providers
- Enhance Requirements of Participation and Special Focus Facility Program to include performance on VIP

Summary

- The current SNF VBP is flawed
- A replacement SNF VIP design addresses those flaws
  - 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 current SNF VBP