

Episode-based payments and outcome measures under a unified payment system for post-acute care

Carol Carter and Ledia Tabor
October 5, 2018

Roadmap for today's presentation

- Prospective payment system (PPS) for post-acute care (PAC)
 - Past work and recommendations
 - Planned work on an episode-based PAC PPS
- Uniform outcome measures
 - Past work on Medicare spending per beneficiary (MSPB-PAC) and readmissions
 - Additional measures under development
 - Future use in a unified PAC value-based purchasing (VBP) program

Current PAC landscape

- Medicare FFS spending totaled \$60 billion in 2016
- Many similar patients are treated in four settings (HHA, SNF, IRF, and LTCH)
- Payments can differ substantially, in part because each setting uses its own PPS
- Limited evidence to guide patient placements
- Setting-specific patient assessments and outcome measures that cannot be compared
- FFS payments for PAC are high relative to cost of care, which also distorts MA and ACO benchmarks

Mandated report on the design features of a unified PAC PPS (2016)

- Recommended design features based on 8.9 million PAC stays in 2013
 - Uniform unit of service (a stay or HH episode)
 - Base rate adjusted using patient and stay characteristics
 - Adjust payments for home health episodes
 - Include short-stay and high-cost outlier policies
- Accurate payments would be established for most of the 40+ patient groups we evaluated

PAC PPS: Estimated impacts and implementation issues

- Impacts:
 - Payments would be redistributed
 - Equity of payments across conditions would increase compared to current policy
- Implementation issues
 - Regulatory alignment (2016 and upcoming 2019)
 - Level of payments: Lower payments by 5% (2017)
 - Timing: Implement in 2021 with a 3-year transition (2017)
 - Maintenance: Revise and rebase as needed (2017)
 - Begin redistribution *within* each setting prior to implementation (2018)

Paying for an episode of post-acute care

- A stay-based PPS encourages stays and discourages providers from offering a continuum of care
- Episode-based payment: Providers would be paid for a sequence of PAC stays

Stay-based PPS

Stay #1

Stay #2

Episode-based PPS

A single payment for episode

Why consider an episode-based PAC PPS design?

- Encourage:
 - An efficient mix of PAC
 - Institutional PAC providers to offer a continuum of care
- Reduce the number of transitions between providers for beneficiaries
- Could lower program spending and beneficiary cost-sharing

Planned work: Evaluate an episode-based PAC PPS

- Update model using 2017 stays
- Create episodes from individual PAC stays that are within 7 days of each other
- Evaluate overall accuracy and accuracy by type of episode
- Compare episode- and stay-based payments
- Initial analysis will focus on solo and pairs of PAC stays (85% of sequences)

Evaluating PAC provider quality of care

- Commission's principle (June 2018): Medicare quality measurement programs should use a small set of outcome, patient experience, and value (cost) measures to compare performance across populations and PAC providers
- Under a unified PAC PPS, distinctions between settings are less important so Medicare needs unified quality measures to assess provider performance

IMPACT Act requirements for uniform outcome measures

- Requires Secretary to develop measures that span PAC settings in specific domains
 - Functional status, cognitive function, skin integrity, MSPB-PAC, discharge to the community, readmissions, medication reconciliation, falls, transfer of health information
- CMS has tailored many of the measures to each setting using different definitions and risk adjusters
- We are developing uniform measures to allow direct comparison of rates across providers

Unified PAC value-based purchasing

- MedPAC recommended implementation of a unified PAC VBP concurrent with PAC PPS
- Tie portion of provider payments to performance on outcome and value measures
- Would discourage
 - Overuse of care
 - Stinting on services
 - Shifting of care to other providers

Developing uniform PAC measures

- Some uniform measures to consider in a PAC VBP
 - Readmissions*
 - Medicare spending per beneficiary (MSPB-PAC)*
 - Combined admissions and readmissions**
 - Discharge to community**
 - Patient experience and infection rates (existing measures only in some settings)

Previous work: MSPB-PAC

- Rewards efficient, effective PAC care
- Uniform risk-adjusted MSPB-PAC measure includes total spending for Parts A and B services during the provider's own care and 30 days after discharge
- Found that MSPB-PAC rates varied considerably across providers
- Accurate results were problematic for small providers – need to pool multiple years of data

Previous work: Readmissions

- Give providers strong incentives to ensure beneficiaries receive needed care and to coordinate among providers
- Uniform, risk-adjusted all-cause and potentially preventable readmissions rates for both within-PAC stay and 30 days after PAC stay
- Two shortcomings
 - Community admissions not included – 2/3 of HH stays excluded
 - LTCHs excluded - short hospital stays cannot be detected
- Found that readmission rates varied widely across providers

Developing work: Combined admissions and readmissions rates

- Measure of admissions and readmissions, which includes community-admitted beneficiaries
 - Include LTCHs but during-stay rate will be understated
 - Include observation stays in the definition of hospitalizations
- Measure development plan
 - Define planned and potentially preventable hospitalizations, then develop uniform, risk-adjustment model
 - Calculate provider-level all-cause and potentially preventable rates for both within-stay and 30 days post-discharge

Developing work: Discharge to community

- Primary goal for majority of PAC patients is to return home and stay at home
- Measure to gauge how successfully providers discharge beneficiaries home with no planned readmissions or death within 31 days following discharge
- Measure development plan
 - Building on CMS's measure, develop uniform measure definition and risk-adjustment model
 - Calculate provider-specific rates

Next steps and discussion

- In the spring, staff plan to report results of episode-based PAC PPS design and development of two uniform, outcomes measures
 - In future analytic cycles, the Commission could use uniform measures to model a potential PAC VBP
- Discussion
 - Clarifying questions
 - Feedback on work planned