



NURSING FACILITY VALUE-BASED PURCHASING

Rusty Walker, Director, Office
of Value-Based Purchasing,
DMAS

What is Value-Based Purchasing?

Paying for value, not volume

Value-based purchasing refers to a range of policies that use both financial and non-financial incentives to drive strong performance within the health care system.

Virginia Nursing Facility (NF) Value-Based Purchasing (VBP) Efforts under 2021 Budget

Budget Item 313.LLLLL.2.a. calls for DMAS to develop a unified, value-based purchasing program for NFs under Medicaid

- DMAS is currently organizing efforts within the agency, including bringing on contractor support for this effort
- DMAS expects to convene the “appropriate nursing facility stakeholders and the CCC Plus managed care organizations” called for in the Budget language beginning this summer
- The Budget language calls for the methodology and timing of the Virginia NF VBP program to be established by December 31, 2021, with a targeted program begin data of July 1, 2022
 - The Budget accounts for approximately \$93.5M (\$46.7M General Fund / \$46.7M Non-General Fund) in annual Medicaid payments under the Virginia NF VBP program

A number of states currently engage in NF VBP under Medicaid

- Approximately 1/4 of state Medicaid programs have some form of meaningful NF VBP, as indicated by significant financial incentives allocated based on measurable features and outcomes of care
- There is significant variation in the sophistication of Medicaid NF VBP models; ranging from smaller, single measure efforts, to more sophisticated programs
 - DMAS plans to conduct a comprehensive environmental scan of NF VBP under Medicaid as part of its efforts to develop such policy in Virginia
- As an example, two such states engaging in more advanced VBP under a managed care structure are Tennessee and Texas

State Examples of NF VBP in Medicaid under Managed Care



Quality Improvement in Long-Term Services and Supports (QuILTSS) Program

- Payments are incorporated as a component of a NF's per diem based on available funding; FY19 incentive pool valued at \$55M
- NFs can earn up to 100 points across 4 domains
 - Satisfaction (35 pts)
 - Staffing/Staff Competency (25 pts)
 - Quality of Life (30 pts)
 - Clinical Performance (10 pts)



Quality Based Incentive Program for Nursing Facilities

- In 2019, NFs earn the payment through four components:
 - 1) Monthly quality assurance validation reports
 - 2) Commitment to workforce development
 - 3) National benchmarks or strong improvement on long-stay resident performance measures
 - 4) Meeting other designated quality standards (e.g. infection control program)
- Payments in 2019 totaled \$600 million: Components 1 & 2 are paid monthly, and components 3 & 4 are paid quarterly.

Medicaid NF VBP Programs Tend to Focus on Certain Areas



Care Processes and Outcomes

- Measures focus on care actions and events that contribute to, or tend to be indicative of, high-quality care
- E.g. Pressure Ulcers, UTI, Use of Restraints, Use of Antipsychotic Meds



Staffing

- Measures focus on the # of hours of care provided to each resident each day
- E.g. Registered Nurse Staffing Hours, RN/LPN/Nurse Aide Combine Hours



Experience

- Measures tend to focus on family, resident, and/or staff satisfaction and opinions on the care received
- Typically done through surveys administered by the state



Other

- Mobility & Activities of Daily Living, Falls
- Hospital and ED Utilization
- Credentials, such as Star Status & Accreditations

States often leverage Minimum Data Set (MDS) data on NF performance; some states also conduct surveys or use other available information, such as facility accreditations

Virginia does not currently have NF VBP under Medicaid; but NFs do participate in performance-based programs under Medicare



- As of CY 2020, Virginia Medicaid MCOs did not report established VBP arrangements with NFs
- DMAS was previously asked to develop a pay-for-performance proposal for Medicaid NFs as part of the 2007 Budget (Item 302 III); however, this effort appears not to have resulted in established policy and was removed from future Budgets
- Medicare has a national Skilled Nursing Facility (SNF) VBP program focusing on hospital readmissions; Virginia SNFs paid under Medicare's SNF Prospective Payment System are included in this program
- CMS Nursing Home Compare website posts star ratings for NFs based on health inspections, staffing, and quality of resident care

Key Takeaways

- Virginia has the opportunity to be one of just a handful of states with advanced NF VBP under managed care
- Current VBP arrangements under Virginia Medicaid do not directly address NFs
- DMAS has begun efforts to implement NF VBP under Medicaid as specified in the 2021 Budget

Questions?