

APPENDIX #4
SB 06-131 COMMITTEE REPORT
Pay for Performance Subcommittee Report and Recommendations

Background

Pay for Performance (P4P), or value-based purchasing, is a program that offers financial incentives to providers who meet or exceed specific benchmarks. A P4P program will allow Medicaid, as the purchaser, to provide an incentive payment rewarding Colorado nursing facilities that provide high quality of life and quality of care to their residents. A P4P Subcommittee was given the responsibility to assess the potential for such a system in Colorado and develop recommendations that would be important to nursing facility residents, families, and consumers. The incentive would need to be financially appealing to providers, simple to administer and contain easily accessible data to determine compliance. The subcommittee included representatives from the Ombudsman program, nursing home providers, The Department of Health Care Policy and Financing (Department), Colorado Foundation for Medical Care (the state's Quality Improvement Organization), and the state nursing facilities contract auditor. Presentations to the subcommittee were provided by industry experts and included information on current trends in nursing facility culture change, resident-centered care and other state P4P programs.

The subcommittee has developed a Colorado P4P model designed specifically to reward nursing facilities that improve residents' quality of life and quality of care. P4P may also play a role in making the quality of care in nursing facilities more consistent and reliable. The dollars used in the reward system will pay for well-defined measures that must be sustained over time by the facility and verified by an onsite evaluation. The onsite evaluation will be completed by a contracted entity that will review resident information, interview residents and staff, and verify that documentation supports the defined measures. The P4P evaluation will be conducted at regular intervals and qualifying nursing facilities will be rewarded an additional add-on rate to the current reimbursement system for the entire year.

Prerequisites

Successful annual surveys conducted by the Colorado Department of Public Health and Environment (CDPHE) remain a key basic component to the Medicaid reimbursement system. The subcommittee recognizes that the survey process evaluates a minimum level of performance, but does not identify (nor specifically support) creative and innovative accomplishments in resident-centered care. Because the survey remains an "industry standard," the subcommittee chose not to incorporate the survey as a specific measure in the P4P program but rather made it a prerequisite for participation in the P4P system. Any nursing facility that has sub-standard care on the annual survey will not be considered for the quality incentive program for that year.

Additionally, the subcommittee agreed that ongoing, regular, and standardized feedback from residents and families is a standard of practice that should be conducted by every nursing facility. Resident/family satisfaction survey information should be used to improve resident care and the quality of life in the facility. The second prerequisite for the P4P model is the annual

administration of a nationally recognized and validated resident and family satisfaction survey, with results made publicly available to the community.

Criteria for Measures

The subcommittee agreed that the measures in the P4P model must meet five criteria:

- Have the ability to be sustainable over time
- Be recognized as important to consumers and publicly available
- Have a direct correlation to quality (based on available research/literature/experience)
- Incorporate recognized data tools and evidence-based outcomes when feasible
- Be simple to administer and understand

The Model

The subcommittee is proposing a quality incentive add-on to the current reimbursement system that consists of 32 measures in three domains. The domains are Quality of Life, Quality of Care and Facility Management. A 100-point system has been defined to determine the amount of the incentive add-ons, which would range from \$1.00 to \$4.00 per resident per day, depending on the number of achieved points. The Quality of Life domain contains more measures than the other domains because the group wanted to recognize the importance of resident-centered care, establishment of home-like environments, and relationships with staff, family and the community. The Quality of Care domain emphasizes the ongoing need for high standards in clinical practice and outcomes of care. The Facility Management domain serves to ensure efficiencies and the access to quality care for the Medicaid population. Details for the Pay for Performance Matrix are included in Appendix #5.

Domain 1: Quality of Life

Providers may earn up to 54 points out of the 100 total points in the Quality of Life Domain. The points are distributed between four categories and 14 subcategories. A brief outline is described below:

- Resident-Centered Care and Activities
 - Resident empowerment and involvement in personal care needs (dining, bathing)
 - Determining their own daily schedule
 - Directing their care at the end of life
- Home Environment
 - Resident rooms facilitate privacy, allow for personalization and individual needs
 - Public spaces are stimulating and allow for various activities
 - The physical environment is designed to create neighborhoods and/or households
 - “De-institutionalization” by eliminating overhead paging, except in emergencies
- Relationships with Staff, Family, Resident and Community
 - Emphasis on consistent staff/resident assignments and interactions
 - Promotion of a sense of community within the facility
 - Keeping the external community informed and involved in the life of the facility
 - Formalizing a volunteer program to allow for resident-specific activities and visits
 - Promotion of elements important to residents; for example, introducing plants, pets, and children
- Staff empowerment

- Direct caregivers are involved in planning the care of residents
- Growth and development of staff is promoted through career ladders, formal training in resident-directed care, and involvement in recruitment, orientation and mentoring of new staff

Domain 2: Quality of Care

The Quality of Care Domain consists of 34 points and is distributed in the following areas of importance:

- Direct caregiver continuing education hours per year
- Participation in Advancing Excellence in America’s Nursing Homes or a successor quality program
- Scores on nationally reported Quality Measures
 - High Risk Pressure Ulcers
 - Management of Pain in Chronic Care Residents
 - Use of Physical Restraints
- Staffing metrics, including staff stability and regular administration of an employee satisfaction survey

Domain 3: Facility Management

A maximum of 12 points are achievable in the Facility Management Domain. Nursing homes with Medicaid occupancy of 5-10% above the state-wide average will receive additional points.

Data Sources

The committee is recommending a Request for Proposal (RFP) process to establish the entity that will conduct the onsite reviews to validate that programs submitted for consideration are in place and sustained. The RFP will also include the development of the Pay for Performance Evaluation Instrument, reporting mechanisms, and any other ancillary documents and systems to successfully implement this program.

The Quality of Care measures will be calculated using resident data that are collected from the Centers for Medicaid & Medicare Services’ (CMS) quality measures national reporting system. The Colorado Foundation for Medical Care, the Colorado Quality Improvement Organization (QIO), will process the data and report to the state those facilities that have met the established criteria for the pressure ulcers, pain and physical restraints quality measures. Medicaid occupancy will be calculated from data that is currently reported to the Department.

P4P Add-On

It is important to recognize that each nursing facility is unique and the desires of the residents can be quite different from facility to facility. The subcommittee agreed that it was important to recognize the uniqueness of each facility and assess how each facility responds to their specific residents’ requests. The point allocation system allows facilities to “customize” the model and recognize measures meaningful to the resident populations without sacrificing points. The committee recommends the following add-on payment structure:

Total points	80-100	Add-on:	\$4
	61-79	Add-on:	\$3
	46-60	Add-on:	\$2
	21-45	Add-on:	\$1
	0-20	No add-on	

Other Key Elements

Nursing facilities will be required to write and submit a report to the state documenting compliance with the measures. The report will be required to be co-authored by resident representative(s) (i.e., Resident Council/Resident Council officers) if feasible, and signed by the nursing home administrator, documenting that the facility has met the various criteria outlined in each measure. The data will be verified on the Pay for Performance Evaluation tool by the selected validator during regular unannounced visits.

The Department's rate setting dates will qualify as lookback periods for the purpose of establishing compliance with CDPHE surveys and complaint investigations. An appeal process will be developed and administered by the Department.