

**SNF Value Based Purchasing**  
 How reducing rehospitalizations  
 impacts revenue and margins

James Muller, Senior Director of Research, AHCA  
 Marinela Shqina, Chief Financial Officer, Manchester and Vernon Manor

**AHCA** AMERICAN HEALTH CARE ASSOCIATION    **NCAL** NATIONAL CENTER FOR ASSISTED LIVING

---

---

---

---

---

---

---

---

**What is SNF Value Based Purchasing?**

---

---

---

---

---

---

---

---

**What is SNF Value Based Purchasing?**

- Protecting Access to Medicare Act of 2014 (PAMA) required CMS to implement SNF VBP, a value-based program that through hospital readmission measures aims to:
  - Link financial outcomes to quality performance...
  - Institute uniform policies for acute hospitals, SNFs, HHAs, IRFs and LTCHs...
  - Encourage coordination across the acute-post-acute continuum of care...

**AHCA** AMERICAN HEALTH CARE ASSOCIATION    **NCAL** NATIONAL CENTER FOR ASSISTED LIVING    IMPROVING LIVES by DELIVERING SOLUTIONS for QUALITY CARE

---

---

---

---

---

---

---

---

### How does the program work?

- Establishes a 2% withhold to SNF Part A payments that can be earned back based on a SNF's rehospitalization rate and level of improvement
- Uses the SNFRM hospital readmission measure
- Catches *all* rehospitalizations within 30 days of admission to the SNF
  - That is, rehospitalizations both directly from the SNF *and after discharge*
- Holds hospitals, SNFs and the HHAs accountable for the readmissions in the VBP programs

---

---

---

---

---

---

---

---

---

---

### When does the program start?

- Beginning in FY 2019, your Medicare A rates will be reduced by 2% to fund SNF VBP "incentive" payments
- Your SNF-PPS payments from 10/1/2018 - 9/30/2019 will be adjusted based on:
  - ...Your readmission performance for stays in 1/1/2017 - 12/31/2017
  - ... And if you're in around the worst 25% in the nation:
    - Improvement from CY2015 to CY2017 can also help

2015q1	2015q2	2015q3	2015q4	2016q1	2016q2	2016q3	2016q4	2017q1	2017q2	2017q3	2017q4	2018q1	2018q2	2018q3	2018q4	2019q1	2019q2	2019q3	2019q4
Base Period (CY2015)				Performance Period (CY2017)								Payment Period (FY2019)							

---

---

---

---

---

---

---

---

---

---

### The current SNF-VBP policy concept

---

---

---

---

---

---

---

---

---

---

## A closer look at the current policy

- 2% of your SNF-PPS rate will be withheld, and some amount returned based on CY2017 readmissions achievement, and improvement since CY2015
- CMS will adopt the Skilled Nursing Facility 30-Day All-Cause Readmission Measure, (SNFRM) as the SNF VBP measure
  - A claims based measure including observation stays, timelines, Part A only, post-discharge visualization
  - Includes potentially preventable readmissions
    - Will later be replaced by the SNF-PPR, which applies Yale algorithms to exclude potentially preventable readmissions
  - Excludes observation stays
  - Risk adjustment

**AHCA** **NCAL** IMPROVING LIVES by DELIVERING SOLUTIONS for QUALITY CARE

---

---

---

---

---

---

---

---

---

---

---

---

## The performance scoring equation

- Performance score is maximum of achievement and improvement
- Achievement score:
  - If CY2017 SNFRM rate < 16.4%, then achievement score is 100
  - If CY2017 SNFRM rate > 20.4%, then achievement score is 0
  - Else:
 
$$= \left( 95 \times \left( \frac{\text{SNF's Perf. Period Inverted Rate} - \text{Achievement Threshold}}{\text{Benchmark} - \text{Achievement Threshold}} \right) + 5 \right) \times 10$$
- Improvement score:
  - If CY2017 SNFRM rate < 16.4%, then improvement score is 90
  - If CY2017 SNFRM rate > CY2015 SNFRM rate, then improvement score is 0
  - Else:
 
$$= \left( 100 \times \left( \frac{\text{SNF Perf. Period Inverted Rate} - \text{SNF Baseline Period Inverted Rate}}{\text{Benchmark} - \text{SNF Baseline Period Inverted Rate}} \right) - 9 \right) \times 10$$

**AHCA** **NCAL** IMPROVING LIVES by DELIVERING SOLUTIONS for QUALITY CARE

---

---

---

---

---

---

---

---

---

---

---

---

## The performance scoring equation

- Performance scores must be maximum of achievement score and improvement score
- Between 50-70% of the 2% that was withheld must be returned to SNFs
- Worst 40% must receive less back than best 60%
- SNFRM measure used initially and then replaced with the new measure that excludes potentially-preventable readmissions

**AHCA** **NCAL** IMPROVING LIVES by DELIVERING SOLUTIONS for QUALITY CARE

---

---

---

---

---

---

---

---

---

---

---

---

### The Policy: what is finalized and what is not

- Locked down:
  - The measure is SNFRM
  - The performance scoring equation
- Still to be decided in next year's proposed and final rules:
  - What of 50-70% of the 2% withheld shall be returned, in aggregate, to SNFs
  - Whether very best performers can experience a SNF-PPS rate *increase* due to VBP
    - Or whether the policy will be capped at 100% of the original SNF-PPS rate
  - Shape of the function that converts performance scores to VBP SNF-PPS rate adjustments




---

---

---

---

---

---

---

---

### TBD #1: 50-70% returned?

- Biggest factor in policy
- AHCA argued for 70% because it gives the biggest incentive for quality improvement
- CMS may be philosophically squeamish with 70%, but has no material fiscal impact on CMS
- Note, 50% only saves CMS \$128M compared to 70%
  - This is referred to as "budget dust"




---

---

---

---

---

---

---

---

### TBD #2: Whether SNF can have a SNF-PPS rate *increase* for excellent performance

- Can a VBP-adjusted SNF-PPS rate be higher than that before SNF-VBP?
- Irrelevant if CMS chooses to give back 50% of the withhold
- Not capping would significantly strengthen policy incentives
- Doesn't change savings to CMS – that's determined by the 50-70% choice
- Again, philosophical
  - Hospitalization program capped
  - CMS squeamish about paying a provider *more*




---

---

---

---

---

---

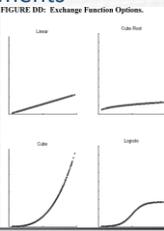
---

---

### TBD #3: Shape of function to convert performance scores to rate adjustments

FIGURE DD- Exchange Function Options.

- Two bad options, about which CMS probably agrees
  - Cube root, Cube
- Two good options, and doesn't make huge difference which
  - Logistic, linear



AHCA. NCAL. IMPROVING LIVES by DELIVERING SOLUTIONS for QUALITY CARE

---

---

---

---

---

---

---

---

### Best guess and safer guess at final policy

- Best guess:
  - 60% logistic capped at 100% of pre-VBP payment
  - Balances CMS squeamishness with policy rigor
- Safer guess:
  - 50% linear capped at 100% of pre-VBP payment
  - Greedier and simpler

AHCA. NCAL. IMPROVING LIVES by DELIVERING SOLUTIONS for QUALITY CARE

---

---

---

---

---

---

---

---

### Simulation: The link between your readmissions performance and finances

---

---

---

---

---

---

---

---



### Manchester Manor rehospitalization rate

- Through PointRight® Pro™ 30 data visualization, we learned that we needed to employ effective readmission reduction strategies to avoid financial threats further down the road...

Legend: FPI National Benchmark, Facility Observed, Facility Adjusted

AHCA | NCAL | IMPROVING LIVES by DELIVERING SOLUTIONS for QUALITY CARE

---

---

---

---

---

---

---

---

---

---

### Manchester Manor, post acute strategy for reducing readmissions

- Analyzed 2 year trends on 30 day readmissions to identify common denominators on readmission occurrence
- Found most readmissions linked to one MD paranoid of malpractice charges and addressed the issue
  - Worked closely with Qualidigm to develop clinical protocols for managing high readmission conditions such as COPD and CHF
- Invested in nursing education to enhance critical thinking
- Implemented the INTERACT program to reduce 30 day readmission
- Implemented Advanced Care Planning
  - Identify anticipated LOS immediately upon admission; identify obstacles such as 24 hr care anticipated, Pt/Family education, Psychiatric barriers, Living arrangements, Family issues, etc...
  - Schedule 72-hour Post-Admission meeting with patient family and HHA nurse liaison to set clear discharge and post discharge expectations

AHCA | NCAL | IMPROVING LIVES by DELIVERING SOLUTIONS for QUALITY CARE

---

---

---

---

---

---

---

---

---

---

### Manchester Manor, post acute strategy for reducing readmissions

- Implemented post-discharge follow up programs to inquire on the status of patient as well as using APRN services to refer high risk patients to as part of d/c plan into the community
- We expanded our in-house APRN coverage to 6 days per week including 1 weekend day. They also take calls 24/7 x 7 days/week
- Communicated readmission goals to all nurses and physicians and started sharing data measuring the progress
- We operationalized the 15% = 7.5 patients re-hospitalized per month. Nurses understand 7 or 8 patients per month much better than 15% per month
- We implemented quarterly meetings with Home Health Agencies
  - With lower LOS, much of SNF risk is shared after patient is discharged

AHCA | NCAL | IMPROVING LIVES by DELIVERING SOLUTIONS for QUALITY CARE

---

---

---

---

---

---

---

---

---

---

## Manchester Manor, post acute strategy for reducing readmissions

- Next Goal: Work with HHA to figure out how to readmit patient in the community back to SNF before send to hospital ED when/if clinically feasible
- Utilizing Hospice services when indicated




---

---

---

---

---

---

---

---

## Manchester Manor, readmission goal and the safety net

- Still working towards our goal, 12% readmission rate (6 admissions per month based on 50 new admissions)
- Despite great progression towards the goal, we don't know whether we will earn back SNF VBP withhold
- Why?

---

---

---

---

---

---

---

---

## The SNFRM hospital readmission measure

- The key concern:
  - SNFs have been measuring within-stay readmission rates through the PointRight Pro 30<sup>th</sup> measure, the INTERACT tools, and others
    - But have not had the post-discharge view until SNFRM
- Timeline of getting data:
  - CMS will release confidential previous SNFRM data to SNFs starting October 2016

---

---

---

---

---

---

---

---

### Is rehospitalization cost worth the investment?

- YES!
- A reduction of 2% in Medicare rates equals a reduction of 0.6% in NOI margins at Manchester Manor
- But the *greater* threat, the referring hospitals will exclude your facilities from their referral networks if your readmission rates contribute to their readmission penalty
- We need Post Acute referrals to survive
  - Low Medicaid reimbursement rates
  - Shrinking Private paying patients

---

---

---

---

---

---

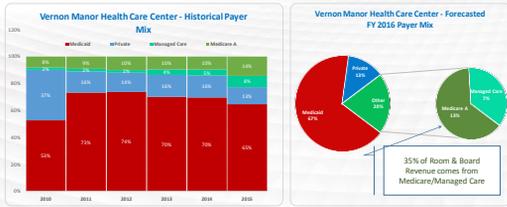
---

---

---

---

### Why we need post acute referrals...




---

---

---

---

---

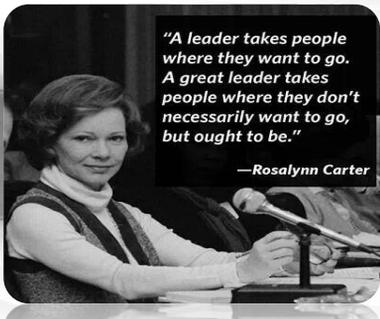
---

---

---

---

---




---

---

---

---

---

---

---

---

---

---



---

---

---

---

---

---

---