

Value Based Purchasing: Movement to Health Care Quality and Accountability by Marcia A. Tetterton, MSG, CAE, Executive Director

Executive Summary

This paper is intended to give the reader a brief overview of the changing nature of health care in the United States and how it is transforming the way providers are paid for care. This new environment changes payment from the current episode reimbursement to a new system based on quality of care, similar to what we are seeing with the rehospitalization penalties.

As the US population continues to age the utilization of Medicare services and its costs will grow. This growth in both volume and cost has spurred a dynamic change in the ways we utilize and evaluate health care service in our nation. Our current reimbursement system is based on volume payments, not the quality of outcomes or management of subpopulation groups such as those with multiple chronic diseases. Without a clear connection between reimbursement and desired outcomes we are left paying the highest imaginable price for very few and inconsistent gains in the health of our nation. This is simply unsustainable.

The public policy questions are how to move the health care provider community into a new dimension where it is accountable for the use of limited resources. Most simply put, the movement is toward those interventions that create the best patient outcomes, for most people at the lowest cost. This begins with consistent and accurate patient data collection tools. Data sources across health care have improved vastly over the past ten years. This data now allows US Department of Health and Human Services (HHS) and provider communities to conduct the analytics necessary to base health care decisions and ultimately what setting is most appropriate for a patient on evidence based best practices and quality outcomes.

Background

Value Based Purchasing (VBP) is part of the HHS reformation of our nation's health care system and in direct response to a requirement in the 2010 Patient Protection and Affordable Care Act. The concept of VBP is not new and is based on the premise that buyers should hold providers of health care services accountable for both cost and quality. This model creates a direct link between reimbursement and quality performance. Pay-for-performance, accountable care organization, medical home and bundled payment delivery models have all been proven successful in the commercial markets. The VBP models have improved outcomes, rewarded value and innovation while steadily moving health care away from the volume mindset.

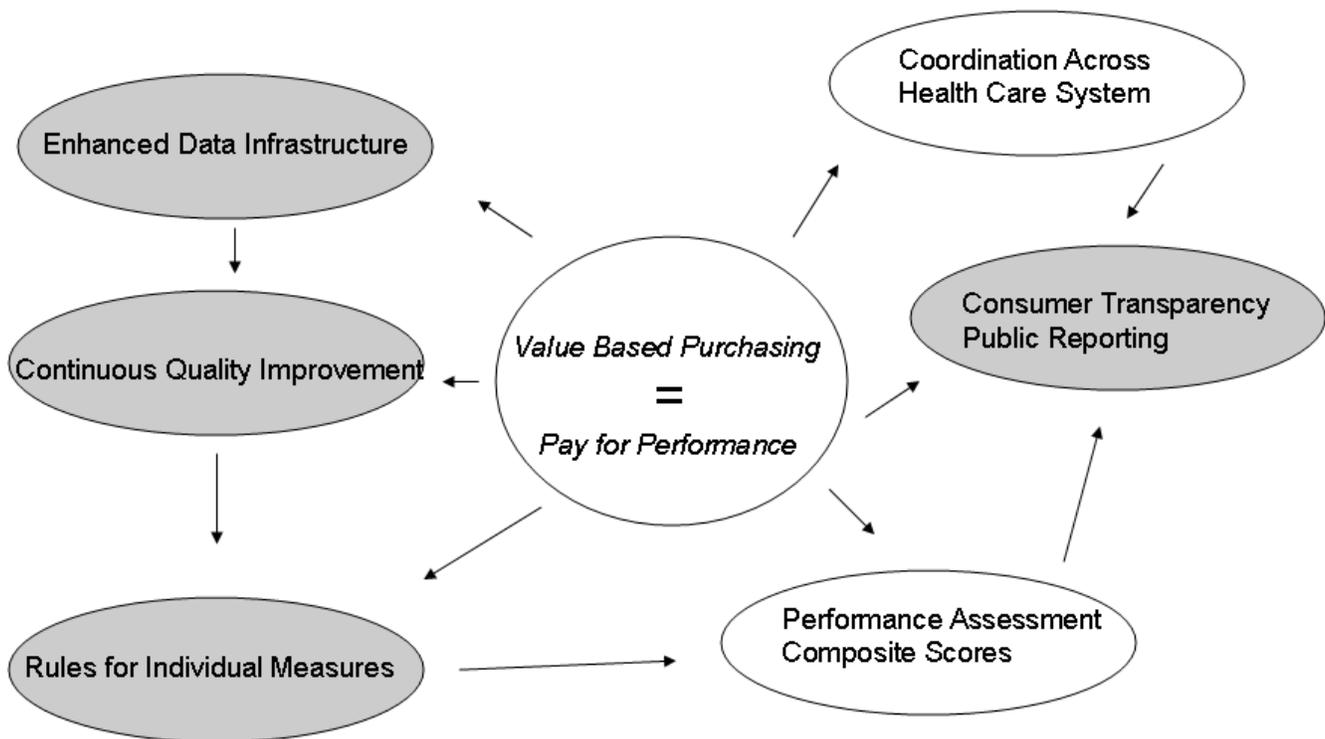
HHS has already begun testing VBP models in the Medicare system. Nursing Homes began a 3-year demonstration July 1, 2009 which is still underway. The hospital VBP program includes the current rehospitalization movement and a new 1.5 percent payment penalty and incentive

program for FY 2015 that is directly tied to quality of care. According to a 2010 HHS report to Congress home care will also be included in this larger reform. More importantly, the final PPS rules for home health care published November 6, 2014 again noted that initial testing for home health VBP will begin in early 2016.

Components

VBP is a means to purchase health care where buyers hold providers of health care services accountable for both cost and quality. As previously mentioned, there are several different models of VBP. This is a transformational move away from the traditional volume based models of health care delivery. Home care has the opportunity to: 1) fully engage in this reformation; or, 2) become part of larger delivery model.

Home Care Value Based Purchasing Model



The shaded areas in the diagram above depict the components of VBP that home care is currently implementing in some fashion. Activities in the area of rehospitalization are clearly moving towards the coordination across the health care system. The final phase will be the development of composite scores. These scores will directly impact the level of reimbursement.

The movement from the current episode payments to a new model based on outcomes will be a challenge for many providers. It will be essential for providers to work closer with patients to

establish mutually agreed upon goals, motivate, coach, and improve behaviors resulting in positive health status for the populations they serve. This new model will incentivize quality by reducing payments to under performers and provide bonus payments to those providers exceeding expectations.

Progressive home care organizations have embraced these changes and been fully engaged in continuous quality improvement, established an unceasing commitment to staff training and education, heavily invested in infrastructure that allow data to be easily collected, publicly reported and marketed areas of performance excellence. A good number of home care organizations have viewed these changes a just another task mandated by the government failing to see the directional shift in our nation's health care system. Now is the time to be proactive partners in these changes.

Conclusion

Medicare home health care is well on its way toward VBP, which will continue to be a work in progress. Some states have begun the development of demonstrations of VBP in their Medicaid programs with mixed results. VBP offers home care an opportunity to be an innovative and critical component of the nation's health care system. Multiple studies support both cost effectiveness and positive outcomes of home care.

- Population based health care and best practices are important concepts to integrate in to your organization. They are based on assessing the health care needs of a specific population and making health care decisions for the population as a whole rather than for individuals. Population-focused health care is a somewhat new concept in the United States, though other countries embraced this type of health care long ago.
- The ability to benchmark your performance will be critical. The home care community must continue to develop data infrastructure and staff competencies necessary to compete in a new payer environment. The challenge of VBP will be the development of an integrated data infrastructure to support the new payment structure. HHS must insure that the appropriate measures are utilized and that payment bonuses are sufficient.
- The development of community partners to coordination care across the health care system will become more critical. This coordination is certain to include private duty and Medicaid waiver programs as these services are the front line of preventing more expensive hospitalization and the management of chronic conditions.

Home care is well positioned to continue its growth trend and embrace VBP. The concepts presented in this paper are applicable to all members of the Virginia Association for Home Care and Hospice.

The purpose of this paper is to clarify a number of concepts, terms and stimulate strategic planning. It is not intended to be the sole source document. The Virginia Association for Home Care and Hospice (VAHC) is directed to provide advocacy, education, and guidance. This document is intended to establish a broad framework for future education and guidance to VAHC's membership.

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