Preparing Pay-for-Performance

"The incentives in our health care system are just wrong—wrong for providers and wrong for patients. Providers get paid on the basis of the quantity of the care they provide, not the quality of outcomes. I am determined to see pay-for-performance become part of the way we compensate health care providers."

—Secretary Michael Leavitt, U.S. Department of Health and Human Services

The Centers for Medicare and Medicaid Services (CMS) is pushing pay-for-performance (P4P) and best practices to drive quality improvement in all health care sectors. For home care, reducing home care's hospitalization rates is the focus. If home care agencies reduce preventable hospitalizations by just three percent, more than 100 thousand fewer people would be hospitalized and $2.7 billion would be saved.

At a recent Home Care Association conference on "Quality, P4P, and Profitability," Dr. Robert Fazzi of Fazzi Associates, a national home health benchmarking and consulting firm, urged home health agencies to "position themselves now for P4P initiatives."

To identify the most effective strategies home health agencies can employ to reduce the number of patients who are hospitalized, Fazzi Associates designed a Best Practice Study, which was sponsored by the Briggs Corporation. Nearly 400 agencies across the nation – those with a track record of low hospitalization rates – participated in the study.

The results produced some interesting insights. For example, the top five strategies implemented by agencies to reduce hospitalization are:

1. Falls Prevention Programs
2. Front Loading of Services
3. Management Culture & Support
4. Medication Management
5. 24-Hour Availability/Response Programs

Agencies generally used more than one strategy to achieve results. (For a complete report on the study, visit www.fazzi.com.)

New Hampshire's Medicare-certified home health agencies are working closely with Northeast Health Care Quality Foundation, the quality improvement organization (QIO) for Maine, Vermont and New Hampshire, on reducing hospitalizations. HCANH is supporting these efforts through its Continuous Quality Improvement Workgroup, comprised of member agencies that meet monthly to work on specific quality improvement projects.

The Home Care Association of New Hampshire (HCANH) is a membership organization, which enhances the ability of agencies providing home health care to deliver quality services to New Hampshire residents. HCANH is the only association of home health providers in the state and a member of the National Association for Home Care & Hospice. HCANH is your resource for information about home health services, providers and issues. Call us at 1.800.639.1949 or visit www.homecarenh.org.

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HOME CARE ASSOCIATION OF NEW HAMPSHIRE | WINTER 2006

Medicare Home Health Payment Rates Put Stress on Many NH Providers

In November 2005, Centers for Medicare & Medicaid Services (CMS) Administrator Mark B. McClellan announced a 2.8 percent inflation increase in Medicare payment rates to home health agencies for calendar year 2006. However, the Deficit Reduction Act of 2005 (enacted by Congress after narrowly passing the House of Representatives on January 31, 2006) eliminated any inflation adjustment for FY 2006. The President's recently released spending plan for FY 2007 would continue the freeze on home health rates for a second year.

In addition to the inflation adjustment freeze, reimbursement to non-rural agencies was reduced January 1 by application of the wage index—a factor intended to adjust national rates to account for local labor costs. In the past, southern New Hampshire has been included in the Boston labor market. Now, these counties have been excluded from that more costly labor pool and reclassified into new suburban regions with significantly lower wage indices. The net result: An inflation adjustment freeze plus wage index reduction equals significant revenue loss—3.7 to 3.8 percent—for home health agencies serving residents of Rockingham, Strafford, Merrimack, and Hillsborough counties.

"We don't expect problems with access to care for Medicare beneficiaries, nor do we anticipate agencies going under," says Susan Young, executive director of the Home Care Association of New Hampshire. "The more pressing risk is the health of the state's Medicaid program since Medicaid losses have been largely covered by Medicare revenues for the past several years. As that source of funding dries up, agencies will be less able to underwrite the state-funded programs."

2006 Legislative Priorities

With the 2006 Legislative session underway, Granite State Home Health Association (GSHHA), the government relations arm of the Home Care Association, is monitoring and testifying on a number of pieces of legislation, including two labor bills that could create significant cost and administrative burden for home care agencies across the state.

HB 1138—An ACT relative to required pay for employees called into work.

This bill requires an employer to pay any employee called into work a minimum of four hours wages (the current minimum is two hours). Hours added before or after a regular shift are exempt, but employees may refuse the hours or work fewer than the requested hours without consequences. On-call employees are not subject to these provisions if they are paid an on-call stipend.

HB 1139—An ACT relative to the time period required between mandatory shifts or other work periods.

This bill requires the passage of at least 10 hours before any employee may be required to work again.

For both bills, workers may volunteer to work (that is, they may work fewer than the four-hour minimum or return within the 10-hour break period), but the employer must report to the Labor Department **every** time this happens. In home care, this would mean hundreds of reports every week.

The Association testified in opposition to both of these bills on January 26. Both the four-hour minimum and 10-hour break requirements do not make sense in a home care environment of intermittent care, where split shifts and short visits are the norm, not the exception. Both bills would create a significant financial and administrative burden for the state's home health providers, as well as increase costs for consumers and payors.

The Association is supporting a number of other bills, including legislation relating to end-of-life care planning, additional appropriations for certain health and human services providers, and amendments to the Nurse Practice Act.

For a complete listing of bills and the Association's positions, visit **www.homecarenh.com/policy/** and click on "Bill Status."

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Executive Director Note

Of late, I have been fielding questions from legislators, human service advocates and even home care providers about the settlement reached last summer with respect to our lawsuit against the state seeking fair Medicaid reimbursement rates for home health services. Many are under the impression that the settlement resulted in adequate rate increases for home health agencies and that the financial concerns of such agencies have been addressed. Unfortunately, this is not the case.

While home health agencies received a 4.6 percent rate increase for Home & Community Based Care (HCBC-ECI) services as part of the '06-'07 state operating budget, no additional rate increases were guaranteed as a result of the lawsuit settlement. The settlement agreement between the Home Care Association of New Hampshire and the Department pertains only to establishment of a rate-setting methodology to be used to set rates in the future, adoption of rules to implement that methodology, and an agreement that the Commissioner will make "best efforts" to identify available funds to increase rates in the future.

We are pleased that Commissioner Stephen was able to identify funds to increase rates for home health services delivered under the regular Medicaid program effective January 1, 2006. This 4.6 percent increase brings the rates for services delivered under the regular Medicaid program back into line with rates for HCBC services. We are also encouraged by public statements made by the Commissioner that he hopes to identify sufficient funds to implement an inflation update in SFY 2007. However, since many services are still underpaid by as much as 40 percent, more is needed to ensure access to home health care statewide for Medicaid patients. Already this year we have seen access limitations in the Lebanon and Berlin areas.

Since August, we have been meeting regularly with the Department to develop a rate-setting methodology and draft rules. Our mutual goal is to complete this process in time for the Department to use the methodology in developing its budget request for the next biennium. That work will begin in the summer of 2006.

Meanwhile, the Home Care Association is actively supporting legislation that would increase current appropriations for home health services, as well as other health and human service providers. Specifically, HB 1608 and HB 1720 would help support these chronically underpaid providers.

Susan M. Young
Executive Director
Home Care Association of New Hampshire

"Home Care in the News"

STATE STRIVES TO HELP HOME HEALTH PROVIDERS

"While home health agencies in the state have taken a hit in the past with Medicaid reimbursements, the state did approve a 4.6 percent increase in those reimbursement rates for home health agencies and community-based care organizations for fiscal year 2005-2006," Stephen said. The state Legislature also has approved a 4.6 increase to start in fiscal year 2006-2007, but DHHS must find those funds in surplus money in its budget for that year.

"I have every intention of searching every line item in the budget (for that surplus)," Stephen said.

Foster's Daily Democrat
January 20, 2006
By Amanda Dumond

GAS PRICES SQUEEZE HOME-CARE WORKERS

"We've been in discussion with the Department of Health and Human Services and community home care providers to get an estimate of the impact on ability to provide services," said Pamela Walsh, a spokeswoman for the governor.

"The governor is talking with legislative leaders about additional assistance we can provide so fuel costs don't result in a decrease in services."

The Nashua Telegraph
November 1, 2005
By Hattie Bernstein

Patient Focus: Eleanor Gardner

A PARTNERSHIP

Darleen Ross starts her day at 8:00 a.m. and will drive more than 20 miles to visit and care for her patients. Darleen is a Licensed Nursing Assistant (LNA) for North Country Home Health & Hospice in Littleton and provides care to individuals in their homes. On an average day, Darleen will visit seven to eight patients, even on weekends. Her daily work enables elderly, disabled, and ill persons to live in their own homes rather than in a health care facility. With her help, patients can spend less time in the hospital, reduce health care expenses, and enjoy the comforts of their own homes.

Eleanor Gardner is a retired reporter from the Littleton Courier who suffers from a muscle disease called Inclusion Body Myositis (IBM), similar to Parkinson's disease or multiple sclerosis. She uses a walker to help her get around and is still able to drive, but her disease will continue to progress, making it more difficult for her to remain independent. IBM is a progressive muscle weakness disorder which can occur over the course of months or years and most of the muscles in Eleanor's body are affected. In addition to her daily medical challenges, she is currently receiving a second round of chemotherapy for ovarian cancer. Just like thousands of New Hampshire citizens, Eleanor is a strong person and doesn't want to lose her independence.

This is where their two lives intersect. Darleen has worked with Eleanor for more than five years to help her remain independent and continues to visit Eleanor twice a week to assist her with personal hygiene and exercises, as well as light housekeeping chores such as shopping, cooking, and cleaning. It is an especially difficult time for Eleanor with the added chemotherapy treatment she is receiving, so sometimes Darleen's most important contribution is emotional support.

Eleanor also receives physical and occupational therapy once a week from North Country Home Health & Hospice. Physical therapy and exercises help keep Eleanor active. Eleanor loves cooking, and has published a book of recipes called Ellie's Kitchen, and occupational therapy helps teach Eleanor how to cope with everyday tasks, such as getting things out of the oven without burning herself.

Eleanor is among the growing number of seniors who continue to live independent lives with the support of in-home care. "I have never met a group of nicer people and I could not have gone through this without the help from Darleen and others," says Eleanor. "I don't know how she does it, but with every visit, Darleen is happy and full of energy. She brings a smile to my face and helps me remain independent."

"Eleanor has a lot of pride in herself and we have to keep that going," says Darleen. "We work hard to make sure she doesn't weaken." For Darleen, being an LNA comes from the heart. She has been providing home care for 14 years. "I have always liked being around the elderly, even as a child," she notes. "It's inside of me, part of who I am. I love my job, the patients I care for, and the people I work alongside."