

Quality Counts

Arizona Nursing Home Quality Initiative

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Costs and Potential Savings Associated with Nursing Home Hospitalizations

Better prevention and treatment of pneumonia and other common conditions in nursing homes could reduce avoidable hospitalizations for residents while saving money for Medicare and other public programs, according to a Commonwealth Fund-supported study published in the journal *Health Affairs*.

Using hospital and nursing home data from New York State, David G. Grabowski, PhD, of Harvard Medical School, and colleagues found that inflation-adjusted spending on nursing home hospitalizations rose 29 percent from 1999 through 2004, with aggregate spending totaling \$972 million by 2004. Nearly one-quarter of these costs were for ambulatory-care-sensitive conditions including pneumonia, kidney or urinary tract infections, and congestive heart failure.

“The high concentration of spending in relatively few conditions suggests that targeted prevention and treatment interventions in nursing homes could be particularly fruitful,” the authors said in the article, titled “The Costs and Potential Savings Associated with Nursing Home Hospitalizations.”

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Happy Holidays from HSAG!

We wish each and every one of you a very happy and healthy holiday season!



We appreciate all of your efforts and look forward to working with all of you in 2008!

Medicare Appeals: Provider Information

To view HSAG's new Medicare provider Web page that contains information about fee-for-service and Medicare Advantage benefits, visit <http://www.hsag.com/providers>.

The page contains information on:

- The beneficiary notices initiative (BNI).
- Managed care appeals and grievances.
- Sample notice forms (downloadable).
- The *Federal Register* BIPA regulation.

One-third of nursing home hospitalizations are avoidable

Until now, little has been known about the amount of savings associated with nursing home hospitalizations. Using New York State data, the researchers found annual total spending on nursing home hospitalizations increased from about \$608 million in 1999 to \$971.7 million in 2004. In examining ambulatory-care-sensitive hospitalizations, the team found annual total spending rose from \$169 million in 1999 to \$223.8 million in 2004, or a 7.1 percent increase in spending when adjusted for inflation.

The researchers also looked at 14 ambulatory-care-sensitive conditions to identify potentially avoidable hospitalizations. Of the 122,027 nursing-home hospitalizations over the period, nearly one-third (31.3 percent) were deemed potentially avoidable. Such hospitalizations accounted for \$1.24 billion in spending (in 2004 dollars). Pneumonia was the most common

diagnosis, accounting for 33 percent of ambulatory-care-sensitive hospitalizations, followed by kidney/urinary tract infections, congestive heart failure, and dehydration. The average amount spent per ambulatory-care-sensitive hospitalization was \$10,140.

The researchers offer several explanations for the higher rates of hospitalization, which include:

- The increasingly sicker and more disabled population served by nursing homes.
- The growing nursing shortage.
- A recent increase in lawsuits, which has led to facilities hospitalizing patients to avoid litigation.
- Nursing home cost growth that outpaces payment rates, leaving homes without the resources to care for residents.

New policies could yield big savings

The authors contend that policies to decrease potentially avoidable nursing-home hospitalizations could result in substantial savings, including:

- *Integrating Medicare and Medicaid payments via capitation.* Medicare typically covers hospital-related costs of nursing home residents; state Medicaid programs, therefore, may have less financial incentive to provide nursing homes with resources to avoid such preventable hospitalizations.
- *Paying nursing homes based on performance.* The planned federal nursing home Value-Based Purchasing Demonstration, for example, will use Medicare savings from reduced avoidable hospitalizations to reward better-performing facilities.
- *Instituting more stringent regulatory requirements.* The Centers for Medicare & Medicaid Services (CMS) could require nursing homes to provide increased nursing and medical staff, for example. But, with numerous states facing budget shortfalls, it is unclear whether Medicaid would be able to cover the increased costs.
- *Publicizing performance on nursing-home hospitalizations.* CMS could disseminate a new risk-adjusted measure for potentially avoidable hospitalizations on the Nursing Home Compare Web site.

Upcoming Events

Lori Porter—Conflict Resolution

Presented by AHCA (two dates)

January 15, 2008, from 9 a.m. to noon

TLC Companies—Tucson

January 17, 2008, from 9 a.m. to noon

Health Services Advisory Group—Phoenix

For registration information, call 602.265.5331 or e-mail johnlinda@azhca.org.

How to Write a Plan of Correction Seminar

Presented by ADHS, AHCA, and AZAHA

January 24 from 9 a.m. to noon at HSAG

For more information, including registration, please contact Genny Rose, AZAHA Executive Director, at grose@azaha.org or at 602.230.0026

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Facts and figures

- As found in previous research, more than 15 percent of long-term, nursing-home residents are hospitalized in any six-month period—approximately 40 percent of nursing-home-hospital transfers are considered inappropriate.
- In 2004, Medicare paid for 84 percent of the cost of ambulatory-care-sensitive, nursing-home hospitalizations in New York, while Medicaid covered 12 percent and other payers footed 4 percent of such costs.
- The overall number of nursing home days decreased 5.4 percent in New York from 1999–2004, but the total number of nursing-home hospitalizations increased 30.1 percent.

To view the article in its entirety, please visit http://www.commonwealthfund.org/publications/publications_show.htm?doc_id=575198.

CMS Publishes List of Poor-Performing SNFs

The Centers for Medicare & Medicaid Services (CMS) recently released the first ranking of the nation's poor-performing skilled nursing facilities (SNFs).

Release of the national list of facilities, identified as special focus facilities (SFFs), is expected to offer

CMS SNF/LTC Open Door Forum

The next CMS Skilled Nursing Facility/Long-Term Care (SNF/LTC) Open Door Forum has been **rescheduled for Thursday, December 13**.

This forum addresses the concerns and issues of the Medicare SNF, the Medicaid NF, and the long-term-care industry—including the Long-Term-Care Hospital PPS. Issues are related to the Minimum Data Set, SNF consolidated billing, the roles and responsibilities of different professional staff under CMS regulations, clarification of issues, and other areas of concern.

For more information and to register to receive updates, please visit http://www.cms.hhs.gov/OpenDoorForums/25/ODF_SNFLTC.asp.

individuals and their families seeking long-term health care services powerful new information when choosing nursing homes.

“Nearly three million Americans, most of who are enrolled in Medicare or Medicaid, depend on the nation's 16,000 nursing homes at some point during each year to provide life-saving care,” said CMS acting administrator, Kerry Weems. “Release of this national list of SFFs reinforces CMS' commitment to provide beneficiaries and their families the information they need when making long-term care choices.”

Release of the list was prompted by the number of facilities that were constantly providing poor quality of care, yet were periodically instituting enough improvement that they would pass one survey only to fail the next (for many of the same problems as before). Such facilities with a “yo-yo” compliance history rarely addressed underlying systemic problems that were giving rise to repeated cycles of serious deficiencies.

Once a facility is selected as a SFF, the state survey agency conducts twice the number of standard surveys and will apply progressive enforcement until the nursing home either (a) significantly improves and is no longer identified as an SFF, (b) is granted additional time due to promising developments, or (c) is terminated from Medicare and/or Medicaid. CMS and the state can more quickly terminate a facility that is placing residents in immediate jeopardy.

The CMS policy of progressive enforcement means that any nursing home, not just those identified as an SFF, that reveals a pattern of persistent poor quality is subject to increasingly stringent enforcement action.

If problems continue, the severity of penalties will increase over time, ranging from civil monetary penalties, denial of payment for new admissions, and ultimately, the removal from Medicare and/or Medicaid.

As of October 2007, there were 128 SFFs out of about 16,000 active nursing homes. The number of

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SFFs in each state varies according to the number of nursing homes in the state. These nursing homes, at the time of their selection as an SFF, had survey results that were among the poorest 5 or 10 percent in each state.

The current list includes 54 facilities that are at the top of the poorest performers in those states and among those facilities that have failed to improve significantly. Typically, these facilities achieve improved survey results after being selected for the initiative. The CMS data indicate that about 50 percent of the nursing homes identified as SFFs significantly improve their care within 24–30 months, while about 16 percent are terminated from Medicare and/or Medicaid.

In addition to publishing the list of SFFs, CMS is taking many other steps to improve the quality of care in the nation’s nursing homes, including a new program that will make the payment system more sensitive to quality improvements; developing new, more stringent systems for criminal background checks on facility workers and applicants; unprecedented focus on preventing catastrophic pressure ulcers in residents; and improving the state survey process.

“CMS’ effort to identify poor-performing nursing homes is intended to promote more rapid and substantial improvement in the quality of care in SFFs and

end the pattern of repeated cycles of noncompliance,” Weems noted.

To view the full CMS press release, please visit: http://www.cms.hhs.gov/apps/media/press_releases.asp.

To view the CMS list of SFFs, please visit: <http://www.cms.hhs.gov/CertificationandCompliance/Downloads/SFFList.pdf>.

Boomers Misinformed About LTC Coverage

One in four U.S. Baby Boomers mistakenly believes he or she has coverage for long-term care (LTC) expenses. Many Boomers also have misconceptions about who pays for LTC, and they haven’t given much thought to LTC insurance. These findings are contained in a recent survey by America’s Health Insurance Plans (AHIP).

This should be a wake-up call to Boomers. They aren’t factoring in expenses for LTC into their retirement planning and are missing an opportunity to protect themselves,” Karen Ignagni, president and CEO of AHIP, said in a prepared statement.

To view the source article, please visit http://www.washingtonpost.com/wp-dyn/content/article/2007/11/05/AR2007110500562_2.html?sub=AR.

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