

Design Considerations for Nursing Facility Quality Improvement Initiatives in Medicaid Managed Long-Term Services and Supports Programs

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IN BRIEF

Nursing facilities are an essential part of most Medicaid managed long-term services and supports (MLTSS) programs. Improving the quality of care provided by nursing facilities is a goal for states, managed care organizations, nursing facility providers, and facility residents and their families. This brief, developed with support from the Robert Wood Johnson Foundation, examines four key considerations for states developing nursing facility quality improvement initiatives: (1) using existing data sources when possible to reduce provider burden; (2) enlisting the help of internal or external quality measurement experts; (3) seeking stakeholder engagement and support; and (4) understanding how the initiative may influence beneficiary protections and access to care. The brief — based on information from several states including Florida, New Jersey, Tennessee, and Texas — can inform state Medicaid agencies interested in developing nursing facility quality improvement efforts within their MLTSS programs.

Nearly two-thirds of the 1.4 million Americans who reside in nursing facilities are Medicaid beneficiaries and ensuring the quality of care provided to these beneficiaries is a key state and federal priority.^{1,2} As more efforts are made to divert long-term nursing facility admissions and deliver care in the community, the individuals remaining in nursing facilities may have greater clinical and functional support needs, making quality initiatives within nursing facilities an important part of state quality improvement goals.

Today, 22 states have Medicaid managed long-term services and supports (MLTSS) programs — up from eight in 2004 — and more plan to implement programs in the next few years.³ Through their MLTSS programs, states seek to improve the quality of and access to long-term care and reduce costs through partnerships with managed care organizations (MCOs).⁴ Nursing facilities are an essential part of MLTSS provider networks, and both states and plans are exploring ways to develop contracting and payment strategies to advance nursing facility quality. This brief, based in part on technical assistance provided to New Jersey with support from the Robert Wood Johnson Foundation, identifies considerations for states partnering with MCOs to improve nursing facility quality within MLTSS programs.

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Key Considerations for Nursing Facility Quality Improvement Initiative Development

Following are considerations, developed from states' experiences working with MCOs and providers, for designing nursing facility quality improvement efforts within MLTSS programs:

- Use existing data sources when possible to reduce provider burden;
- Enlist the help of internal or external quality measurement experts;
- Seek stakeholder engagement, support, and collaboration; and
- Understand how the initiative may influence beneficiary protections and access to care.

Use Existing Data Sources When Possible to Reduce Provider Burden

When choosing measures for a nursing facility quality improvement initiative, states may consider using available data sources. Additional data reporting requirements could create a burden on providers, so streamlining data collection activities may help win provider support for new MLTSS initiatives. However, available data may focus primarily on clinical aspects of care, rather than beneficiary experience and other areas of nursing facility performance that are important to residents and families. Because of this, additional data collection methods may be needed to develop a meaningful and well-rounded quality improvement initiative.

Medicaid-funded nursing facilities already collect a variety of data. The Centers for Medicare & Medicaid Services (CMS) requires that Medicare- and Medicaid-certified nursing facilities collect and submit to CMS the Minimum Data Set (MDS) for all residents.⁵ Since the MDS is already being collected at regular intervals, states may choose to use it as a data source to monitor facility performance over time. These existing data can also serve as a baseline for quality improvement efforts.

The MDS informs CMS' Five-Star Quality Rating System, which scores facilities on three domains: health inspections; staffing; and quality measures. CMS' Nursing Home Compare website displays that information publicly so beneficiaries, families, and caregivers can compare these facilities.⁶ The ratings in CMS' Five-Star Quality Rating System, which are updated quarterly, are determined on a bell curve, meaning that one nursing facility's rating may change based on other facilities' performance. This may limit the ability to evaluate an individual facility's change in performance. For states considering the use of the CMS ratings as an indicator in Medicaid nursing facility quality improvement efforts it is important to note that the ratings and measures are subject to change each year. Using the underlying MDS data rather than the overall ratings derived by CMS can give states greater flexibility in evaluating nursing facility performance over time.

Five-Star Quality Rating System and Nursing Home Compare Website

The **Five-Star Quality Rating System**⁷ provides residents and their families with ratings based on quality scores for all Medicare- and Medicaid-certified nursing facilities, making clear distinctions between high- and low-performing nursing facilities (with one star being the lowest possible score and five being the highest). This Overall star rating is based on performance in three measurement domains: (1) Health Inspections; (2) Staffing; and (3) Quality Measures, each of which also has its own five-star rating.

CMS uses data from the MDS to score the Quality Measures domain in the Five-Star Quality Rating System. The MDS includes data on a nursing facility resident's functional abilities and health (i.e., communication and hearing patterns, mood and behavior patterns, physical functioning and structural patterns, psychosocial well-being, medication use, etc.).

Several algorithms are applied to the Overall star rating calculation with the general objective of precluding nursing facilities from achieving a high Overall rating if they received low ratings in one or more individual categories. For example, if a nursing facility received only one star in its State Health Inspection measure, then its maximum Overall star rating is capped at two stars. Also, if a nursing home received only one star in the Quality Measures category, its Overall rating is reduced by one star.

The **Nursing Home Compare Website**⁸ provides information, updated monthly, on more than 15,000 individual nursing facilities certified by Medicare or Medicaid, including facility name, location, size, number of recorded deficiencies and fines, and information on the Five-Star Quality Rating System.



Although the use of existing data sources is valuable, states may find that existing data sources, including the MDS, do not support all of their quality improvement goals. For example, one state goal may be to improve beneficiary satisfaction or experience of care, which would require measuring experience of care from the perspective of the beneficiary or a designated representative. The state may find there are other quality of life indicators where work needs to be done to identify how to collect and measure non-traditional quality information. In these situations, states can work closely with providers as they identify new data sources and establish new processes for collecting and analyzing data to support goals they may have to minimize the administrative burden placed on nursing facilities. States may also consider incorporating measures from existing MCO contracts into the quality improvement initiative or developing other tools, such as nursing facility performance scorecards, which consider performance measures from a variety of sources.

Enlist Help from Quality Measurement Experts

States may want to consider enlisting individuals with technical quality measurement expertise who can help states overcome the challenges inherent in measuring quality of life and experience of care for this population. Examples of challenges in quality measurement include understanding how quality of life, from the beneficiary's perspective, may not align with their clinical outcomes, especially as nursing facility residents are chronically sick and frail with conditions that are likely to deteriorate over time.

Another challenge is that the severity of residents' needs may differ from facility to facility, with some facilities serving a disproportionate number of residents with greater clinical and functional needs. Quality measurement data should be adjusted to take into account differences in residents' needs, and the impact that this could have on performance. For example, a quality measure of the rate of antipsychotic medication use in the nursing facility may need to be adjusted to account for nursing facilities that serve a greater number of residents with serious mental health needs.

Quality measurement experts can help to ensure that facility performance is assessed accurately and takes into account the populations served. These experts can also help to determine which measures should be used and how data should be collected. Quality measurement experts can also play a key role in:

- Supporting conversations with stakeholders on measure selection;
- Identifying evidence-based metrics that can be benchmarked and tied to goals;
- Identifying and administering validated assessment tools;
- Collecting baseline data; and
- Developing a consistent and coordinated methodology across MCOs and nursing facilities that accounts for specialty populations and individuals with complex needs.

Some states may identify internal subject matter experts or hire new staff with the needed skills. Other states may consider partnering with external consultants, universities, and other organizations to provide technical expertise. Such experts can support quality initiatives by developing implementation work plans, engaging stakeholders, and identifying nursing facility quality metrics. States may also want to go further by engaging experts to support development of value-based payment arrangements with nursing facilities that link financial incentives to quality measures.

Seek Stakeholder Engagement and Support

Nursing facility quality improvement efforts affect multiple stakeholders, including beneficiaries and their families, nursing facility providers, MCOs, and various state agencies/departments.

Transparency is very important to the stakeholder community, and state-level outreach efforts during the design and implementation of new initiatives are necessary to ensure broad support. Frequent communication through a variety of channels is critical. In addition, seeking input from various stakeholder groups will help states to develop guiding principles that align stakeholders on

common program goals. For example, a guiding principle may specify that measures will be revised periodically to promote continuous quality improvement.

All stakeholders, including consumers and advocates, MCOs, and nursing facility industry associations, can play an important role in informing state decisions on selecting quality indicators and designing quality improvement approaches. For example, by engaging residents and their families or caregivers, states can ensure that resident rights and interests are upheld, and that the measures incorporated into the quality improvement initiative are meaningful for stakeholders. In addition, collaborating with residents and their caregivers can foster trust and help align quality improvement efforts with any broader efforts that may be underway in the state to improve resident experience and quality of life.

States can also share draft measures and quality incentive frameworks with stakeholders and the public for comment. For example, one state forged a valuable partnership with its nursing facility industry associations as it designed its quality improvement initiative. It gained insight into quality improvement efforts taking place at the national level that impact the nursing facility industry as well as feedback from nursing facilities regarding key MDS quality indicators.

In addition, state Medicaid staff may consider building support with internal stakeholders. By convening internal workgroups with other state divisions, such as state regulatory and licensing agencies, Medicaid staff can develop nursing facility quality improvement efforts that build on existing program and contract requirements. States should ensure that these stakeholders have ongoing involvement, starting from the design stage of quality improvement efforts.

Understand Implications for Beneficiary Protection and Access to Care

States should consider potential unintended consequences of their quality improvement initiatives and take steps during the design phase to prevent these effects. Unintended consequences could include: (1) restricted beneficiary choice; (2) barriers to nursing facility admission for individuals with more complex care needs; and (3) gaps in MCO provider networks that impact beneficiaries' access to care.

As a result of the quality measurement initiative, some facilities may fall below a performance threshold. The state may want to consider how to engage the provider or work with contracting MCOs to address performance issues. The state may also need to consider policies and admission suspension options for residents residing in a low-performing facility. For nursing facility residents who are frail, a transfer to another nursing facility can cause considerable stress as well as clinical complications, however transfers may be needed to ensure health and safety. For residents who may choose to stay in an under-performing facility, the state may want to consider options, such as single-case agreements between MCOs and nursing facilities, to uphold resident choice. When admission suspensions or transfers are needed, the state can develop procedures that clarify provider, MCO, and state roles in ensuring transfers occur with as little disruption as possible.

States may consider additional protections or monitoring to prohibit unintended adverse consequences related to facility admissions or discharges. For example, quality improvement efforts may include beneficiary protections that prevent selective admissions or admission denials of residents with complex needs, or premature discharge of residents because of the potential impact on the nursing facility's quality performance. As described previously, the quality improvement initiative may also need to adjust for unique needs of the residents when monitoring nursing facility quality performance so that facilities are not penalized for admitting individuals with complex needs.

In addition, states may consider policies to monitor network adequacy, particularly if the state intends to use the quality improvement initiative to inform network or nursing facility contracting decisions. For example, while the state may want to ensure that the quality improvement initiative is robust enough to have a meaningful impact on quality improvement, it should also ensure that expectations for nursing facility performance are achievable and realistic. If the benchmark performance threshold leads to the exclusion of a high percentage of nursing facilities, the state or MCO may find itself with serious challenges in terms of network adequacy and capacity to serve residents.

Looking Ahead

Ensuring the quality of nursing facility care is a major priority for all stakeholders in MLTSS programs. The considerations highlighted in this brief can help states as they develop nursing facility quality improvement efforts. As more states implement delivery system efforts that reward value and provide incentives for better quality and accountability in managed care, there will be additional opportunities to launch quality improvement initiatives with nursing facilities and other providers of long-term services and supports.

ABOUT THE CENTER FOR HEALTH CARE STRATEGIES

The Center for Health Care Strategies (CHCS) is a nonprofit policy center dedicated to improving the health of low-income Americans. It works with state and federal agencies, health plans, providers, and consumer groups to develop innovative programs that better serve people with complex and high-cost health care needs. For more information, visit www.chcs.org.

ENDNOTES

¹ Centers for Disease Control and Prevention. “Long-Term Care Providers and Services Users in the United States: Data from the National Study of Long-Term Care Providers, 2013-2014.” Tables 1 and 4. February 2016. Available at: https://www.cdc.gov/nchs/data/series/sr_03/sr03_038.pdf.

² Centers for Medicare & Medicaid Services. “Reducing Avoidable Hospitalizations among Nursing Facility Residents.” March 2012. Available at: <https://www.cms.gov/Medicare/ProviderEnrollment-and-Certification/SurveyCertificationGenInfo/Downloads/SC12-23-Opportunity-to-Reduce-Needfor-Hospitalizations.pdf>.

³ The following states have MLTSS programs: AZ, CA, DE, FL, HI, IA, ID, IL, KS, MA, MI, MN, NJ, NM, NY, OH, RI, SC, TN, TX, VA, and WI. OH, SC, and VA operate MLTSS programs only through their Medicare-Medicaid Financial Alignment Initiative demonstrations. Available at: <http://www.nasuad.org/initiatives/tracking-state-activity/state-medicare-integration-tracker>

⁴ Center for Health Care Strategies internal analysis using data from: National Association of States United for Aging and Disabilities. “State Medicaid Integration Tracker.” Available at: <http://www.nasuad.org/initiatives/tracking-state-activity/state-medicare-integration-tracker>.

⁵ Additional details on the Minimum Data Set can be found at: <https://www.cms.gov/Research-Statistics-Data-and-Systems/Computer-Data-and-Systems/Minimum-Data-Set-3-0-Public-Reports/index.html>.

⁶ The updated “Design for *Nursing Home Compare* Five-Star Quality Rating System: Technical Users’ Guide” includes additional information on the Nursing Home Compare website and the Five-Star Quality Rating System, and detailed information on the MDS quality measures used. Available at: <https://www.cms.gov/Medicare/Provider-Enrollment-and-Certification/CertificationandCompliance/Downloads/usersguide.pdf>.

⁷ Additional details on the Five-Star Quality Rating System can be found at: <https://www.cms.gov/medicare/provider-enrollment-and-certification/certificationandcompliance/fsqrs.html>.

⁸ The Nursing Home Compare website has information on Five-Star Quality Rating scores. Available at: www.medicare.gov/nursinghomecompare.