

Spotlight: Latest Evaluation Results from the CMS Initiative to Reduce Avoidable Nursing Facility Hospitalizations

On March 6, 2017, the Centers for Medicare & Medicaid Services (CMS) released a [new evaluation report](#) on the [Initiative to Reduce Avoidable Hospitalizations Among Nursing Facility Residents](#) showing a decline in hospitalizations among nursing home residents participating in the Initiative. This report supplements a March 2017 [Health Affairs article](#) summarizing the results from both 2014 and 2015, and the report includes quantitative results from 2015, the third full year of the Initiative, as well as preliminary findings from site visits, interviews, and surveys conducted in 2016.

The initial phase of the Initiative was conducted by CMS-selected organizations in seven states (AL, IN, MO, NE, NV, NY, and PA) working to reduce avoidable hospitalizations among long-stay nursing facility residents, most of whom are dually eligible for Medicare and Medicaid. The Initiative addresses fee-for-service (FFS) settings, and the initial phase did not involve payment to the 144 participating nursing facilities.

For the second year in a row, the participating nursing facilities in each of the seven states collectively showed a decline in all-cause hospitalizations and potentially avoidable hospitalizations, relative to comparison groups. Six of the seven sites also collectively showed reductions in Medicare expenditures relative to comparison groups.

There was substantial variation among the sites in the specific features of their models, how well they were implemented, and the impact of their models on hospital utilization and Medicare expenditures. The *Health Affairs* article and the evaluation report highlight several elements of the most successful models – those in Missouri, Indiana, and Pennsylvania:

- **Strong role of Initiative-funded nurses.** The successful models included consistent, hands-on clinical care for nursing facility residents by Initiative nurses on a daily basis, not just training for facility staff or intermittent clinical care. This resulted in greater changes in facility culture, greater support for the need to reduce avoidable hospitalizations, and greater overall buy-in from facility staff.
- **Importance of building relationships.** Strong relationships between Initiative nurses and staff in the facilities and between Initiative nurses and primary care providers are critical for success.
- **Most sustainable initiative components.** Nursing facilities cited several Initiative components (e.g., [INTERACT tools](#), medication review focused on reducing antipsychotic medications, quality improvement efforts to reduce avoidable admissions, and advance care planning/advance directives for residents) as being likely to remain in place after the Initiative ends.

Opportunities and challenges for states and health plans. States and health plans may want to consider the three elements above, which have emerged from the most successful models, as they develop requirements for managed care plans for Medicare-Medicaid enrollees that include nursing facility services.

The article and the report also noted some challenges that can present barriers to successful implementation, including facility staff turnover, lack of consistent buy-in among specific physicians, pressure for hospitalizations from families, difficulty in implementing new technology, and lack of facility leadership support. In addition, it can take substantial time to implement initiatives of this magnitude.

An additional challenge for states and health plans in managed care settings is obtaining buy-in and cooperation from nursing facilities themselves. Unlike the facilities in the Initiative – all of which volunteered to participate and to include all of their residents – health plans may have only a limited number of their members in specific facilities, and facilities may not be willing to cooperate with health plans on initiatives to reduce hospitalizations.

Using payment as a tool to reduce avoidable hospitalizations. States and health plans have a major tool that was not used in Phase One of the Initiative, which is to pay additional amounts to nursing facilities for activities that may reduce avoidable hospitalizations. This could include payment for additional nursing staff, staff training, medication reviews, and improved communication with physicians and hospitals. States and health plans can also build pay-for-performance features into their reimbursement systems for nursing facilities in the form of add-ons to the daily payment rate or lump-sum bonuses at the end of the year if nursing facilities reduce avoidable hospitalizations below a baseline level. The [Integrated Care Resource Center](#) is currently preparing a technical assistance brief that examines state and health plan nursing facility payment initiatives of this sort, with publication scheduled for this summer.

Following the successes of the initial phase, Phase Two of the CMS Initiative is now testing a variety of payment incentives that will be assessed in future evaluations of that phase.

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