ASSEMBLY, No. 2334

STATE OF NEW JERSEY

219th LEGISLATURE

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Sponsored by:
Assemblywoman CAROL A. MURPHY
District 7 (Burlington)

SYNOPSIS

Establishes requirements for incentive-based value payment system for home health agencies and health care service firms.

CURRENT VERSION OF TEXT

As introduced.

AN ACT establishing an incentive-based value payment system for home health agencies and health care service firms and supplementing Title 30 of the Revised Statutes.

BE IT ENACTED *by the Senate and General Assembly of the State of New Jersey:*

1. a. The Division of Medical Assistance and Health Services in the Department of Human Services shall establish an incentive-based value payment system for licensed home health agencies and registered health care service firms providing services to NJ FamilyCare recipients enrolled in a Fully Integrated Dual Eligible Special Needs Plan. Participation in the incentive-based value payment system shall be mandatory for home health agencies and health care service firms providing services to NJ FamilyCare recipients enrolled in a Fully Integrated Dual Eligible Special Needs Plan, and shall reward the home health agencies and health care service firms for achieving improved performance outcomes. The division shall, no later than one year after the effective date of this act and consistent with the recommendations of the Home Health Services Incentive-Based Value Payment System Advisory Board submitted to the division pursuant to subsection f. of section 4 of this act, implement the incentive-based value payment system.

b. The division shall establish a system to measure improved performance outcomes for Fully Integrated Dual Eligible Special Needs Plan beneficiaries and rank participating home health agencies and health care service firms based on how well the agencies or firms achieve performance targets and realize improvements in the following "Outcome and Assessment Information Set" measures:

(1) incidence of acute care hospitalization, including preventable hospital admissions and readmissions;

(2) incidence of any emergent care;

(3) patient bathing;

(4) patient ambulation or locomotion;

(5) patient transfers, including discharge planning during hospitalization and maintaining continuity of care;

(6) collaboration between primary care providers and other health care providers;

(7) management of medications, including reconciliation of medications throughout the continuum of care;

(8) status of surgical wounds; and

(9) incidence of adverse events.

c. The division shall establish:

(1) performance targets for improvements in each Outcome and Assessment Information Set measure set forth in subsection b. of this section;

(2) a formula for determining the baseline data against which the measurements shall be compared when determining the level of improvement and cost savings achieved by each home health agency and health care service firm; and

(3) the amount of the incentive payments, which may include payment amounts scaled to the absolute performance level and to the level of improvement achieved in each measurement.

d. The performance targets, formula for determining baseline data, amounts of incentive payments and the ranks for each participating home health agency and health care service firm shall be made publicly available on the division's Internet website, except that nothing in this section shall be construed to permit or require disclosure of any personal identifying or confidential information regarding any patient.

e. Each home health agency and health care service firm participating in the incentive-based value payment system shall:

(1) for each patient, designate a single health care professional who is responsible for establishing a plan of care for that patient and for coordinating person-centered services throughout the continuum of care;

(2) develop protocols for immediate follow up after discharge from a hospital, including a comprehensive risk assessment;

(3) establish protocols to facilitate collaboration with hospitals and other health care providers to coordinate patient care throughout the continuum of services;

(4) establish protocols and procedures to reconcile patient medications; and

(5) establish standards, requirements, and programs to educate patients, families, and caregivers regarding individualized plans of care and goals to address the unique needs of each patient, family member, and caregiver.

f. The incentive-based value payment system shall be administered by managed care organizations that have contracted with home health agencies and health care service firms to provide home health services to Medicaid and NJ FamilyCare recipients. Managed care organizations shall distribute incentive-based value payments to home health agencies and health care service firms consistent with division regulations.

g. The Department of Human Services and each Medicaid managed care organization in the State shall provide to the division all data concerning home health services provided in the State as the division deems necessary for the purposes of establishing and evaluating the incentive-based value payment system, including all data as may be required to develop baseline data and to compare outcomes among home health agencies and health care service firms throughout the State. The division may authorize an administrative fee to be paid to managed care organizations to offset the cost of

reporting data pursuant to this subsection, if that data is in addition to data the organization currently reports to the State.

h. Commencing two years after the effective date of this act, the division shall require an annual audit of the incentive-based value payment system, which shall be performed by an independent third party auditor. The results of the audit shall be included in the annual report required pursuant to paragraph (2) of subsection i. of this section.

i. (1) No later than one year after the effective date of this act, the division shall report to the Legislature, pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), on the projected benefits and costs of the incentive-based value payment system established pursuant to this act. In determining the costs and benefits of the new system, the division shall cooperate with and consider input from home health agencies, health care service firms, provider associations, managed care organizations, and the Rutgers Center for State Health Policy.

(2) Commencing two years after the effective date of this act, and annually thereafter, the division shall report to the Legislature, pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), on the status of the incentive-based value payment system, including the costs of implementation, the number of participating home health agencies and health care service firms, the size of each agency and firm, the number of clients served by each agency and firm, the total cost savings realized and the proportion of cost savings attributable to each agency and firm, the amount of incentive-based value payments made to each agency and firm, the proportion of total payments made that are received by each agency and firm, an analysis of quality improvement and cost savings for type of service provided by agencies and firms, the division's recommendations, if any, concerning revisions to the incentive-based value payment system, and any other information as may be necessary to evaluate the status of the incentive-based value payment system.

2. The Department of Human Services shall appropriate no more than $10 million for the purposes of establishing the incentive-based value payment system and making payments to participating home health agencies and health care service firms pursuant to this act. Less any administrative costs to the division, incentive-based value payments shall be distributed as follows:

a. Sixty percent of the appropriation for the value-based incentive payments system shall be distributed to those home health agencies and health care service firms which are ranked by the division in the top 20 percent for absolute performance level.

b. Forty percent of the appropriation for the incentive-based value payments system shall be distributed to those home health agencies and health care service firms which are ranked in the top 20 percent for improvement in performance relative to base year.

3. The division shall provide data received pursuant to subsection g. of section 1 of this act and data reported by home health agencies and health care service firms concerning their participation in the incentive-based value payment system to the Rutgers Center for State Health Policy for the purposes of evaluating the system with regard to patient outcomes, quality of patient care, cost savings, and such other metrics as the division shall require.

4. a. There is established in the Department of Human Services the Home Health Services Incentive-Based Value Payment System Advisory Board, which shall provide the Director of the Division of Medical Assistance and Health Services with recommendations concerning the regulations which are to be adopted pursuant to section 1 of this act.

b. The board shall comprise eight public members to be appointed by the Governor. The public members shall include a representative from the Rutgers Center for State Health Policy, a representative from a home care agency providing private duty nursing, a representative from a home care agency providing personal care assistance, a representative of the Home Care & Hospice Association of New Jersey, a finance professional with a background in home care administration, a registered nurse who provides long-term home health care services, a certified homemaker-home health aide, and a representative from a Medicaid managed care organization. The public members shall be appointed no later than 30 days after the effective date of this act.

c. The board shall organize as soon as practicable following the appointment of its members and shall select a chairperson and vice chairperson from among the members. The chairperson shall appoint a secretary who need not be a member of the board. The board shall meet at such times as the chairperson shall designate.

d. Members of the board shall serve without compensation, but shall be reimbursed for necessary expenses incurred in the performance of their duties within the limits of funds appropriated or otherwise made available to the board for its purposes.

e. The Department of Human Services shall provide staff services and other necessary support to the board.

f. No later than six months after the effective date of this act, the board shall submit to the Director of the Division of Medical Assistance and Health Services its recommendations concerning the requirements for home health agencies and health care service firms participating in the incentive-based value payment system established pursuant to this act, as well as any other matters for which the director requests recommendations. The board shall expire upon the adoption of regulations pursuant to section 1 of this act.

5. The Commissioner of Human Services shall apply for such State plan amendments or waivers as may be necessary to implement the provisions of this act and to secure federal financial participation for State Medicaid expenditures under the federal Medicaid program.

6. This act shall take effect immediately.

STATEMENT

This bill requires the Division of Medical Assistance and Health Services in the Department of Human Services (DHS) to establish an incentive-based value payment system to reward home health agencies and health care service firms for achieving improved performance outcomes in providing services to NJ FamilyCare recipients enrolled in a Fully Integrated Dual Eligible Special Needs Plan. Participation in the incentive-based value payment system will be mandatory for any home health agency or health care service firm providing services to these individuals.

The division will be required to establish a system to measure improved performance outcomes and rank participating home health agencies and health care service firms based on how well the agencies or firms meet performance targets and realize improvements in certain "Outcome and Assessment Information Set" measures, including: acute care hospitalization and emergent care; patient bathing; patient ambulation or locomotion; patient transfers, including discharge planning and maintaining continuity of care; collaboration between primary care providers and other health care providers; medication management; status of surgical wounds; and adverse events. The division will establish performance targets, a formula for determining the baseline data for making performance comparisons, and the amount of the incentive payments, which may include payments scaled to absolute performance level and to the level of improvement achieved in each measurement.

The performance targets, formula for determining baseline data, amounts of incentive payments and ranks of participating home health agencies and health care service firms will be made publicly available on the division's Internet website.

Home health agencies and health care service firms participating in the incentive-based value payment system will be required to: designate, for each patient, a single health care professional who is responsible for establishing a plan of care for that patient and for coordinating person-centered services throughout the continuum of care; develop protocols for immediate follow up after discharge from a hospital, including a comprehensive risk assessment; establish protocols to facilitate collaboration with hospitals and

other health care providers to coordinate patient care throughout the continuum of services; establish protocols and procedures to reconcile patient medications; and establish standards, requirements, and programs to educate patients, families, and caregivers regarding individualized plans of care and goals to address the unique needs of each patient, family member, and caregiver.

The incentive-based value payment system is to be administered by managed care organizations (MCO) that have contracted with home health agencies and health care service firms to provide home health services to Medicaid and NJ FamilyCare recipients.

The DHS and each MCO in the State will be required to provide the division with any data necessary for the purpose of establishing and evaluating the incentive-based value payment system. The division will be permitted to authorize an administrative fee to be paid to MCOs to offset the cost of reporting any data that is in addition to data the MCO currently reports to the State. The division will provide these data and any data reported by home health agencies and health care service firms concerning their participation in the system to the Rutgers Center for State Health Policy for the purposes of evaluating the system with regard to patient outcomes, quality of patient care, cost savings, and such other metrics as the division requires.

The division will be required to report to the Legislature concerning the status of the incentive-based value payment system, including: the costs of implementation; the number and size of participating home health agencies and health care service firms; the number of clients served by each agency and firm; the total cost savings realized and the proportion of cost savings attributable to each agency and firm; the individual amounts and the proportion of total incentive-based value payments made to each agency and firm; an analysis of quality improvement and cost savings by type of service; the division's recommendations, if any, concerning revisions to the incentive-based value payment system; and any other information as may be necessary to evaluate the system. Commencing two years after the effective date of the bill, an annual audit of the incentive-based value payment system by an independent third party auditor will be required. The results of the audit will be included in the annual report.

The DHS may appropriate up to $10 million for the purposes of establishing and making payments under the incentive-based value payment system. Less any administrative costs to the division, 60 percent of the appropriated funds are to be distributed to home health agencies and health care service firms which are ranked by the division in the top 20 percent for absolute performance level, and 40 percent of the appropriated funds are to be distributed to those home health agencies and health care service firms which are

ranked in the top 20 percent for improvement in performance relative to base year.

The bill establishes the Home Health Services Value Payment System Advisory Board, which is to provide the Director of the Division of Medical Assistance and Health Services with recommendations concerning the regulations which are to be adopted under the bill. The board will comprise eight public members appointed by the Governor. The members will serve without compensation, and the board will submit its recommendations no later than six months after the effective date of the bill. The board will expire upon the adoption of regulations pursuant to the bill.

The division will be required to implement the incentive-based value payment system, consistent with the advisory board's recommendations, within one year after the effective date of the bill.