

## OASIS Alert

### PPS: MEDPAC RECOMMENDS QUALITY PAY DIFFERENTIAL

If you think the kinds of patients you're seeing in home care has changed significantly in the last few years, you're right.

The **Medical Payment Advisory Commission** (MedPAC) recently assessed beneficiary use of post-acute home health care in the period following the Balanced Budget Act of 1997. It found "substantial declines" in the use of home health care, increases in the use of skilled nursing facilities and other post-acute providers and some substitution of skilled nursing facilities for home health services following hospital discharges.

In its June report to Congress, MedPAC addresses quality of care, access to care and other issues affecting Medicare. The report compares post-acute care from 1996 (pre-prospective payment system) and 2001 (post-PPS). It found that all post-acute care except for home health increased from 1996 to 2001.

To reward and improve quality, MedPAC recommended providers be paid differently based on quality and that the **Centers for Medicare & Medicaid Services** "implement other payment structures to promote [quality] across settings, where some of the most important quality problems occur."

Home care quality information is easily available through OASIS, the report notes. That could make agencies targets for quality-related changes to payment. After CMS takes time to observe the impact public disclosure of quality information has, "home health agencies may be appropriate candidates for financial incentives," MedPAC says.

#### OASIS Data May Reverse Referral Decline

In looking at changes in post-acute care since the BBA, MedPAC examined the diagnoses of patients using different kinds of post-acute care. It found that since PPS, home health care use "has refocused from maintenance care to rehabilitation and recovery."

Diagnoses such as heart failure and chronic obstructive pulmonary disease show the steepest decline in use of post-hospital home health care, while "hip, femur and major joint and limb reattachment procedures" - diseases with the strongest indicators for rehab and recovery - show the smallest decline in home health use post-hospitalization.

The study showed home care use substantially declined both for patients referred following a hospital stay and those referred from the community. In fact, post-hospitalization home health care use declined 10 percent between 1996 and 2001. And community-referral home care use declined by 50 percent between 1996 and 2001.

It's possible the new quality initiatives and data available from OASIS will let agencies "turn around" changes in referral patterns, says Chicago-based regulatory consultant **Rebecca Friedman Zuber**. "The potential absolutely is there for the home care industry to use the outcomes data to improve both marketing and the ability to communicate to referral sources what it has to offer and why that's good for patients," Zuber tells **Eli**. But having high quality data will be very important, she adds.

Not all the decrease can be attributed to a changing pattern of referrals, Zuber says. One important factor probably was the dramatic drop in the number of home health agencies available to provide care, especially in smaller communities, she suggests. In fact, about one-third of HHAs stopped providing Medicare home health services between 1997 and 2001, MedPAC acknowledged.

For some diagnoses, SNF use in 2001 may have replaced home care use, MedPAC reported. For example, in septicemia (DRG 416), SNF use increased from 21 to 27 percent, while home care use decreased from 21 to 10 percent of

discharged patients. And for patients discharged with ventilator support (DRG 475), SNF use increased from 18 to 24 percent while home care use decreased from 26 to 14 percent.

Medicare spending for home care decreased by 50 percent between 1996 and 2001, while payment for SNFs increased by 37 percent, MedPAC reported. MedPAC suggested further analysis to look at reasons for the shift in post-acute care among settings and be sure it occurs "for clinical reasons and not because of different payment rates or the profitability of different settings of care".

As home care providers often contend, the decrease in home care use may be "occurring disproportionately among beneficiaries whose needs are less well-defined, particularly those whose needs arise from the ill-defined general frailties of old age," the MedPAC report concluded.

Editor's Note: MedPAC's post-acute findings are in Chapter 5 of the June report at [www.medpac.gov/publications/congressional\\_reports/June03\\_Entire\\_Report.pdf](http://www.medpac.gov/publications/congressional_reports/June03_Entire_Report.pdf).