

# ASSEMBLY, No. 2394

## STATE OF NEW JERSEY 218th LEGISLATURE

INTRODUCED FEBRUARY 1, 2018

**Sponsored by:**

**Assemblyman GARY S. SCHAER**

**District 36 (Bergen and Passaic)**

**SYNOPSIS**

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

**CURRENT VERSION OF TEXT**

As introduced.



1 AN ACT concerning a pilot program for incentive-based value  
2 payments for home health agencies and health care service firms  
3 and supplementing Title 30 of the Revised Statutes.

4  
5 **BE IT ENACTED** by the Senate and General Assembly of the State  
6 of New Jersey:

7  
8 1. a. The Division of Medical Assistance and Health Services  
9 in the Department of Human Services shall establish a pilot  
10 program to adopt a new, incentive-based value payment system for  
11 licensed home health agencies and registered health care service  
12 firms providing services to Medicaid and NJ FamilyCare recipients.  
13 Participation in the incentive-based value payment system shall be  
14 mandatory for home health agencies and health care service firms  
15 providing services to Medicaid and NJ FamilyCare recipients, and  
16 shall reward the home health agencies and health care service firms  
17 for achieving improved performance outcomes in at least four core  
18 measurements of quality improvement and cost savings. The  
19 division shall implement the incentive-based value payment system  
20 established under the pilot program no later than January 1, 2017.

21 b. The Director of the Division of Medical Assistance and  
22 Health Services shall, pursuant to the "Administrative Procedure  
23 Act," P.L.1968, c.410 (C.52:14B-1 et seq.), and in consultation with  
24 the Home Health Services Value Payment System Advisory Board  
25 established pursuant to section 2 of this act, adopt regulations  
26 establishing:

27 (1) core measurements to be considered when determining  
28 quality improvement and cost savings for Medicaid and NJ  
29 FamilyCare recipients receiving private duty nursing services,  
30 including, but not limited to: preventable hospital admissions and  
31 readmissions; medication reconciliation; adverse events; discharge  
32 planning during hospitalization; continuity of care; and  
33 collaboration with primary care and other health care providers;

34 (2) core measurements to be considered when determining  
35 quality improvement and cost savings for Medicaid and NJ  
36 FamilyCare recipients receiving personal care assistant services,  
37 including, but not limited to: patient and nurse retention; patient  
38 satisfaction; longevity of care; and the number of service hours  
39 authorized compared with the number of service hours provided;

40 (3) performance targets for the improvements in the core  
41 measurements;

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

46 (5) the amount of the incentive payments, which may include  
47 payment amounts scaled to the level of improvement achieved in  
48 each core measurement; and

1 (6) a schedule for making incentive payments, including: one  
2 payment within 60 days after the start of the pilot program to assist  
3 home health agencies and health care service firms with  
4 implementation and reporting costs, the maximum amount of which  
5 shall be established by the director; the option of a second payment  
6 during the course of the pilot program; and a final payment to be  
7 made upon completion of the pilot program; and

8 (7) any other requirements for participation in the pilot program  
9 as the director shall deem necessary and appropriate.

10 c. For the purposes of the pilot program established by this act,  
11 each home health agency and health care service firm shall:

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

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

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

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

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

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

34 e. (1) The Department of Human Services and each Medicaid  
35 managed care organization in the State shall provide to the division  
36 all such data concerning home health services provided in the State  
37 as the division determines to be necessary for the purposes of  
38 establishing and evaluating the incentive-based value payment  
39 system, including all such data as may be required to develop  
40 baseline data and to compare outcomes among home health  
41 agencies and health care service firms throughout the State. The  
42 division may authorize an administrative fee to be paid to managed  
43 care organizations to offset the cost of reporting data pursuant to  
44 this subsection, if that data is in addition to data the organization  
45 currently reports to the State.

46 (2) The division shall provide the data received pursuant to  
47 paragraph (1) of this subsection and data reported by home health  
48 agencies and health care service firms concerning their participation

1 in the incentive-based value payment system to the Rutgers Center  
2 for State Health Policy for the purposes of evaluating the program  
3 with regard to patient outcomes, quality of patient care, cost  
4 savings, and such other metrics as the division shall require.

5 f. The division shall require an annual audit of the incentive-  
6 based value payment system, which shall be performed by an  
7 independent third party auditor. The results of the audit shall be  
8 included in the annual report required pursuant to subsection g. of  
9 this section.

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

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

35 h. The pilot program shall continue for at least two years after  
36 the date of implementation, after which date the director may revise  
37 the requirements for the program, terminate the program, or  
38 recommend to the Legislature, in the annual report required under  
39 subsection g. of this section, that the program be made permanent.

40 i. The total expenditures made by the State under the pilot  
41 program, including incentive payments and administration costs,  
42 shall not exceed \$10 million.

43  
44 2. a. There is established in the Department of Human  
45 Services the Home Health Services Value Payment System  
46 Advisory Board, which shall provide the Director of the Division of  
47 Medical Assistance and Health Services with recommendations

1 concerning the regulations which are to be adopted pursuant to  
2 section 1 of this act.

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

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

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

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

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

35  
36 3. The Commissioner of Human Services shall apply for such  
37 State plan amendments or waivers as may be necessary to  
38 implement the provisions of this act and to secure federal financial  
39 participation for State Medicaid expenditures under the federal  
40 Medicaid program.

41  
42 4. This act shall take effect immediately.

43  
44 STATEMENT

45  
46 This bill requires the Division of Medical Assistance and Health  
47 Services in the Department of Human Services (DHS) to establish a  
48 pilot program to adopt a new, incentive-based value payment

1 system for licensed home health agencies and registered health care  
2 service firms providing services to Medicaid and NJ FamilyCare  
3 recipients. Participation in the incentive-based value payment  
4 system, which will reward agencies and firms for achieving  
5 improved performance outcomes in at least four core measurements  
6 of quality improvement and cost savings, will be mandatory. For  
7 Medicaid and NJ FamilyCare recipients receiving private duty  
8 nursing services, the core measurements will include, but not be  
9 limited to: preventable hospital admissions and readmissions;  
10 medication reconciliation; adverse events; discharge planning  
11 during hospitalization; continuity of care; and collaboration with  
12 primary care and other health care providers. For Medicaid and NJ  
13 FamilyCare recipients receiving personal care assistant services, the  
14 core measurements will include, but not be limited to: patient and  
15 nurse retention; patient satisfaction; longevity of care; and the  
16 number of service hours authorized compared with the number of  
17 service hours provided. The goal of the system will be to reduce  
18 the costs associated with long-term care by improving the  
19 coordination of long-term health care services.

20 The Director of the Division of Medical Assistance and Health  
21 Services will be required to establish, in consultation with the  
22 Home Health Services Value Payment System Advisory Board  
23 established under the bill, regulations concerning the core  
24 measurements and performance targets for the system, a formula for  
25 establishing baseline data for comparison, the amount of the  
26 incentive payments, a schedule for making payments, and any other  
27 requirements the director deems necessary and appropriate. The  
28 advisory board will comprise eight public members appointed by  
29 the Governor, and will include a representative from the Rutgers  
30 Center for State Health Policy, a representative from a home care  
31 agency providing private duty nursing, a representative from a  
32 home care agency providing personal care assistance, a  
33 representative of the Home Care & Hospice Association of New  
34 Jersey, a finance professional with a background in home care  
35 administration, a registered nurse who provides long-term home  
36 health care services, a certified homemaker-home health aide, and a  
37 representative from a Medicaid managed care organization (MCO).  
38 The advisory board is to provide its recommendations no later than  
39 six months after the effective date of the bill and will expire upon  
40 the adoption of regulations by the director.

41 Under the pilot program, home health agencies and health care  
42 service firms will be required to designate a single health care  
43 professional for each patient to establish a plan of care and  
44 coordinate person-centered services for the patient, develop  
45 protocols for immediate follow up after discharge from a hospital,  
46 develop protocols for medication reconciliation, establish protocols  
47 to facilitate collaboration with hospitals and other health care  
48 providers, and establish standards, requirements, and programs to

1 educate patients, families, and caregivers regarding individualized  
2 plans of care and goals to address the unique needs of each patient,  
3 family member, and caregiver.

4 The incentive-based value payment system will be administered  
5 by MCOs that have contracted with home health agencies and  
6 health care service firms to provide home health services to  
7 Medicaid and NJ FamilyCare recipients. The MCOs will distribute  
8 the incentive-based value payments to the home health agencies and  
9 health care service firms, consistent with division regulations.

10 The bill requires DHS and each MCO in the State to provide to  
11 the division all such data concerning home health services provided  
12 in the State as the division determines to be necessary for the  
13 purposes of establishing and evaluating the incentive-based value  
14 payment system, including all such data as may be required to  
15 develop baseline data and to compare outcomes among home health  
16 agencies and health care service firms throughout the State. The  
17 division will be permitted to authorize an administrative fee to be  
18 paid to MCOs to offset the cost of reporting data pursuant that is in  
19 addition to data the MCO currently reports to the State. The  
20 division will provide the data received from DHS and MCOs, along  
21 with data reported by home health agencies and health care service  
22 firms, to the Rutgers Center for State Health Policy for the purposes  
23 of evaluating the program with regard to patient outcomes, quality  
24 of patient care, cost savings, and such other metrics as the division  
25 shall require.

26 The incentive-based value payment system is required to  
27 commence no later than January 1, 2017. The division will be  
28 required to submit an initial report to the Legislature on the  
29 projected benefits and costs of the system, and to thereafter submit  
30 annual reports on the status of the pilot program, including the costs  
31 of implementation, the number of home health agencies and health  
32 care service firms, the size of each agency and firm and the number  
33 of clients served, the total cost savings realized and the proportion  
34 of cost savings attributable to each agency and firm, the amount of  
35 incentive-based value payments made to each agency and firm and  
36 the proportion of total payments received by each agency and firm,  
37 an analysis of quality improvement and cost savings for type of  
38 service provided by agencies and firms, the division's  
39 recommendations, if any, concerning revisions to the incentive-  
40 based value payment system, and any other information as may be  
41 necessary to evaluate the results of the pilot program.

42 The bill requires an annual audit of the incentive-based value  
43 payment system to be performed by an independent third party  
44 auditor. The results of the audit are to be included in the annual  
45 report.

46 The total expenditures made by the State under the pilot  
47 program, including incentive payments and administrative costs, are  
48 not to exceed \$10 million.