

ASSEMBLY, No. 3661

STATE OF NEW JERSEY 217th LEGISLATURE

INTRODUCED APRIL 14, 2016

Sponsored by:

Assemblyman GARY S. SCHAER

District 36 (Bergen and Passaic)

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District 37 (Bergen)

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.



(Sponsorship Updated As Of: 4/15/2016)

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
49 in the incentive-based value payment system to the Rutgers Center

1 for State Health Policy for the purposes of evaluating the program
2 with regard to patient outcomes, quality of patient care, cost
3 savings, and such other metrics as the division shall require.

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

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

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

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

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

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43 2. a. There is established in the Department of Human
44 Services the Home Health Services Value Payment System
45 Advisory Board, which shall provide the Director of the Division of
46 Medical Assistance and Health Services with recommendations
47 concerning the regulations which are to be adopted pursuant to
48 section 1 of this act.

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

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

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

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

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

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

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40 4. This act shall take effect immediately.

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STATEMENT

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45 This bill requires the Division of Medical Assistance and Health
46 Services in the Department of Human Services (DHS) to establish a
47 pilot program to adopt a new, incentive-based value payment
48 system for licensed home health agencies and registered health care
49 service firms providing services to Medicaid and NJ FamilyCare

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

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

39 Under the pilot program, home health agencies and health care
40 service firms will be required to designate a single health care
41 professional for each patient to establish a plan of care and
42 coordinate person-centered services for the patient, develop
43 protocols for immediate follow up after discharge from a hospital,
44 develop protocols for medication reconciliation, establish protocols
45 to facilitate collaboration with hospitals and other health care
46 providers, and establish standards, requirements, and programs to
47 educate patients, families, and caregivers regarding individualized
48 plans of care and goals to address the unique needs of each patient,
49 family member, and caregiver.

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

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

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

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

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