

**SENATE, No. 2761**

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**STATE OF NEW JERSEY**  
**218th LEGISLATURE**

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INTRODUCED JUNE 21, 2018

**Sponsored by:**  
**Senator TROY SINGLETON**  
**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.



1 AN ACT establishing an incentive-based value payment system for  
2 home health agencies and health care service firms and  
3 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 an incentive-  
10 based value payment system for licensed home health agencies and  
11 registered health care service firms providing services to NJ  
12 FamilyCare recipients enrolled in a Fully Integrated Dual Eligible  
13 Special Needs Plan. Participation in the incentive-based value  
14 payment system shall be mandatory for home health agencies and  
15 health care service firms providing services to NJ FamilyCare  
16 recipients enrolled in a Fully Integrated Dual Eligible Special  
17 Needs Plan, and shall reward the home health agencies and health  
18 care service firms for achieving improved performance outcomes.  
19 The division shall, no later than one year after the effective date of  
20 this act and consistent with the recommendations of the Home  
21 Health Services Incentive-Based Value Payment System Advisory  
22 Board submitted to the division pursuant to subsection f. of section  
23 4 of this act, implement the incentive-based value payment system.

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

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

33 (2) incidence of any emergent care;

34 (3) patient bathing;

35 (4) patient ambulation or locomotion;

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

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

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

42 (8) status of surgical wounds; and

43 (9) incidence of adverse events.

44 c. The division shall establish:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

9 i. (1) No later than one year after the effective date of this act,  
10 the 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 pursuant to  
13 this act. In determining the costs and benefits of the new system,  
14 the division shall cooperate with and consider input from home  
15 health agencies, health care service firms, provider associations,  
16 managed care organizations, and the Rutgers Center for State  
17 Health Policy.

18 (2) Commencing two years after the effective date of this act,  
19 and annually thereafter, the division shall report to the Legislature,  
20 pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), on the  
21 status of the incentive-based value payment system, including the  
22 costs of implementation, the number of participating 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 status of the incentive-based value payment system.

34  
35 2. The Department of Human Services shall appropriate no  
36 more than \$10 million for the purposes of establishing the  
37 incentive-based value payment system and making payments to  
38 participating home health agencies and health care service firms  
39 pursuant to this act. Less any administrative costs to the division,  
40 incentive-based value payments shall be distributed as follows:

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

45 b. Forty percent of the appropriation for the incentive-based  
46 value payments system shall be distributed to those home health  
47 agencies and health care service firms which are ranked in the top  
48 20 percent for improvement in performance relative to base year.

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

9  
10       4. a. There is established in the Department of Human  
11 Services the Home Health Services Incentive-Based Value Payment  
12 System Advisory Board, which shall provide the Director of the  
13 Division of Medical Assistance and Health Services with  
14 recommendations concerning the regulations which are to be  
15 adopted pursuant to section 1 of this act.

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

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

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

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

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

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

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7       6. This act shall take effect immediately.  
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10                               STATEMENT  
11

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

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

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

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

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

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

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

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

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

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

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

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