



Center for Clinical Standards and Quality/Quality, Safety & Oversight Group

Ref: QSO-19-08-NH

DATE: March 05, 2019

TO: State Survey Agency Directors

FROM: Director
Quality, Safety & Oversight Group

SUBJECT: April 2019 Improvements to Nursing Home Compare and the *Five Star* Rating System

Memorandum Summary

April 2019 Improvements to Nursing Home Compare include:

- **Ending the Freeze on Health Inspection Star Ratings** - In April 2019, the Centers for Medicare & Medicaid Services (CMS) will end the freeze on the health inspection domain of the *Five Star Quality Rating System*. We will resume the traditional method of calculating health inspection scores by using three cycles of inspections. Inspections occurring on or after November 28, 2017, will be included in each facility's star rating.
- **Quality Measure (QM) Domain Improvements** – CMS is introducing separate ratings for short- and long-stay measures to reflect the level of quality provided for these two subpopulations in nursing homes. We are also revising the thresholds for ratings, adding a system for regular updates to thresholds every six months, and weighting and scoring individual QMs differently. Additionally, we are adding the long-stay hospitalization measure and a measure of long-stay emergency department (ED) transfers to the rating system. Two measures from the Skilled Nursing Facility Quality Reporting Program (QRP) will be adopted to replace duplicative existing measures.
- **Staffing Domain Improvements** – CMS is adjusting the thresholds for staffing ratings. Also, the threshold for the 'number of days without a registered nurse (RN) onsite' that triggers an automatic downgrade to one star will be reduced from seven to four days.

Background

In 2008, CMS added the *Five Star Quality Rating System* to the *CMS Nursing Home Compare* website. The rating system comprises three rating domains: Health inspections, Staffing, and Quality Measures (QMs). CMS has periodically made improvements to the website and rating system. In 2012, we improved the design and usability, while incorporating a considerable amount of new information. In 2015, we included measures of antipsychotic use in the ratings' calculations, and adjusted the QM and staffing ratings methodology to incentivize quality improvement.

More recently, in 2018, we replaced the traditional staffing data with data collected through the Payroll-Based Journal (PBJ) system, which provides unprecedented insight into the staffing levels of nursing homes. Each update has been part of CMS's ongoing effort to improve the information available to consumers and drive quality improvement amongst nursing homes. In April 2019, we are continuing our efforts in this area by improving each of the rating system domains. These actions aim to improve the health and safety of all nursing home residents throughout the country.

For more information about all the changes described in this memorandum, please see the "Five-Star Users' Guide April 2019" in the downloads section of the following link:

<https://www.cms.gov/Medicare/Provider-Enrollment-and-Certification/CertificationandCompliance/FSQRS.html>

Overview of Changes to the Five Star Quality Rating System

Health Inspection Rating Domain:

On November 28, 2017, CMS implemented a new inspection process and Phase 2 of the revised Requirements for Participation for long-term care facilities. Due to the differing standards and processes between those facilities inspected under the new inspection process compared to prior inspections, CMS temporarily held constant, or "froze," the health inspection star rating for nursing homes. We did not include the results from inspections conducted on or after November 28, 2017 in a facility's overall star rating. Inspections conducted after November 28, 2017 were posted to the website but not included in the star rating. This "freeze" began in February 2018 and was planned to last roughly a year, as most facilities would be inspected for compliance with Phase 2 requirements within one year of the November 28, 2017 implementation date. For more information, see CMS memorandum S&C 18-04-NH (<https://www.cms.gov/Medicare/Provider-Enrollment-and-Certification/SurveyCertificationGenInfo/Downloads/Survey-and-Cert-Letter-18-04.pdf>).

During this time, CMS has conducted in-depth analyses to assess if changes to the Five Star health inspection rating's methodology was necessary. Our analysis found that the average number of deficiencies cited on inspections under the old process compared to the new process has remained relatively consistent, with slightly more deficiencies cited on new inspections (this is expected due to the slight increase in number of requirements). Based on these findings, in April 2019, we will end the freeze and begin including inspections of facilities conducted on or after November, 28, 2017 into a facility's overall star rating calculation. Ratings will again be based on three cycles of inspections (the three most recent standard inspections and any complaint inspections occurring within the past three years). The cycles will return to pre-"freeze" weightings, with the most recent period (cycle 1) assigned a weighting factor of 1/2, the previous period (cycle 2) with a weighting factor of 1/3, and the third period (cycle 3) having a weighting factor of 1/6 of the health inspection score.

Separately, we are suppressing the star ratings for Special Focus Facilities (SFFs) (approximately 90). SFFs are nursing homes that have had a history of serious quality issues and are included in a special program to stimulate improvements in their quality of care. These facilities will still be identified by an icon and text indicating their status as an SFF, however, their star ratings will not be displayed. We believe suppressing ratings for these facilities will reduce confusion and

help consumers understand the current status of each facility’s quality. More information about the SFF program can be found at <https://www.cms.gov/Medicare/Provider-Enrollment-and-Certification/CertificationandCompliance/Downloads/SFFList.pdf>.

Quality Measure Domain

The April 2019 update includes the following improvements to the QM rating domain.

- **Short-stay and long-stay ratings:** Generally, there are two groups of residents in nursing homes: short-stay and long-stay residents. While every nursing home resident has their own individual needs and goals, the overarching goal of the short-stay residents is typically aimed at improving their health status so they can return to their previous setting. Conversely, the main goal of long-stay residents is typically aimed at maintaining or attaining their highest practicable well-being while residing long term in the facility. To help consumers better understand the level of quality each nursing home provides to these two groups, we are creating separate short-stay and long-stay QM ratings. Each facility will continue to have an overall QM rating, which will be used to calculate the overall nursing home star rating. The overall QM rating will be equally based on the short-stay and long-stay quality ratings.
- **New QM rating thresholds:** CMS expects nursing homes to continue making quality improvements over time, and we have periodically raised QM thresholds to promote further progress. Consistent with previous revisions, we are adjusting ratings’ thresholds to raise the expectations for quality and incentivize continuous quality improvement. The increase in thresholds is based on the rate of improvement on QM scores since the last revision in February 2015.
- **Implement a process for continual improvement of QM thresholds:** Every six months, QM thresholds will be increased by 50% of the average rate of improvement in QM scores. For example, if there is an average rate of improvement of 2%, the QM threshold would be raised 1%. Similar to setting new thresholds, this action also aims to incentivize continuous quality improvement. Additionally, it will reduce the need to have larger adjustments to the thresholds in the future.
- **QM weightings and scoring:** To better reflect the clinical significance and room for improvement in each measure, two different weighting levels are being established: high and medium. The total number of points available for QMs with a high weighting will be 150 points each, while the total number of points for QMs with a medium weighting will be 100 points each. Additionally, points for QMs weighted “high” will be awarded by thresholds established at each decile, whereas points for QMs weighted “medium” will be awarded by thresholds established at each quintile. The full details of this methodology, including limited exceptions, are available in the Five-Star Quality Rating System Technical Users’ Guide (see above link).
- **Other QM updates:** In June 2018, CMS announced we would post a measure of long-stay hospitalizations in October 2018 to the *Nursing Home Compare* website. We also announced the measure would be added to the *Five Star Quality Rating System* in the spring of 2019.

(see <https://www.cms.gov/Medicare/Provider-Enrollment-and-Certification/CertificationandCompliance/Downloads/NHC-PBJ-Update.pdf>). Therefore, we will add the measure of long-stay hospitalizations to the rating system in April 2019.

We will also add a new measure of long-stay emergency department transfers to the *Nursing Home Compare* website and the rating system. Additionally, we will replace two short-stay QMs, pressure ulcers and successful discharge to community, with two similar measures from the Skilled Nursing Facility Quality Reporting Program. These replacements are merely to avoid duplication and reduce confusion amongst users of the website.

Furthermore, the QM of long-stay residents who were physically restrained will no longer be included in the rating system. Facilities have performed very well on this measure; the use of physical restraints has been consistently very rare for the last few years. As a result, there is little difference among facilities in this measure and it does not impact ratings. Therefore, this measure will be removed from the rating's calculation. However, we still believe this is an important factor to measure, and we will continue to report the QM on the *Nursing Home Compare* website. Lastly, there are small technical updates to specifications for a few QMs. A new manual describing these changes can be found at <https://www.cms.gov/Medicare/Quality-Initiatives-Patient-Assessment-Instruments/NursingHomeQualityInits/NHQQualityMeasures.html>.

Staffing Domain:

The April 2019 update includes the following improvements to the staffing rating domain.

- **Set new staffing rating thresholds:** To incentivize improved nursing home staffing levels, we are establishing new thresholds for staffing ratings. We are also adjusting the staffing rating's grid to increase the weight registered nurse staffing has on the staffing rating. Please see the staffing domain section of the, "Five-Star Users' Guide April 2019" for more information.
- **Reduce the number of days without an RN for a one-star staffing assignment:** CMS has previously reminded facilities of the importance of RN staffing as it relates to quality and the federal requirement to have an RN onsite eight hours a day, seven days a week (see CMS memorandum QSO-18-17-NH (<https://www.cms.gov/Medicare/Provider-Enrollment-and-Certification/SurveyCertificationGenInfo/Downloads/QSO18-17-NH.pdf>)). Currently, facilities that report seven or more days in a quarter with no RN onsite are automatically assigned one-star for their staffing rating domain. Beginning in April 2019, the threshold for the number of days without an RN onsite that triggers an automatic downgrade to one-star will be reduced from seven days to four days.

Summary:

As CMS changes the thresholds and methodology for performance on both the Quality Measures and Staffing domains, many nursing homes will see a decline in their rating in these areas until they make further improvements. Because the QM and Staffing ratings are also used as part of the Overall rating, some nursing homes will experience a decline in their Overall Five Star

Rating¹. However, a decline in a nursing home's Five Star rating, absent any new inspection information, does not necessarily represent a sudden decline in quality. In other words, if a facility's rating changes, it may not have been due to any change in how the facility operates or the level of care provided. In these cases, the change in rating would represent a change in the methodology for calculating certain measures. We note some nursing homes will see an increase in rating, rather than a decrease. We believe these changes help consumers distinguish performance differences among nursing homes and communicate the expectation that nursing homes should continuously improve.

CMS also recognizes that some providers will be concerned about how the changes will impact their participation in other programs, such as CMS Center for Medicare and Medicaid Innovation (CMMI) demonstrations (e.g., accountable care organizations (ACOs), bundled payment models) and Medicare Advantage plan networks. Each of these, and other programs should review the changes described in this memorandum so they can evaluate any potential impact, and make any changes they feel warranted. For questions about how the *Five-Star Quality Rating System* is used or impacts participation in these programs, we encourage nursing homes to communicate directly with the program's specific organizational or primary contact.

Lastly, we recognize that each individual has their own specific needs and goals. The *Nursing Home Compare* website and *Five Star Quality Rating System* are one source of information about nursing homes, but consumers should seek other sources as well. For example, we encourage families to visit facilities and speak to the administrator, other staff, current residents, or the family or resident council. Through a variety of sources, consumers can find the nursing home that is most suited for their needs or the needs of a loved one.

Contact: For questions on this memorandum, please email: BetterCare@cms.hhs.gov. For questions specific to PBJ or the Staffing domain in general, please email: NHStaffing@cms.hhs.gov.

Effective Date: April 24, 2019. This policy should be communicated with all survey and certification staff, their managers and the State/Regional Office training coordinators within 30 days of this memorandum.

/s/
Karen Tritz
Acting Director

cc: Survey and Certification Regional Office Management

¹ The QM rating and the Staffing rating affect a facility's Overall rating only if they are very high or very low.