CMS
CENTERS FOR MEDICARE & MEDICAID SERVICES
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Findings at a Glance

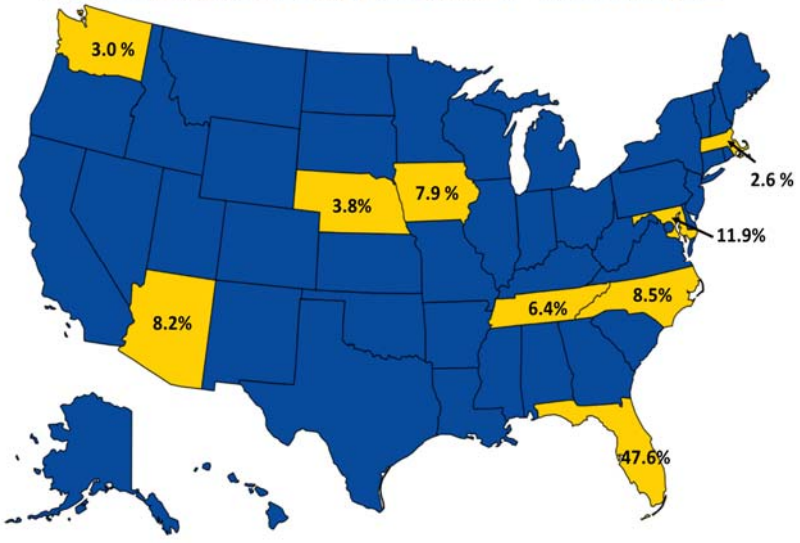
Home Health Value-Based Purchasing Model
Evaluation of the First Three Performance Years (2016-2018)

MODEL OVERVIEW

The Home Health Value-Based Purchasing (HHVBP) Model provides financial incentives to home health agencies for quality improvement based on their performance relative to other agencies in their state. The goal of the model is to improve the quality and efficiency of delivery of home health care services to Medicare beneficiaries. Nine states were randomly selected to participate in the HHVBP Model starting on January 1, 2016. Home health agencies (HHAs) in these states receive performance scores for individual measures of quality of care that are combined into a Total Performance Score (TPS) to determine their payment adjustment relative to other agencies within their state.

Agency TPS scores in 2016 were used to adjust their Medicare payments by up to ± 3% in 2018, while TPS scores for 2017 determine payment adjustments of up to ± 5% in 2019. The maximum payment adjustment will increase during each subsequent year of the model, reaching a maximum of ± 8% in 2022. This document summarizes the impact observed in 2016 through 2018, the first three years of the model, including the first payment adjustment period.

Distribution of Home Health Agencies in HHVBP Model States, 2018



PARTICIPANTS

All Medicare-certified HHAs providing services in the following states were included in the HHVBP Model:

- Arizona
- Florida
- Iowa
- Maryland
- Massachusetts
- Nebraska
- North Carolina
- Tennessee
- Washington

In 2018, there were approximately 2,000 HHAs in the nine HHVBP states, representing 18% of all HHAs and 1.4 million home health episodes in the U.S.

This document summarizes the evaluation report prepared by an independent contractor. For more information and to download the third annual evaluation report, visit https://innovation.cms.gov/initiatives/home-health-value-based-purchasing-model.

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FINDINGS

MEDICARE SPENDING

Overall, there was a **decline in total Medicare spending** in HHVBP states during and 30 days after home health episodes of care as measured by the average spending per day among fee-for-service (FFS) beneficiaries receiving home health services.

↓ **$141 million** (1.2%) reduction in annual Medicare spending, 2016-2018

Driven by:

↓ **$81 million** (2.0%) reduction in **inpatient hospitalization stay spending**

↓ **$39 million** (4.0%) reduction in **skilled nursing facility services spending**

Offset by:

↑ **$11 million** (5.9%) increase in **emergency department spending**

QUALITY AND UTILIZATION

Results through the first year of HHVBP payment adjustments suggest modest gains in quality of care and modest declines in utilization of some types of services due to HHVBP:

↑ **Total Performance Scores** were **4% higher** among HHAs in HHVBP states than HHAs in non-HHVBP states in 2018

↑ Somewhat **greater gains** in **functional improvement** among home health patients in HHVBP states for most measures tested, such as the ability of beneficiaries to get in and out of bed and to independently bathe

↓ **Declines in unplanned hospitalizations and skilled nursing facility use** among FFS beneficiaries receiving home health care

↑ **Somewhat greater increases** in **emergency department use** among FFS beneficiaries receiving home health care

No measurable impact of HHVBP on patient experience with care, the use of home health services among Medicare FFS beneficiaries, or the overall case-mix of home health patients.

HOME HEALTH AGENCY OPERATIONS

In response to the greater weight placed on the hospitalization and emergency department utilization measures in the 2019 TPS formula, HHAs reported reinforcing existing quality improvement strategies and initiating new practices in patient education and scheduling more skilled nursing visits early in an episode of care.

Home health chain organizations with agencies located in both HHVBP and non-HHVBP states reported following the same approach to quality improvement for all agencies, regardless of whether the agency operates in an HHVBP or non-HHVBP state.

KEY TAKEAWAYS

The first three years of the implementation of HHVBP (2016-2018) have resulted in Medicare savings of $141 million (1.2% decline relative to the comparison group) and improvements in quality. These impacts were observed both during 2018, the first year for quality based payment adjustments, and in the initial two years of the model. We will continue to evaluate the impact of HHVBP on quality and Medicare spending as the maximum payment adjustments become larger each year from 2019-2022.