Testimony by Director Greg Moody
Governor's Office of Health Transformation (OHT)
SB 264 (Sen. Jones) – Nursing Facility Quality Measures

Chairman Widener, Ranking Minority Member Skindell, and members of the Senate Finance Committee, my name is Greg Moody and I am the director of the Governor's Office of Health Transformation. Thank you for the opportunity to testify in support of Senate Bill 264.

The State of Ohio Operating Budget enacted this June increased Medicaid quality incentive payments for nursing facilities from 1.7 percent of the average rate in state fiscal year (SFY) 2011 to 9.7 percent in SFY 2013. It also created a subcommittee under the Unified Long-Term Care System Advisory Workgroup to identify accountability measures to be used in awarding points for the quality incentive payments and the methodology for calculating the quality incentive payments beginning on July 1, 2012.

The Nursing Facility Quality Measures Subcommittee was comprised of representatives of nursing homes, advocates for individuals who use nursing home services, independent experts, state agency officials and members of the House and Senate. I was pleased to serve as the subcommittee chair.

The subcommittee met seven times and took the following steps to meet its charge. The subcommittee (1) identified guiding principles for choosing quality measures, (2) identified and reviewed existing measurement frameworks, (3) selected specific accountability measures consistent with the guiding principles, (4) developed the methodology for calculating quality incentive payments and a bonus system to redistribute any unspent payments, (5) identified technical assistance that is available to nursing facilities to assist in achieving full quality payments, (6) determined a process for ongoing quality improvement and (7) reported recommendations in the form of draft legislative language.

The subcommittee communicated its recommendations in a September 1, 2011 report to the Ohio General Assembly. The recommendations represented a consensus of the subcommittee membership. Senate Bill 264 would implement the subcommittee recommendations and create the mechanism to allocate approximately $300 million to nursing facilities in SFY 2013 that the General Assembly has already appropriated in the budget (House Bill 153).

Accountability Measures: The subcommittee identified 20 specific accountability measures that are organized into the following five domains: (1) overall performance on an existing quality measurement framework; (2) resident choice; (3) clinical performance; (4) environmental characteristics; and (5) staffing. For each measure, the subcommittee provided a definition, method of calculation, source of data, and the threshold a facility must meet to earn a point for the purposes of determining the amount of the facility's quality incentive payment.

Payment Methodology: The subcommittee also developed a method for calculating quality incentive payments and a bonus system to redistribute any unspent payments beginning in SFY 2013. The goal of the payment methodology is to create a system that rewards performance on specific quality measures and gives all facilities a fair opportunity to earn the full quality incentive payment.

The proposed methodology assigns one point for each performance measure threshold a facility meets. A facility is required to get 5 points to receive the full quality payment, which is $16.44 per Medicaid bed day in SFY 2013. Facilities with less than 5 points will receive one-fifth of the full quality payment per point. The budget assumes that every nursing facility will receive the full quality incentive payment. If some facilities do not achieve 5 points and funds are left at the end of the fiscal year, that residual amount will be distributed to facilities that earn more than 5 points, based on each facility's Medicaid bed days and total points received.

Though not requiring legislative language, the subcommittee took the additional step of identifying technical assistance that is available to nursing facilities to assist in achieving full quality incentive payments. The members of the subcommittee strongly believe that every nursing facility should be working to meet all 20 performance measure thresholds. Technical assistance will be available through state, federal, and other agencies that monitor and evaluate nursing facilities. The Ohio Departments of Aging and Health will work together to connect facilities with programs available for this purpose.

The subcommittee also recognized the importance of ongoing quality improvement in Ohio's nursing homes. House Bill 153 created additional opportunities to connect person-centered care and health outcomes to reimbursement. These initiatives include creating a single point of coordination for people who are eligible for both Medicaid and Medicare, a streamlined Medicaid home- and community-based services waiver, health homes for people with chronic conditions, and ongoing work of the Administration's Unified Long-Term Care System Advisory Workgroup and the Joint Legislative Committee for Unified Long-Term Services and Supports. The Office of Health Transformation will continue to work with all interested parties to implement these initiatives, and we will keep you apprised of our progress.

Finally, I would like the thank the members of the subcommittee, including Senators Burke and Cafaro, Representatives Sears and Antonio, and all interested parties, for their hard work and for their partnership in reaching consensus on the subcommittee's recommendations. It is not easy to reach consensus on quality measures, but the members of the subcommittee stuck with it, through many long hours of meetings, holding to their principles but also giving ground as appropriate until we arrived at a workable package of recommendations. The process worked and we will use it as a model in the future.

Mr. Chairman, Senate Bill 264 is an opportunity to adopt innovative, new nursing facility accountability measures and financial incentives to improve care for residents. I would like to thank Sen. Jones for her leadership on this bill, and I recommend your adoption of the bill.