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Chairwoman Karen Spilka
Senate Committee on Ways and Means
State House, Room 212
Boston, MA 02133

Chairman Brian S. Dempsey
House Committee on Ways and Means
State House, Room 243
Boston, MA 02133

Dear Chairwoman Spilka and Chairman Dempsey,

Line item 4000-0600 of the Fiscal Year 2015 Budget (Chapter 165 of the Acts of 2014) requires that we report to you on "(i) the extent to which quality indicators and other measures are incorporated into the determination of payment rates and amounts disbursed to nursing facilities; and (ii) a proposal to enhance the incorporation of quality indicators and other measures into nursing facility rates."

MassHealth uses Nursing Facility Pay for Performance (P4P) to reward eligible nursing facilities that achieve designated performance levels on selected quality measures. For FY2015, these measures included the following: percent of long-stay residents who received an antipsychotic medication; percent of long-stay high-risk residents with pressure ulcers; percent of long-stay residents with a urinary tract infection; and percent of long-stay low risk residents who lose control of their bladder and bowel. These quality indicators were selected because they are the most common quality issues for nursing facility care.

The fiscal year 2016 budget includes $2.8 million for P4P incentive payments to nursing facilities that meet the criteria of the MassHealth P4P program. For FY2016, MassHealth will require participating nursing facilities to meet the performance targets on two clinical measures and three operational measures. The clinical measures are: 1) percentage of long-stay residents who received an antipsychotic medication, and 2) percentage of long-stay low-risk residents who lose control of their bladder and bowel. The operational measures are: 1) appropriate direct care staffing (Certified Nursing Assistants (CNAs), Licensed Practical Nurses, and Registered Nurses, and 2) implementation of a "cooperative-effort" policy that creates a committee to help improve the quality of care within a nursing facility. To

effectively address quality assurance issues, the cooperative effort committee must include both managers and non-licensed direct-care staff, including one or more CNAs.

For fiscal year 2017 and beyond, MassHealth is in the process of restructuring the Nursing Facility P4P program to focus on evaluating satisfaction and quality of life in nursing facilities by surveying residents and their families about their care experiences. Another goal (which would require a reliable source of funding) is to make Nursing Facility P4P a multi-year program. We will also consider adding other P4P measures directly related to quality of care, such as consistency of staffing assignments, staffing turnover rate, and cooperative effort policy. MassHealth is currently holding Nursing Facility P4P stakeholder meetings to ensure that stakeholders have sufficient opportunities to consider these proposals and suggest additions or alternatives. These meetings allow nursing home residents, family members, advocates, staff, leadership and the pubic to discuss the current P4P program and the proposed program enhancements for future fiscal years that will include a resident and family quality of life satisfaction survey and other measures of person-centered care. We believe stakeholder feedback is vital to the development of a new Nursing Facility P4P program model.

I hope you find this report useful and informative. Please feel free to contact John May at 617-573-1763 with any questions.

Sincerely,

Daniel Tsai
Assistant Secretary for MassHealth

cc: Marylou Sudders, Secretary, Executive Office of Health and Human Services