CMS
CENTERS FOR MEDICARE & MEDICAID SERVICES
CENTER FOR MEDICARE & MEDICAID INNOVATION

Home Health Value-Based Purchasing Model

Final Evaluation Report of the Original Model (2016-2021)

MODEL OVERVIEW

The original Home Health Value-Based Purchasing (HHVBP) Model provided financial incentives to home health agencies for quality improvement based on their performance relative to other agencies in their state. The HHVBP Model aimed to improve the quality and efficiency of home health services to Medicare beneficiaries. Nine states were randomly selected to participate in the original HHVBP Model (calendar years 2016-2021). Agencies in these states received performance scores for individual measures of quality of care that were combined into a Total Performance Score (TPS) to determine their payment adjustment relative to other agencies within their state.

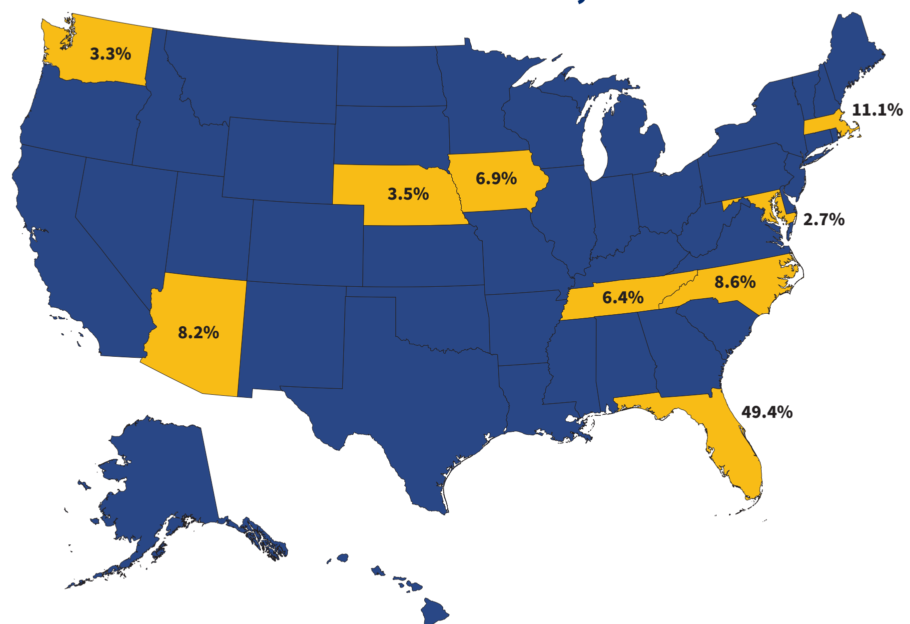
CMS first adjusted Medicare payments by up to ±3% in 2018, using agencies' 2016 TPS. Payment adjustments increased each year, peaking at up to ±7% in 2021, the last year of the original HHVBP Model prior to the nationwide expansion of the model in January 2023. This document summarizes the impact observed in 2016 through 2021, the complete six years of the original model, including all four payment adjustment years.

PARTICIPANTS

All Medicare-certified home health agencies providing services in the following states were included in the original model: Arizona, Florida, Iowa, Maryland, Massachusetts, Nebraska, North Carolina, Tennessee, and Washington.

In 2021, the last year of the original model, there were approximately 1,952 home health agencies in the nine HHVBP states, representing 19% of all agencies, which provided 2.1 million home health episodes to over 751,000 Medicare beneficiaries.

Distribution (%) of Home Health Agencies in HHVBP Model States, 2021



KEY TAKEAWAYS

The six years of the original HHVBP Model resulted in...

- Cumulative Medicare savings of $1.38 billion — a 1.9% decline relative to the 41 non-HHVBP states.
- Declines in most aspects of utilization by fee-for-service Medicare home health patients (e.g., unplanned hospitalizations, skilled nursing facility use) with unintended increase in outpatient emergency department (ED) visits.
- Gains in functional status including patient mobility and self-care, with slight decline in some aspects of patient experience.
- Intensification of existing activities related to quality and performance improvement, as reported by agencies.
- No change in access to home health, but also no change in existing racial/ethnic inequities in use of lower quality agencies, and a modest growth in disparities by Medicaid coverage.

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

Home Health Value-Based Purchasing Model

Final Evaluation Report of the Original Model (2016-2021)

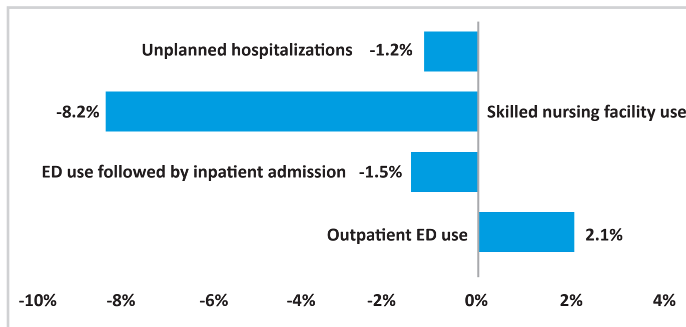
FINDINGS

TPS & PAYMENT ADJUSTMENTS

- Home health agencies in HHVBP states received higher TPS scores than agencies in non-HHVBP states for each of the six years (2016-2021).
- Throughout the four payment years, total HHVBP payment adjustments accounted for <0.06% of Medicare spending for home health services in HHVBP states.

QUALITY AND UTILIZATION

- Overall, HHVBP led to decreases in utilization among FFS beneficiaries using home health, including unplanned hospitalizations, ED visits leading to inpatient admission, and skilled nursing facility use, offset by an unintended increase in outpatient ED visits.



- Agency surveys and interviews found few differences in quality improvement approaches between agencies in the original 9 HHVBP states and 41 comparison states, but noted that HHVBP intensified activities.
    - Performance improvement activities tended to focus on data analytics and monitoring, staffing and training, and clinical strategies.

The [value-based purchasing] items for the initiative are not that much different than the items we look at for Home Health Compare and all of the other things that we're doing.”

— Chain-affiliated agency

MEDICARE SPENDING

- HHVBP led to savings in Part A and Part B spending in all model years.
- Cumulative (2016-2021) Medicare spending decreased by $1.38 billion (1.9%) due to HHVBP.

LARGELY DRIVEN BY:

Reductions in spending on...

- Skilled nursing facility services ($235.8 million, 3.9%).
- Inpatient hospitalization stay ($807.0 million, 3.4%).
- Home health spending ($283 million, 1.3%).

Offset by...

- $99.6 million (6.1%) increase in outpatient ED and observation stay spending.

PATIENT OUTCOMES

- Positive, modest improvement in patients' mobility, management of oral medications, and self-care due to HHVBP.
- Greater proportion of patients discharged to community (rather than institutional care).
- Three measures of patient experience with care declined slightly: professional care, communication, and discussion of care.

EQUITY AND ACCESS

- Modest growth in inequities involving Medicaid patient outcomes.
- Persistent overall inequities existed by race and ethnicity in the use of lower quality agencies.
- No change in overall use of home health services.
- No adverse effects on access to home health care.