

Friday, March 27, 2009

**MEDICARE TO TEST PAY INCENTIVES TO IMPROVE CARE IN
NURSING HOMES**
FOUR STATE DEMONSTRATION LAUNCHED

Medicare officials today announced a new, four-state demonstration to determine if cash incentives will improve the quality of care and efficiency of operations in nursing homes.

Nursing homes in Arizona, Mississippi, New York and Wisconsin will be asked to participate.

"Medicare is always interested in testing new ways to improve the quality of care in nursing homes," said Charlene Frizzera, acting administrator of the Centers for Medicare & Medicaid Services (CMS). "We believe this demonstration to provide incentive payments for superior performance will be informative."

Facilities joining the Nursing Home Value-Based Purchasing demonstration will be awarded points for performance on quality measures in four areas: nurse staffing, avoidable hospitalizations, resident outcomes, and the scope and severity of deficiency citations the home has received during inspections. Nursing homes with the highest scores or the greatest improvement in their score will be eligible for a performance payment.

Savings generated by improved performance, such as reducing the number of avoidable hospitalizations, will fund state pools from which payments will be made to qualified nursing homes.

Nursing homes wishing to be in the demonstration will be randomly assigned to a demonstration group or a comparison group. Medicare officials anticipate that at least 100 nursing facilities in each state will apply to be part of this demonstration.

The demonstration is expected to run from July 2009 through June 2012, at which time its effectiveness will be evaluated to inform possible changes to Medicare payment policy.

CMS will mail an application kit to each Medicare-certified nursing home in the demonstration states.