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New CMS Grant Focuses on Nursing Facility Residents to Solve Hospital Readmission Issue

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Hospitals have long been the target of readmissions concerns and regulations. On March 15, 2012, the CMS Innovation Center jointly announced with HHS and CMS the Initiative to Reduce Avoidable Hospitalizations among Nursing Facility Residents (Initiative), which looks to "enhanced care & coordination providers" to reduce readmissions from nursing facilities. Specifically, CMS is soliciting applications from eligible organizations to test different, evidence-based interventions primarily focused on long-stay residents who reside in a nursing facility 100 days or more and will likely remain in that facility. The grant ensures that beneficiary freedom is maintained. Total funding for this Initiative is up to $128 million, with awards ranging from $5 million to $30 million each to cover a four-year cooperative agreement period of performance anticipated to start the summer of 2012.

Application Deadlines, Notices and Agreement

Interested applicants must submit a Notice of Intent to Apply and Application consistent with Solicitation [PDF] requirements for the Initiative. Successful applicants must enter into a cooperative agreement with CMS. Deadlines for the Initiative are as follows:

- *Notice of Intent to Apply Due:* April 30, 2012, by 3:00 p.m. Eastern Time
- *Electronic Application Due:* June 14, 2012 by 3:00 p.m. Eastern Time
- *Anticipated Notice of Cooperative Agreement Award:* August 24, 2012
- *Anticipated Period of Performance:* August 25, 2012 through August 24, 2016

Successful applicants will be required to meet the HHS grant guidelines and federal contractor transparency requirements.

Eligible Organizations

Applicants must demonstrate the capacity to implement the types of interventions required under the Initiative. Applicants must implement interventions that will meet the following requirements:

- Reduce the frequency of avoidable hospital admissions and readmissions
- Improve resident health outcomes
- Improve the process of transitioning between inpatient hospitals and nursing facilities
- Reduce overall health care spending without restricting access to care or choice of providers

CMS anticipates approximately seven awards will be made. Examples of enhanced care and coordination providers may include, but are not limited to:

- Organizations that provide care coordination, case management or related services
- Medical care providers, such as physician practices
- Health plans (Note: this Initiative will not be capitated managed care and will not apply to beneficiaries enrolled in Medicare Advantage)
- Public or not-for-profit organizations, such as Aging and Disability Resource Centers, Area Agencies on Aging, Behavioral Health Organizations, Centers for Independent Living, universities or others
- Integrated delivery networks, if they extend their networks to include unaffiliated nursing facilities

Nursing facilities, entities controlled by nursing facilities or entities for which the primary line of business is the delivery of nursing facility/skilled nursing facility services are excluded from serving as enhanced care & coordination providers under the Initiative. The applicant must be a single legal entity under state law with a unique tax identification number (TIN) to receive payments and with a governing body capable of entering into a cooperative agreement with CMS.

Interventions

CMS will not require a specific intervention or clinical model through the Initiative. Instead, applicants must propose interventions that meet the objectives of the Initiative, such as, for example, hiring staff who are physically present at nursing facilities and who partner with nursing facility staff to implement preventive services and improve recognition, assessment, and management of certain conditions such as pneumonia, congestive heart failure, chronic obstructive pulmonary disease and asthma, urinary tract infections, dehydration, skin ulcers, falls, and other common causes of avoidable hospitalization. Proposed interventions may also include:

- Education efforts with families/caregivers
- Support for residents and nursing facility staff to facilitate a successful discharge to the community as appropriate
- Health information technology tools to support sharing of care summaries across transitions in care and maintenance of accurate, up-to-date medication lists
- Enhanced behavioral health assessments, treatment, and management

Interventions must meet the following requirements:

- Be strongly evidence-based
- Demonstrate strong potential for replication and sustainability in other communities and institutions
- Supplement (rather than replace) existing care provided by nursing facility staff
- Coordinate closely with state Medicaid and state survey and certification agencies and state public health and health reform efforts, including other CMS demonstrations and waivers
- Allow for participation by nursing facility residents without any need for residents or their families to change providers or enroll in a health plan (Note: Residents will be able to opt-out from participating, if they choose.)

State Partnerships

CMS sees Medicaid as a vital partner in the Initiative because Medicaid often is involved in payment and quality related to long-stay residents. Applicants must include a letter from the State Medicaid director and Medicaid survey and

certification director expressing support for the application. The letter must also state that Medicaid agrees to engage in a memorandum of understanding if the applicant is selected.

Nursing Facility Partnerships

Applicants must partner with nursing facilities under the Initiative. Applicants must include in their applications letters of intent (LOIs) from Medicare- and Medicaid-certified nursing facilities agreeing to participate in the intervention set out in the application. Applications must include LOIs with at least 15 nursing facilities in the same state, with an average census of 100 residents or more per facility.

Funding and Supplemental Funds

Monthly payment allotments will be determined based on a per facility fee, which will be based on the size of the target population. Payment is contingent on performing required activities and meeting operational parameters. Enhanced care and coordination providers are eligible for supplemental funds based on meeting certain operational criteria, a composite score and generating combined Medicare and Medicaid savings across all partnering nursing facilities. The composite score will be based on the following three factors:

- Appropriate Hospitalizations Domain
- Minimum Data Set (MDS Version 3.0) Domain
- Survey Deficiencies Domain

A fourth factor, Care Coordination Domain, is under development. In addition to this composite score, enhanced care and coordination providers' eligibility for supplemental funds will be based on net reductions to combined Medicare and Medicaid expenditures.

More Information

Additional information about the Initiative is provided in a CMS Innovation Center Fact Sheet. The Initiative also supports the goals of the Partnership for Patients, a national public-private partnership working to improve the quality, safety and affordability of health care, including the reduction of hospital readmissions. The

Initiative comes on the heals of the Health Care Innovation Challenge, which garnered attention from the health care industry with the potential of grant awards of up to $1 billion dollars to applicants who presented solutions to care delivery and payment concerns and had the ability to deploy those solutions quickly.