Improving Quality Proactively

THE QUALITY INITIATIVE

In early 2012, the long term and post-acute care profession launched a bold, national effort to further improve the quality of care in America’s skilled nursing care centers. The Quality Initiative sets measurable goals with specific deadlines in key areas of quality care. The profession’s voluntary and ongoing efforts have improved the lives of patients while also reducing health care costs. AHCA continues to work with the Centers for Medicare and Medicaid Services (CMS) to advance quality goals in conjunction with the Five Star Ratings System.

THE GOALS

- **Safely Reduce the Off-Label Use of Antipsychotic Drugs**
  By December 2013, safely reduce the off-label use of antipsychotic drugs by 15%.

- **Safely Reduce Hospital Readmissions**
  By March 2015, safely reduce the number of hospital readmissions within 30 days during a SNF stay by 15%.

- **Increase Staff Stability**
  By March 2015, reduce turnover among nursing staff by 15%.

- **Increase Customer Satisfaction**
  By March 2015, increase the number of customers who would recommend the facility to others up to 90%.

CONTINUING PROGRESS

- **Decrease in Off-Label use of Antipsychotics**
  13.1%
  34,900 individuals no longer receive these medications

- **Reduction in Hospital Readmissions**
  3.8%
  43,400 readmissions prevented since the end of 2011

CMS FIVE STAR PROGRAM

Since the launch of the Centers for Medicare and Medicaid Services' Five Star Ratings System, the percentage of facilities rated four or five stars has increased by 40%. The proportion of facilities receiving a one or two-star rating has correspondingly declined by 23%.

Learn more at http://qualityinitiative.ahcancal.org

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NATIONAL TRENDS

IMPROVING QUALITY

SNF REHOSPITALIZATIONS

Estimated number of rehospitalizations avoided: 43,300
AHCA Members Achieving Quality Initiative Goal*: 32.3%

Risk-Adjusted Rate

2011Q4: 18.2%
2012Q4: 17.6%
2013Q3: 17.5%

Source: MDS data calculated by Brown University using PointRight OnPoint30, 30 day risk-adjusted SNF rehospitalization.
*By March 2015, reduce the number of hospital readmissions within 30 days during a SNF stay by 15%

USE OF ANTIPSYCHOTIC MEDICATIONS

Estimated number of residents no longer receiving antipsychotics: 34,900
AHCA Members Achieving Quality Initiative Goal*: 48.9%

Antipsychotic Rate

2011Q4: 23.6%
2012Q4: 22.2%
2013Q3: 20.5%

Source: CMS Nursing Home Compare Quality Measures.
*By December 2014, safely reduce the off-label use of antipsychotic drugs by 15%

A GROWING PROBLEM

HOSPITAL OUTPATIENT OBSERVATIONS STAYS

Distribution of Observation Stays

Source: CMS Medicare Part A outpatient hospital claims data, various years.
MedPAC confirmed what our profession already knew: Skilled Nursing operates on razor-thin margins.

- MedPAC estimated 2012 overall operating margins at 1.8 percent. This number reflects Medicare, Medicaid and private pay, but it does not take into consideration the two percent sequestration cut.
- Such thin operating margins are not sustainable, particularly for the skilled nursing profession: We are the nation's 10th largest employer and support more than 5.4 million jobs.1

A series of cuts over the last five years has resulted in little or no margin in the skilled nursing profession.

- Since 2011, the skilled nursing sector incurred two productivity adjustments, the sequester and sequester extensions, reductions in bad debt reimbursement, and a value-based purchasing cut.
- In the Ryan-Murray budget agreement, Congress extended the two percent sequestration cut to Medicare through 2022 and 2023.
- On top of this, providers still have six more years of productivity adjustments that will further erode margins (approx. $15b in additional cuts).

Further reductions to the profession threaten access to care for millions of Americans.

- On any given day, 78 percent of individuals receiving care in a skilled nursing care center rely on Medicare or Medicaid to pay for their care.2
- 3.7 million Americans require our services each year, and that number will continue to grow as Baby Boomers enter retirement age.3

Private entities are reluctant to invest.

- The Wall Street Journal published an article4 revealing that many of the nation’s largest health care real estate investment trusts (REITs) are pulling away from nursing facilities amid concerns that steep Medicare and Medicaid cuts will render them unstable.

We want to be ready for reforms and new payment models.

- The profession knows new payment models are coming. We are embracing these new policies. Yet cuts to market baskets prevent providers from investing in the necessary building blocks that will help us move to these new payment reforms.

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1 American Health Care Association, Economic Impact Report, January 2011.
**Grand Total:** $53.951 Billion

- **Affordable Care Act:**
  - 2010: $228 million
  - 2011: $229 million
  - 2012: $489 million
  - 2013: $634 million
  - 2014: $1.580 billion
  - 2015: $746 million

- **Productivity Adjustment:**
  - 2010: $600 million
  - 2011: $855 million
  - 2012: $957 million
  - 2013: $2.412 billion

- **Sequestration:**
  - 2010: $230 million
  - 2011: $245 million
  - 2012: $264 million
  - 2013: $739 million

- **Bad Debt:**
  - 2010: $228 million
  - 2011: $229 million
  - 2012: $489 million
  - 2013: $634 million
  - 2014: $1.580 billion

- **Regulatory Changes:**
  - 2010: $230 million
  - 2011: $245 million
  - 2012: $264 million
  - 2013: $739 million

- **Payment Formula Changes:**
  - 2010: $230 million
  - 2011: $245 million
  - 2012: $264 million
  - 2013: $739 million

- **Forecast Error Cut:**
  - 2010: $230 million
  - 2011: $245 million
  - 2012: $264 million
  - 2013: $739 million

- **Therapy MPPR Cuts:**
  - 2010: $1.030 billion
  - 2011: $1.637 billion
  - 2012: $3.034 billion

- **Medicaid Underfunding:**
  - 2010: $7 billion
  - 2011: $7 billion
  - 2012: $7.7 billion
  - 2013: $26.6 billion

**Total:** $27.351 Billion

**Grand Total:** $53.951 Billion

American Health Care Association

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