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Pay-for-Performance in Five State Medicaid Programs: Lessons for the Nursing Home Sector

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### Background
- The federal government has traditionally sought to ensure quality outcomes through nursing home (NH) surveys conducted by state officials.
- Some states have begun to experiment with pay-for-performance (P4P) incentives, which provide higher Medicaid reimbursement to those facilities achieving desired outcomes.
- By 2007, there were 9 state P4P programs covering 20% of NHs and 16.7% of residents.
- Little is known about the use of P4P to promote quality and efficiency in the NH sector.

### Study Objective
- To draw lessons for the successful development and implementation of P4P incentives from their use in five diverse Medicaid NH programs: Iowa, Minnesota, Oklahoma, Utah, and Vermont.

### Methods
- Data derived from archival sources and interviews with state agency officials.
- Interviews were conducted with 11 individuals from 12/16/10 to 1/7/11.
- Selection of respondents was based on which individuals were most knowledgeable about each state’s P4P program.

### Findings-Continued

#### Administration
- States should focus on minimizing administrative burdens and data collection requirements.
- Providers should be permitted to use existing systems to report performance where possible.

#### Development
- States should phase-in P4P, beginning with measurement, followed by public reporting, and then linking payment to facility performance.
- States should build flexibility into P4P program design to take advantage of new knowledge integral to improving program effectiveness.

#### Implications
- When canvassing possible P4P options, states should first bring key stakeholders together to determine the underlying philosophy and principles that will guide program design and implementation. Once adopted states should monitor for unintended consequences, and conduct periodic assessments to identify program successes and potential areas for improvement.

#### Dissemination
- Produced/distributed report for Washington State Legislature. For additional information, see: [http://www.adsa.dshs.wa.gov/professional/rates/reports/].