

Changes Coming to Five-Star

AHCA's response & what you can do

As you know, six years ago CMS implemented the Five-Star program for our sector. It was a system that we did not ask for and had virtually no input in. Yet the impact of the program was painfully clear: It failed to recognize the complexities of our work, the differences between long stay and short stay, and it ignored the value of work it did not measure.

Yet, true to our nature, we adapted and pressed forward. We succeeded when many simply expected us to fall short. We took a flawed system, and persuaded CMS to make it slightly better. The absolute worst part of Five-Star was the curve. It provided that no matter how good we are, only 10 percent could be 5 star. We changed that. And we adapted to what was measured. The result has been an impressive 50 percent increase in the number of 4 and 5 star buildings nationwide in the last five years.

In any part of the universe except Washington, D.C., individuals would see that increase as good news. Unfortunately, a few yet vocal skeptics believe we are gaming the system. Some have gone so far as to suggest that we are making up staffing numbers, just to hit a higher score level. Sadly, this ridiculous allegation graced the cover of the *New York Times*, and in knee-jerk fashion, Washington felt that action was needed.

So, we have become a victim of our own success. On October 6, [President Obama issued an Executive Action](#) outlining changes to the system. Some of them our Board agrees with, and some, if implemented poorly, could be a disaster.

You need to be aware of all of the potential changes and ramifications. As a result, I've divided this memo into three sections. The first will cover the history of Five-Star. The second will outline the President's Executive Action. The third will discuss what AHCA is doing and what you can do to prepare.

The History

I'm not going to go into every detail of Five-Star, but we need to cover how the program is currently determined and then about our successful abolition of the curve.

Your Five-Star score is the result of three components: survey, staffing, and Quality Measures. When CMS initially implemented Five-Star, there was a curve. It provided that:

- 10 percent of all buildings would be 5 stars
- 23.3 percent of all buildings would be 4 stars
- 23.3 percent of all buildings would be 3 stars
- 23.3 percent of all buildings would be 2 stars
- 20 percent of all buildings would be 1 star

Of all the flaws of the system, I considered this to be the greatest. No matter how much improvement

the entire sector showed, approximately 20 percent of all centers ended up receiving 1 star. It is so outrageous that it's difficult to believe that part actually was implemented.

The Board instructed us to fix this, and we did. Through considerable efforts of many of you, CMS changed the system to largely eliminate the curve in July 2012. While the agency retained the curve for the survey component, CMS did eliminate the flawed scoring for the Quality Measures. Instead, it created a system where every building could be 5 star in staffing and quality, and every building could therefore increase its overall Five-Star score.

We responded. The sector made dramatic improvements in both staffing and quality measure scores. In January of 2009, 37.8 percent of all buildings were 4 and 5 star on staffing. By July of 2014 we had increased that to 54.9 percent. In January of 2009, 34.1 percent of buildings were 4 or 5 star on Quality Measures. By July of 2014, we had increased that to an impressive 77.1 percent.

As a result our overall 5 star scores increased. From January 2009 to July 2014, we increased 4 and 5 star rankings nationwide from 35.2 percent to 53.0 percent.

A key point to keep in mind is this: CMS took us off the curve on staffing and quality measures by creating cut points of success. It said if we hit certain staffing or quality criteria, we would go up in stars, regardless of how many other buildings hit them as well. But this is critically important. When CMS did this in July of 2012, agency officials told us it would only keep these same cut points for two years. The understanding has always been that we would stay off the curve, but every two years or so, CMS would evaluate whether the cut points continued to make sense.

It has now been over two years. As a result, CMS created a Technical Expertise Panel to examine what to now do with the system. Our feeling was that about one year from now, CMS would issue new guidelines on the cut points, and we believed it would happen in a phased and thoughtful way. The President's Executive Action now accelerates that schedule and puts us at risk for an immediate recalibration of Five-Star, which could abruptly impact your ratings.

The President's Executive Action

The President's Executive Action has two major components. The first, overall, we have no problem with. The second, if implemented poorly, could create major problems.

The first simply ensures the accuracy of staffing information. Specifically, the White House directive requires CMS to:

- Use payroll data, as the ACA Mandates, to determine the Staffing Data
- Validate the Staffing information
- Phase in use of electronic data to begin January 1, 2015

Our Board supports these measures. We want accurate reporting of staffing data because we know it will demonstrate the reliability of the personnel numbers we are reporting and debunk the allegations against us. In fact, we are not new to this position; the Board has supported this for many years. But, know that we will work with CMS to make sure contract labor is included in staffing calculations because we understand this is difficult to collect.

The second set of changes could be fine, but could also be problematic. The Administration now requires the addition of three quality measures to the current nine to comprise the Quality Measures by next January. These three new elements are:

1. Rehospitalizations
2. Discharge back to community
3. Antipsychotic use

On its face, this would seem like good news. Our membership and AHCA have had a laser focus on all three of these measures for at least the past three years. Our members have made dramatic improvements in both rehospitalizations and antipsychotic use because they have been two of the four components of our own [Quality Initiative](#). In addition we've developed our own measure of discharge back to the community and placed it on Long Term Care Trend Tracker.

The potential problem has to do with implementation. As CMS changes the staffing and quality measures, it will need to create new scoring and therefore, new cut points. This inevitably will impact the staffing scores and quality measure scores for a significant number of providers. The amount of those centers whose ratings will change is unclear, but what is clear is that some will change.

This is challenging for a variety of reasons. Five-Star has taken on a life of its own. It is no longer just a source of frustration and/or pride. It has become a part of how we are evaluated by residents, families, and payers. Many MCOs, ACOs, discharge planners, and others use Five-Star to determine who will and won't be included in networks. A sudden change in your Five-Star rating could have a very significant impact on your operation and in some markets, create access problems for residents.

As a result, both AHCA and you need to act and prepare.

A Collective Call to Action

The AHCA Board of Governors has made clear that we need to make reasonable implementation of this Executive Action a key priority. As a result, we are taking the following steps:

1. We have already communicated with the highest levels at CMS the importance of reasonable implementation that does not create the above mentioned problems. We will continue our interaction and lobbying of CMS.
2. We are reaching out to the Hill to have key champions make this case as well. It's important that these champions persuade CMS before changes occur. Anyone's success in getting negative policies reversed once they come out is limited. So we must engage now.
3. We are modeling the proposed changes and developing options for CMS that achieve the intent of the Executive Action yet provide a much more fair and balanced method of rebasing that does not arbitrarily impact you.

Here are some ways where you can help:

1. Make sure your key staff is aware of the Executive Action and its implications. In addition to this memo, we will be holding a webinar over the next few weeks to share what we know.
2. Go to [Long Term Care Trend Tracker](#) and identify where you are on measures such as rehospitalization, discharge to community, turnover and antipsychotic use. Fortunately, the Board has been forward thinking, and you will be able to evaluate yourself relative to the sector on these measures. If you are not currently on LTCTT, [contact us](#) and we will get you on.
3. Determine whether you are vulnerable to a rating change and then determine what actions you need to take. If you have received either a 2 or a 5 star rating on the QM component, your overall Five-Star rating may be vulnerable to a rebasing (Remember, a 5 star rating on QM component adds 1 star to your overall rating and a 1 star rating on QM component subtracts 1 star from your overall rating. Rebasing of the QM component may decrease the number of centers getting 5 star and shift those getting 2 star to 1 star). Once the cut points are set, you can determine on LTC Trend Tracker exactly what you need to do to increase your rating. You can't do that yet with the new measures. But, if you learn on LTCC that you are just at or over a star level for quality, you are at risk.

The silver lining in all of this is that our members are well positioned for the new Quality Measures. The vision behind the Quality Initiative and the Board work on quality has us there. Whether CMS will

now implement this in a reasonable way is to be determined. I assure you that we will take every action possible to achieve a good result.

I'm so proud of the work that the sector has done on Five-Star. An increase from 47 percent to 77 percent achieving 4 or 5 star on the QM component in two years is material. I'm equally frustrated that some question whether that improvement has happened at all.

We'll continue to fight for you, your employees, your residents and their families. We know what you are doing, and we are very proud. Don't let these cynics get you down. As we develop more and more data on our real progress, we are going to prevail.

In the meantime, if you have any questions or comments, please contact me.

Best,

Mark Parkinson
President & CEO