



Adjusted Payment Percentage

Introduction

This fact sheet is intended to provide background information on the calculation of the Adjustment Payment Percentage for HHAs in the HHVBP Model. HHAs competing in the HHVBP Model must improve the quality of their performance in caring for their patients as this affects the HHA’s “bottom line,” or annual payment adjustment. This fact sheet will discuss how your agency’s Total Performance Score (TPS) is translated using the Payment Adjustment Calculation into the Adjusted Payment Percentage (APP) specific to your HHA.

TPS Terminology

The first term is the “TPS Performance Year” which, for CY2018 APPs is CY2016. To be eligible for the APP, an HHA must have sufficient Achievement and

Improvement scores on at least five measures from CY2016. This requires that the HHA have Baseline data from the full 12 months of CY2015. If your HHA joined the Model after January 1, 2015, your HHA would not have sufficient data and would not be eligible for the CY 2018 APP calculation. For eligible HHAs, the APP will range from +3.0 to -3.0 percent and will be applied to Medicare FFS payments in CY2018. The actual calculation is rather complicated and requires multiple steps:

1. Comparing your TPS with the average TPS for your cohort in your state; and
2. Calculating your and your cohort’s payments from CY2015.

Because there are multiple components to these calculations, there is not a simple, single answer for all states and providers to the question: “If my TPS is 60, what is my APP?”

Steps in the APP Calculation Scenario 1: Same State, Same Size Cohort

Below is an example of the eight steps in the APP calculation for two HHAs in the same state and cohort with different TPS values.

Calculation Elements	HHA #1	HHA #2
C1 – HHA’s Total Performance Score (TPS)	38	50
C1a – Average TPS for Cohort	49.375	49.375
C2 – HHA’s CY2015 Payment	\$200,000	\$190,000
C2a – Cohort Total CY2015 Payment	\$3,507,222	\$3,507,222
C3 – 3% at Risk [HHA 2015 Payment (C2) * 3%]	\$6,000	\$5,700
C3a – Sum of 3% at Risk for Cohort	\$105,216.66	\$105,216.66
C4 – Adjusted at Risk [HHA’s TPS/100 (C1) * C3 value]	\$2,280	\$2,850
C4a – Sum Adjusted at Risk for Cohort	\$53,515.16	\$53,515.16
C5 – Linear Exchange Function (LEF) [C3a / C4a]	1.9661	1.9661
C6 – Final TPS Adjusted Amount [Adjusted at Risk (C4) * LEF (C5)]	\$4,482.73	\$5,603.41
C7 – TPS Adjusted Payment Percentage [C6 / C2]	2.241%	2.949%
C8 – Final TPS Adjusted Payment Percentage (APP) [C7 – 3%]	-0.759%	-0.051%

Two HHAs in the same state and cohort with different TPS values end up with different APPs (-0.759% and -0.051%, respectively). In this case, even though HHA #2's TPS value was just slightly better than the average TPS for its state and cohort, it would still see a very slight reduction in CY2018 in claims dollars submitted, albeit less than the reduction of approximately 0.75% experienced by HHA #1 due to its TPS value. The HHA with the higher TPS value performs better, but still sees a reduction in reimbursement due to its APP score.

Scenario 2: Different States, Different Cohorts

Below is an example of the eight steps in the APP calculation for two HHAs from different states representing different groups (i.e. cohorts) of HHAs.

Calculation Elements	State 1	State 2
C1—HHA's TPS	50	50
C1a—Avg. TPS for Cohort	49	43.5
C2—HHA's CY2015 Payment	\$190,000	\$190,000
C2a—Cohort Total CY2015 Payment	\$3,452,222	\$4,507,222
C3—3% at Risk (HHA 2015 payment (C2) * 3%)	\$5,700	\$5,700
C3a—Sum of 3% at Risk for Cohort	\$105,217	\$135,217
C4—Adjusted at Risk (HHA's TPS/100 (C1) * C3 value)	\$2,850	\$2,850
C4a—Sum Adjusted at Risk for Cohort	\$52,927	\$55,619
C5—Linear Exchange Function (LEF) (C3a / C4a)	1.987948	2.431140
C6—Final TPS Adjusted Amount (Adjusted at Risk (C4) * LEF (C5))	\$5,665.65	\$6,928.75
C7—Quality Adjusted Payment Rate (C6 / C2)	2.982%	3.647%
C8—Adjusted Payment Percentage (APP) (C7 - 3%)	-0.018%	0.647%

Notice the differences between these two states. The reference cohorts have different average TPS values (C1a), Total Payments (C2a), Total 3% at Risk (C3a), and Total Adjusted at Risk (C4a). The latter two values are used to calculate the Linear Exchange Function (LEF) (C5) for each state. When this LEF is applied to each HHA's performance, State 1 HHA will see a very slight reduction of 0.02%, while State 2 HHA will see about a 0.65% increase. This difference highlights how HHA performance is relative to the comparison cohort, and in this case, the particular state.

Scenario 3: Same State/Cohort and TPS values; Different Prior Payments

Below is an example of the eight steps in the APP calculation for two HHAs with the same TPS values but substantially different CY2015 payments who are in the same cohort of HHAs.

Calculation Elements	HHA #1 in State 1	HHA #2 in State 1
C1—HHA’s TPS	55	55
C1a—Ave. TPS for Cohort	53.6	53.6
C2—HHA’s CY2015 Payment	\$100,000	\$1,450,000
C2a—Cohort Total CY2015 Payment	\$4,757,222	\$4,757,222
C3—3% at Risk (HHA 2015 payment (C2) * 3%)	\$3,000	\$43,500
C3a—Sum of 3% at Risk for Cohort	\$142,717	\$142,717
C4—Adjusted at Risk (HHA’s TPS/100 (C1) * C3 value)	\$1,650	\$23,925
C4a—Sum Adjusted at Risk for Cohort	\$76,510	\$76,510
C5—Linear Exchange Function (LEF) (C3a / C4a)	1.86533	1.86533
C6—Final TPS Adjusted Amount (Adjusted at Risk (C4) * LEF (C5))	\$3,077.79	\$44,628.01
C7—Quality Adjusted Payment Rate (C6 / C2)	3.08%	3.08%
C8—Adjusted Payment Percentage (APP) (C7 – 3%)	0.08%	0.08%

Notice the differences between these two agencies. Because the reference cohorts have the same average TPS values (C1a), Total Payments (C2a), Total 3% at Risk (C3a), and Total Adjusted at Risk (C4a), these two agencies have the same Linear Exchange Function value (C5) and final Adjusted Payment Percentages (C8). Hence, while the two agencies have drastically different amounts of money “at risk” because of their agency size, the size of the agency based on payments does not influence the final APP value. The APP value is influenced by the LEF value (C5) which is the result of the total amount of money (payments) at risk for these agencies cohort (C3a and C4a).