Using Medicaid Funds to Promote Person-Centered Care in Nursing Homes

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A Toolkit for Policymakers

In partnership with:

KANSAS STATE UNIVERSITY
College of Health and Human Sciences
Center on Aging

LeadingAge LTSS CENTER @UMass Boston
Research bridging policy and practice

About This Report

The LeadingAge LTSS Center @UMass Boston and Kansas State University's Center on Aging would like to thank the RRF Foundation for Aging (formerly The Retirement Research Foundation) for its support of this work.

About the LTSS Center

The LeadingAge LTSS Center @UMass Boston conducts research to help our nation address the challenges and seize the opportunities associated with a growing older population. LeadingAge and the University of Massachusetts Boston established the LTSS Center in 2017. We strive to conduct studies and evaluations that will serve as a foundation for government and provider action to improve quality of care and quality of life for the most vulnerable older Americans. The LTSS Center maintains offices in Washington DC and Boston, MA. For more information, visit LTSSCenter.org.

About Kansas State University's Center on Aging

Kansas State University's Center on Aging coordinates and develops educational and training programs in aging, stimulates aging research, coordinates outreach activities, and serves as a referral center for information on aging resources in Kansas. The Center on Aging faculty addresses general issues of aging and seeks solutions to the challenges of aging. For more information, visit the Center on Aging website.

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Nursing Home Quality: Still an Urgent Need

Improving quality of care and quality of life for the nation's 1.4 million nursing home residents remains an urgent policy priority.

Regulators at the federal and state levels have long recognized the need for reform but have struggled to find and implement an oversight system that combines common-sense rules, education, and guidance with meaningful incentives that encourage providers to strive for excellence.

In search of a better path to quality, several states have adopted pay-for-performance (P4P) programs for their nursing homes. These P4P programs offer financial incentives aimed at improving the quality, not the quantity, of care.

Another path to quality involves changing the culture of nursing homes by implementing person-centered care practices. The Centers for Medicare & Medicaid Services (CMS) requires that nursing homes adopt person-centered care in select areas.

Person-centered care aims to transform the regimented, institutional nursing home environment by infusing it with principles and practices that encourage:

- Resident direction of care and activities.
- Staff empowerment.
- Collaborative and decentralized decision-making that flattens the nursing home hierarchy and gives aides appropriate levels of decision-making authority.
- A home-like living environment.
- The breakdown of nursing home spaces into small "households." (Koren, 2010; Rahman and Schnelle, 2008.)

Progress toward comprehensive adoption of person-centered care has been impeded by several factors. Most notably, nursing home operators tend to over-report the extent of their person-centered care adoption, often because they don't fully understand everything that person-centered care entails. Adopting and sustaining the above principles and practices requires deliberate and persistent adjustments to operational and organizational approaches. Recent research shows that 87% of nursing homes think they are strong adopters of person-centered care, while only 13% can truly claim that person-centered care has "completely changed how we care for our residents." (Tyler et al., 2014; Miller et al., 2014.)

The Kansas PEAK 2.0 Program: An Effective and Affordable Pathway to Quality

Despite the challenges described above, P4P and person-centered care still have the potential to transform nursing homes. But first, policymakers must take an active role in refining approaches to P4P and person-centered care so both approaches produce desired outcomes.

An established program in Kansas represents a highly effective model for states interested in combining P4P and person-centered care approaches to improve quality and resident outcomes in nursing homes. The Promoting Excellent Alternatives in Kansas Nursing Homes (PEAK 2.0) program uses Medicaid funds to provide financial incentives to nursing homes that adopt person-centered care. PEAK 2.0 has been providing resources and assessments for person-centered care for the past eight years. Approximately 168 of the 350 nursing homes in Kansas currently participate in the PEAK 2.0 program.

A recent research study by the LeadingAge LTSS Center @UMass Boston and the Kansas State University (KSU) Center on Aging shows that residents living in PEAK 2.0 nursing homes that adopted person-centered care in a comprehensive way:

- Experienced clinically significant improvements to their health.
- Reported substantially better satisfaction with quality of life than residents of other nursing homes in the state.

Another plus: Because PEAK 2.0 is funded by Medicaid, it is relatively inexpensive to administer compared to other P4P programs for nursing homes. In fiscal year 2016, the Kansas Department for Aging and Disability Services estimated that the PEAK 2.0 program costs $2.4 million: $1.9 million for the program's financial incentives and $500,000 to cover administrative expenses.

Features That Every P4P Program Should Have

The PEAK 2.0 program has several design features that allow it to avoid the pitfalls faced by other state programs that adopted the P4P model or encouraged person-centered care. Policymakers in other states should consider adopting these features in their own quality improvement programs.

1. A Strong Educational Component

Nursing homes entering PEAK 2.0 are placed in one of the six program levels, based on their current person-centered care practices. In making this decision, the PEAK 2.0 team does not rely solely on the nursing home's self-reported assessments of its person-centered care practices, which are often inaccurate. Instead, external reviewers evaluate homes based on objective program criteria.

Nursing homes that are new to PEAK 2.0 begin the program at the Foundation level. During the Foundation level, staff at participating nursing homes take part in a year-long education and training program designed to help the nursing home develop organizational readiness for change.

The Foundation level training program exposes staff members at all PEAK 2.0 nursing homes to the same educational curriculum so all program participants will acquire a common understanding of person-centered care and the standards that the PEAK 2.0 program will use to measure implementation of person-centered care practices.

It is essential that all PEAK 2.0 nursing homes have this shared knowledge before they begin moving through the remaining five program levels and implementing person-centered care in 12 core areas within four domains.

Those domains and core areas include:

- Offering residents choice in such areas as dining, sleeping, bathing, and daily routines.
- Empowering staff to make care decisions, participate in staff-led work teams, develop their careers, and build relationships with residents through consistent staffing.
- Creating a home-like environment both in resident rooms and in the neighborhoods or households in which those rooms are located.
- Facilitating a meaningful life for residents by supporting the human spirit and enabling residents' involvement in the community.

2. A Clear Pathway to Success

The PEAK 2.0 program does not just impose a general guideline directing nursing homes to adopt person-centered care. Rather, the program provides distinct steps and ongoing support to help nursing homes succeed in implementing person-centered care in as many aspects of their operations as possible.

Working in close collaboration with KSU Center on Aging staff, PEAK 2.0 participants prepare an annual action plan that specifies how they will implement person-centered care in the coming year. The nursing homes complete their first action plan at the end of their Foundation year.

Next, homes move through the first level of the PEAK 2.0 program by implementing person-centered care within the four domains described above. Once a home successfully implements person-centered care in at least three of the program's 12 core areas, it advances to the second level of the program and continues to work through implementation of the remaining core areas.

Homes at Level 3 through Level 5 are considered to have fully implemented person-centered care practices. Their work at these higher levels focuses on sustaining person-centered practices in all core areas.

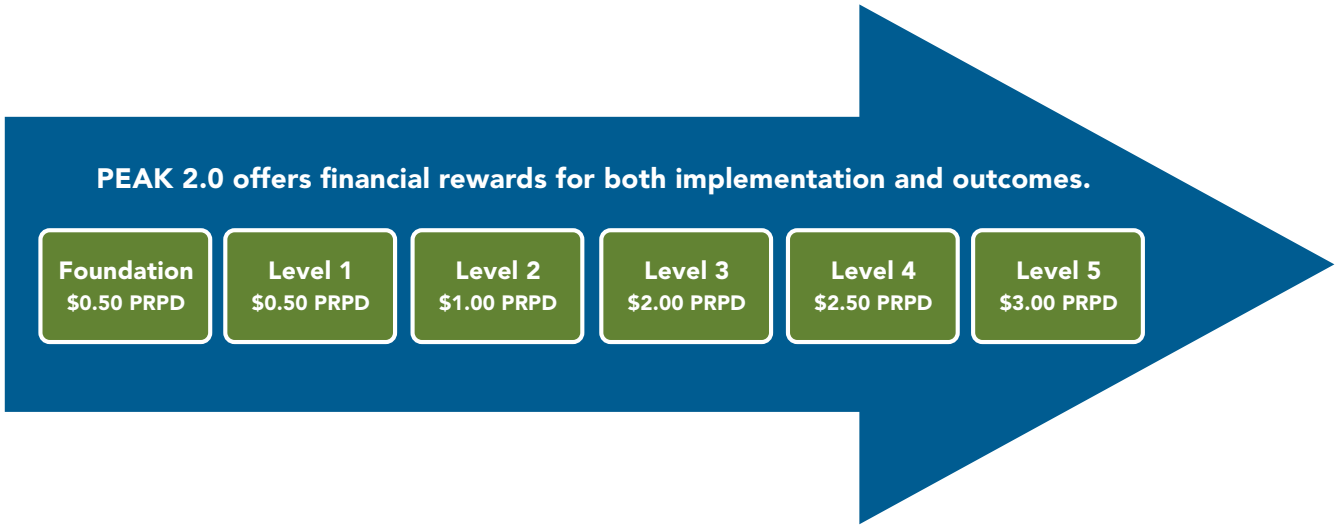
Nursing homes in all levels of the PEAK 2.0 program work closely and intensively with the KSU Center on Aging, which monitors and evaluates their progress in adopting person-centered care, and provides technical assistance as needed. After completing their Foundation level, for example, nursing homes in the program have access to PEAK 2.0 staff through one-on-one phone or video consultations. Nursing homes can also receive mentoring services from nursing homes that have already progressed through the program's higher levels.

3. Escalating Financial Incentives

PEAK 2.0 offers an escalating financial incentive that encourages participating nursing homes to adopt person-centered care comprehensively.

In the earliest stages of implementation, nursing homes receive 50 cents per Medicaid resident per day. That incentive increases as homes implement person-centered care to greater degrees. During the 2021-2022 program year, nursing homes at the highest level of implementation will receive $3 per Medicaid resident per day, which could translate into an annual payment of almost $110,000 for a nursing home delivering person-centered care to 100 Medicaid residents.

2021-2022 Financial Incentives Per Resident Per Day (PRPD)



Researchers credit these financial incentives with helping PEAK 2.0 grow steadily from 122 nursing homes in 2012 to 168 in 2020, which represents just under half of Kansas's total nursing homes. In addition, PEAK 2.0's financial incentives are sizable enough to interest a wide range of participants, including a representative percentage of for-profit nursing homes, in the implementation of person-centered care.

4. Rigorous Evaluation

All PEAK 2.0 nursing homes complete an annual self-assessment designed as a learning tool that measures how they perceive their progress in implementing person-centered care. More importantly, homes also undergo an external evaluation to determine their progress through the program's five levels of implementation.

The external evaluation provides an objective assessment of a nursing home's progress through the PEAK 2.0 program. The evaluation involves nursing home staff members from various disciplines and levels, including direct care staff. Nursing homes submit documents related to the core areas being evaluated and may undergo an on-site evaluation with interviews of residents and observation of the nursing home.

Annual evaluations are objective and authentic. If a nursing home does not succeed in implementing person-centered care in a given year, or cannot sustain practices in a core area, the home will not ascend to a higher level of the program, and may be assigned to a lower level or have its incentive payments suspended altogether. The prospect of these consequences can help motivate nursing homes to implement their plans so they can move to the next level.

PEAK 2.0: Domains and Core Areas

Domain	*Core Areas*
Resident Choice 	**Food.** Residents choose what, when, and where they eat. **Sleep.** Residents' individual sleep patterns are supported. **Bathing.** Bathing practices support individual choice. **Daily Routines.** Residents decide how they want to spend their day.
Staff Empowerment 	**Relationships.** Residents enjoy meaningful relationships with a small group of consistently assigned caregivers. **Decision-Making: Resident Care.** The home supports resident decisions through a team approach. **Decision-Making: Staff Work.** Traditional "top down" hierarchy is replaced with self-led teams making decisions that affect their work. **Career Development.** Systems are in place to promote professional development.
Home Environment 	**Resident Bedrooms.** Bedrooms in the home provide opportunities for privacy, personalization, and comfort. **Resident-Use Space.** All spaces in the home are comfortable and accommodating.
Meaningful Life 	**Supporting the Human Spirit.** Team members work together to discover and support what gives each resident meaning and pleasure. **Community Involvement.** Residents have opportunities to build and maintain existing connections.

How Nursing Homes Move Through PEAK 2.0 Levels

Level 0: The Foundation

- Create a functional person-centered care change team.
- Provide organization-wide training in person-centered care.
- Develop and grow leadership skills through in-person training sessions and a visit to a Mentor Home to see person-centered care in action.
- Learn techniques for staff and resident engagement in the change process.

Level 1:

- Develop an action plan and implement person-centered care in four of the 12 PEAK core areas.
- Move to Level 2 after successfully passing evaluations of at least three core areas.

Level 2:

- Spend three years working to pass evaluations of all remaining core areas.
- Pass an on-site evaluation of all 12 core areas in order move to Level 3, and become a person-centered care home.

Level 3:

- Shift focus from implementation to sustaining practices.
- Engage in mentoring other PEAK 2.0 nursing homes, if desired.
- Implement audits for each of the 12 core areas throughout the year to detect where practices are sliding.
- Undergo a second full evaluation one year after the Level 3 qualifying evaluation. Move to Level 4 as a sustained person-centered care home.

Level 4:

- Work on sustaining practices.
- Move to biannual evaluations to assess sustainability of practices.
- Complete the minimum points for mentoring in order to move to Level 5.

Level 5:

- Continue focusing on sustaining practices.
- Log 1,000 mentor points per year to maintain status as a "mentor home."
- Work on maintenance of person-centered care practices and engage in Round Table events with other PEAK homes.
- Receive a full evaluation every two years to assess sustainability of person-centered care practices.

The Importance of Full Adoption and Sustained Implementation

During their research study, the LeadingAge LTSS Center @UMass Boston and KSU's Center on Aging found that person-centered care, when it is implemented comprehensively, can have a significant impact on the lives of nursing home residents. However, significant quality improvements were noted only in nursing homes that had progressed to the highest levels of the PEAK 2.0 program. Residents of these homes reported:

Higher levels of satisfaction. Findings from a survey administered in 2014 and 2015 indicate that residents in PEAK 2.0 homes that had fully implemented person-centered care were more likely to be satisfied with their overall quality of life and quality of care than residents of non-PEAK 2.0 homes (Poey et al., 2017).

Better clinical outcomes. The adoption of person-centered care through the PEAK 2.0 program was associated with improvements in seven of 13 long-stay resident health outcomes included in the Minimum Data Set. Most notably, when compared to residents of non-PEAK 2.0 nursing homes, residents of high-performing PEAK 2.0 nursing homes were:

- 49% less likely to experience symptoms of depression.
- 40% less likely to have pressure ulcers.
- 34% less likely to have an in-dwelling catheter.
- 34% less likely to have a urinary tract infection (Hermer et al., 2018).

Moreover, a composite analysis revealed better clinical outcomes in nursing homes that were at higher levels of the program and had achieved greater adoption of person-centered care.

Steps for Establishing a P4P Program at the State Level

Step 1: Find partners who share your vision.

PEAK 2.0 is the outcome of a collaboration between nursing homes, the associations that represent them, Kansas Department of Aging and Disability Services (KDADS), and the Center on Aging at KSU. The program has been implemented continuously for nearly 20 years, following principles of nursing home culture change that were established by the Pioneer Network in the late 1990s.

This kind of collaboration between government, advocacy, academic, and business partners is critical to achieving organizational change. The joint effort to establish PEAK 2.0 in Kansas was possible because of long-standing relationships between the contributing partners. Support for the program was sustained through the clear vision and passion of leaders who knew that changing nursing home culture was the right thing to do and that it couldn't happen soon enough.

Key Takeaway:

- Partnerships are instrumental in establishing and gaining widespread support for P4P programs like PEAK 2.0. Success comes through continual communication among partners and deliberate efforts to maintain relationships.

Step 2: Secure sustainable support for the program.

CMS allows a certain percentage of nursing home Medicaid rates to be set aside as a quality incentive factor. However, your stakeholders at the state level must work hard to ensure that the CMS-supported set-asides include the incentives you want to offer nursing homes and reward the person-centered care practices you want to encourage.

Kansas reimbursement methodology has included an incentive component from the time it was created in the late 1990s. Over the years, this methodology has been adjusted several times. The PEAK 2.0 incentives were added on a budget-neutral basis after other incentive factors were reduced and/or eliminated because it was determined the older incentive factors did not improve quality in a sustained manner. This adjustment helped eliminate the need for additional funding to support the incentive program.

Separate Medicaid funds also support the work of the KSU Center on Aging, which manages the PEAK 2.0 program.

Key Takeaways:

- The availability of P4P incentives is a critical factor in motivating nursing homes to enroll in a quality improvement program and to succeed in implementing person-centered care. Only about 50 homes nominated themselves for the original PEAK program, which did not offer incentives. After the incentives were established, 168 nursing homes—more than half the nursing homes in Kansas—joined the program.
- State agencies face many competing priorities. Gaining agency attention for a P4P program often requires vigorous advocacy. Because program incentives come from Medicaid rates, your state's Medicaid agency must support it.
- Having strong partners within the funding organization can help establish a solid foundation for your P4P program. Establish clear goals for the program and document successful outcome measures. When the leadership in the funding organization changes—and it will—evidence of significant quality improvement outcomes will help you make the case for continuing your program under a new administration.

Step 3: Find champions within and outside your state.

A P4P program's long-term sustainability often depends on your ability to find champions for the program in your state.

Perhaps the best champions are the nursing homes themselves. Nursing homes that have fully adopted and sustained the person-centered care philosophy love to tell their stories. Evidence-based accounts from these nursing homes will motivate other nursing homes to participate in the P4P program. These nursing home champions should be able to identify members of their team, including their frontline staff, who are also champions for the program. It's important to make it clear that successful programs engage stakeholders at all levels—including administrative and frontline staff, residents, and families—to drive change.

It is also helpful to build champions outside of your state. The Center on Aging works with national associations to advance research on program outcomes, and reaches out to others who might be interested in the PEAK 2.0 process. Building a national reputation has helped make PEAK 2.0 a program that the state of Kansas wants to continue funding.

Key Takeaways:

- Nurture relationships.
- Share praise for your program with champions.
- Ask these champions for help when you need it.

Step 4: Engage providers as program leaders and mentors.

The PEAK 2.0 advisory group consists of representatives of the program's mentor homes and other nursing homes enrolled in the PEAK 2.0 program. A long-term care ombudsman also serves on this committee. The advisory group strives to continually improve the PEAK 2.0 program. The group, convened by KDADS, offers providers the opportunity to share their firsthand experiences with the PEAK 2.0 program and to participate in developing person-centered materials, adapting the program for the future, keeping the program relevant for Kansas nursing homes and the citizens of Kansas, and addressing program-related concerns as they occur.

Nursing homes in the PEAK 2.0 program also take part in an ongoing process of learning from and teaching one another about person-centered care. For example, to supplement the self-directed learning that takes place during Level 1 and Level 2, the PEAK 2.0 team at KSU holds regional Round Table events to gather experienced providers and PEAK consultants together so they can talk through real-life situations. In addition, homes in Level 4 and Level 5 serve as mentors to less-experienced homes in the program.

Key Takeaways:

- Target membership of your advisory group to homes that are participating in the program, and rely on providers to lead the group. Make sure you set goals that are attainable so the group can see quick wins.
- Large-group learning events, such as the PEAK 2.0 Round Tables, can help homes in early program levels implement person-centered care practices, provide those homes with new ideas, and help the homes increase their ability to move forward on their person-centered care journey.
- Mentor homes often form a strong bond with less-experienced homes and help those homes as they move through the PEAK 2.0 process.

Step 5: Hire an outside entity to manage the program.

While the PEAK 2.0 program incentives go directly to nursing homes through their Medicaid payments, the Kansas Department on Aging contracts with KSU to provide administrative services for the program. KSU receives approximately $250,000 per year from the state, and provides matching contributions of approximately $200,000. The contract is renewed annually. The PEAK 2.0 team is composed of two principle investigators, a full-time program director, two part-time consultants, a graduate research assistant, and three highly experienced service providers.

The PEAK team carries out a number of fundamental tasks to direct and implement the PEAK 2.0 program. Team members work with nursing homes through training, one-on-one consultations, action plan development, review and feedback, and evaluations. A fundamental role of the PEAK team is to develop and update person-centered care resources for participating homes and then make these resources readily available to participants. The principle investigators manage the program contract, budget, and evaluation.

Key Takeaways:

- The PEAK program team must listen carefully to program participants and other stakeholders to identify resources that need to be updated or developed. This task is vital to meeting the needs of program participants.
- Basing the administrative functions of a P4P program within a university setting allows the program to leverage the expertise of faculty to improve program resources and facilitate the assessment of the program's impact and outcomes.

Step 6: Evaluate the program.

The PEAK 2.0 program team conducts an annual PEAK experience survey to collect feedback from participants. The results of this survey are analyzed and shared with the PEAK advisory group and KDADS. Under the direction of these groups, the PEAK team makes adjustments to the program based on participant feedback. In addition, all in-person trainings have an evaluation component through which attendees rate the training and provide feedback to improve the training sessions.

Other funding mechanisms have allowed KSU to work with partners, including the LeadingAge LTSS Center, to conduct additional research on person-centered care and PEAK 2.0. These studies have examined clinical outcomes among residents, their perceived quality of life, and other topics. Study results, available on the PEAK 2.0 website, show promising and important quality outcomes for person-centered care in nursing homes.

Key Takeaway:

- One often-overlooked aspect of program management is evaluating the effectiveness of the program. However, this evaluation task is essential and cannot be ignored. Robust evaluation and research helps to ensure a program's quality and achieve its long-term sustainability.

Final Recommendations for State Policymakers

The Kansas PEAK 2.0 program can serve as a model for other states that are interested in enhancing nursing home quality through an affordable mechanism that blends supportive guidance, financial incentives, and rigorous evaluation to improve quality of care and quality of life for nursing home residents.

Based on the research highlighted in this toolkit, policymakers in other states should seriously consider developing a similar pay-for-performance mechanism to improve nursing home quality through the comprehensive adoption of person-centered care.

To be successful, such a program must include several features that set the Kansas PEAK 2.0 program apart from other P4P programs:

- A strong educational component to train nursing home staff members who will implement the program.
- A clear pathway to success that spells out distinct implementation steps and provides ample support to help nursing homes complete those steps.
- An escalating financial incentive that encourages participating nursing homes to adopt person-centered care comprehensively.
- Rigorous evaluation to ensure that nursing homes progress toward comprehensive adoption in a timely manner and then are able to sustain their practices.

For more information about the PEAK 2.0 program, contact Laci Cornelison or visit the PEAK 2.0 website.

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