American Academy of Home Care Medicine's (Academy) Response to *Report to Congress: Evaluation of the Independence at Home Demonstration, Evaluation of the First Five Years*

Released by CMS in March 2020

In March 2020, Mathematica Policy Research (MPR) submitted its second published evaluation report of the Independence at Home (IAH) Demonstration, as required by Section 3024 of the Patient Protection and Affordable Care Act (Public Law 111-148). The IAH Demonstration "was intended to test a payment incentive and delivery model for providing home-based primary care to chronically ill and functionally limited Medicare beneficiaries." Over the course of five years, the Demonstration produced over $100 million in savings to the Medicare program, saved $1,289 per beneficiary per year (PBPY) for CMS, and decreased long term institutionalization (LTI) rates by 6 percentage points for the entire demonstration population.

MPR Findings

MPR included the following key findings in its report:

- MPR found that by Year 5, there was a statistically significant reduction in Medicare spending of $330 per beneficiary per month (PBPM).
- MPR found that overall savings from the payment incentive—$81M (million) or $220 PBPM—were not statistically significant. The Demonstration was designed to only detect a statistically significant cost reduction larger than $307 PBPM.
- MPR attributed $20M of the $31M in Year 5 savings to a single practice (Practice P).

Operational Issues with MPR's Analytical Approach

MPR employed a narrow and flawed research methodology that failed to appropriately acknowledge the positive changes induced by the IAH incentive policy, as well as savings from the ongoing practices of higher performing Demonstration practices. Specifically:

- ***The largest changes in savings were among practices with the lowest rate of savings in the MPR report.*** High-value practices that achieved savings prior to IAH participation were less likely to demonstrate a significant change in cost savings in the analysis, since MPR used a difference-in-difference approach that failed to acknowledge the substantial cost-savings such high-value practices were already achieving at baseline. In practicality, most practices that yielded the smallest difference-in-differences percentage under MPR's analysis accounted for the majority of savings under IAH for the Medicare program.
- ***Savings generated by the Demonstration are three times the amount of the incentive payments paid out.*** The total savings for Year 5 were approximately $23 million, and the total shared savings payments to practices in Year 5 were $7 million. Thus, the HPBC model under the IAH Demonstration produced savings three times in excess of the incentive payments. This is similar for other years as well, with savings of $23M in Year 4, and $11.5M in Year 3 deriving from practices using the evaluation methodology for their cost benchmarking.
- ***Quality impact was three times greater for all Demonstration patients.*** MPR reported on three claims-based quality measures that were also reported on by the operational contractor (RTI), based on the actual patients in the Demonstration. The observed: expected (O:E) performance ratio as measured by RTI was three times that as measured by MPR in its report using the cohort of patients they assembled in their evaluation.

- ***The population studied excluded beneficiaries enrolled in the Demonstration and included those who were not Demonstration participants.*** MPR used only Medicare claims and other administrative data to identify the IAH group for evaluation rather than information provided by RTI who enrolled the beneficiaries, based on both claims data and clinical information provided by the sites which was used for actual beneficiary enrollment in the Demonstration. As a result, the sample of beneficiaries enrolled by the practices in the demonstration differed from the beneficiaries in the IAH group used for the MPR evaluation: over 23K beneficiaries enrolled in the Demonstration were excluded from the participation list (and about 17K beneficiaries who were not enrolled were included), making the 42,508 person-years of observation in the evaluation a further underpowered, abstract reflection of the 54,331 person-years enrolled in the Demonstration.

Academy Recommendations

- The Academy believes that the $103M in total savings generated by the IAH practices in Years 1-5 is a better measure of the value of the IAH Demonstration. Removing the statutory limitation on patient growth (how the payment model would generate new savings from existing high performing practices) would allow testing of the model's full design and bring statistical significance into clearer focus.
- The impact of the HPBC model should be determined by jointly evaluating the outcomes and performance of the practices and the patients in the Demonstration.
- Policymakers must ensure that low-margin IAH practices capture a larger portion of the shared savings they generate. The structure of the incentive—with the initial 5 percentage points of savings retained by CMS resulted in practices receiving only 27% of the total savings over the course of the Demonstration, making the shared savings available from IAH less attractive than other value based alternatives.
- To address these challenges, the Academy's Learning Collaborative and other stakeholders believe that the IAH Demonstration should be expanded to include additional sites as well as additional beneficiaries, with a sufficiently high limit to allow full evaluation of the growth of the program, as well as a proper incidence-study of the impact of HBPC operating under revised IAH incentives.