

**Department of Social Services**  
**Report to the Appropriations and Human Services Committees**  
**Medication Administration Rate Reduction**

Submitted May 31, 2016

**Conclusion**

The Department of Social Services (Department) has determined that the expected savings, related to medication administration provided by licensed home health care providers, assumed in the budget for the fiscal year ending June 30, 2017 will not be achieved. Accordingly, pursuant to section 17b-242(c) of the 2016 supplement to the Connecticut General Statutes, after careful analysis, the Department is reducing the reimbursement rate for medication administration by 15% effective for dates of service on and after July 1, 2016.

This conclusion, based on the rate of expenditures is based on the following trends:

- The expenditures attributable to medication administration for the QE 12/31/15 is similar to the rate of expenditures for the QE 9/30/14 and the QE 3/31/15.
- The unique members utilizing medication administration for the QE 12/31/15 is similar to the unique members who utilized medication administration for the QE 3/31/14.
- Although the Department offers other, less costly, alternative billable activities to support members in the community who need assistance with medication administration, the utilization trend for these services is not sufficient to achieve the savings required. These additional reimbursable services, which are available when clinically appropriate for an individual, are as follows:
  - Nurse delegation to a certified home health aide;
  - Electronic medication dispensing machines; and
  - Medication prompting by a home health aide.

Based on the trends in unique members and expenditures, the Department has determined that the only way to achieve the assumed savings in the budget is to reduce the rate associated with medication administration. Although there is some evidence that the expenditures directly attributable to medication administration by home health care agencies is trending down for the last two quarters of calendar year (CY) 2015; however, all of the claims for the Quarter Ending (QE) QE 12/31/15 may not have been submitted by providers. The estimated claims completion factor at five months for home health services is 96.5%. The claims completion factor for six and seven months is estimated at 97.6% and 98.2%, respectively.

## Background

Section 387 of Public Act 15-5, June special session, amended Conn. Gen. Stat. 17b-242(c) by adding provisions regarding the monitoring of savings achieved through nurse delegation of medication administration and the reduction of rates for medication administration, as follows:

(c) The home health services fee schedule shall include a fee for the administration of medication, which shall apply when the purpose of a nurse's visit is limited to the administration of medication. Administration of medication may include, but is not limited to, blood pressure checks, glucometer readings, pulse rate checks and similar indicators of health status. The fee for medication administration shall include administration of medications while the nurse is present, the pre-pouring of additional doses that the client will self-administer at a later time and the teaching of self-administration. The department shall not pay for medication administration in addition to any other nursing service at the same visit. The department may establish prior authorization requirements for this service. Before implementing such change, the Commissioner of Social Services shall consult with the chairpersons of the joint standing committees of the General Assembly having cognizance of matters relating to public health and human services. The commissioner shall monitor Medicaid home health care savings achieved through the implementation of nurse delegation of medication administration pursuant to section 19a-492e. If, by January 1, 2016, the commissioner determines that the rate of savings is not adequate to meet the annualized savings assumed in the budget for the biennium ending June 30, 2017, the department may reduce rates for medication administration as necessary to achieve the savings assumed in the budget. Prior to any rate reduction, the department shall report to the joint standing committees of the General Assembly having cognizance of matters relating to appropriations and the budgets of state agencies and human services provider specific cost and utilization trend data for those patients receiving medication administration. Should the department determine it necessary to reduce medication administration rates under this section, it shall examine the possibility of establishing a separate Medicaid supplemental rate or a pay-for-performance program for those providers, as determined by the commissioner, who have established successful nurse delegation programs.

## Analysis

Medication administration is performed by a nurse and the rate for this service is currently \$61.13 per visit. The following represents data related to this service:

Time Period	Unique Members	Units Billed	Paid Amount	Per Member Per Month (PMPM)
QE 3/31/14	6,297	469,824	\$27,201,623	\$1,440
QE 6/30/14	6,423	488,839	\$28,339,202	\$1,471
QE 9/30/14	6,462	492,671	\$28,556,615	\$1,473
QE 12/31/14	6,562	501,374	\$29,294,251	\$1,488
QE 3/31/15	6,539	485,700	\$28,689,460	\$1,462
QE 6/30/15	6,727	506,161	\$29,876,561	\$1,480
QE 9/30/15	6,702	500,687	\$29,585,560	\$1,471
QE 12/31/15 *	6,533	484,779	\$28,595,337	\$1,459

*\* Reflects claims submitted as of May 2, 2016. Claims continue to be submitted for this quarter.*

The annual expenditures for medication administration are as follows:

Calendar Year	Paid Amount
2012	\$108,278,056
2013	\$109,217,341
2014	\$113,391,691
2015	\$116,746,918

Effective for dates of service on and after July 1, 2016, the Department is reducing the rate for medication administration from \$61.13 per visit to \$51.96, which is a reduction of 15%. Based on current trends, the Department estimates this change will save approximately \$15 million in FY 2017. The budget for FY 2017 assumes \$20 million in gross savings (including the state and federal share). The Department will continue to monitor the use of nurse delegation, electronic medication dispensing machines, and prompting by home health aides to determine if the utilization of these services increases enough to achieve the \$20 million in total savings required. **If the expenditure trend does not suggest that the Department will achieve the \$20 million in savings by the end of FY 2017, the Department will take further action by January 1, 2017 to achieve the intended savings, which may include a further reduction in the reimbursement rate for medication administration.**

As required pursuant to section 17b-242(c) of the 2016 supplement to the Connecticut General Statutes, **attached is a spreadsheet that includes provider specific cost and utilization trend data** for medication administration services (as well as the related less costly services—nurse delegation of medication administration to certified home health aides, electronic medication administration devices, and medication prompting provided by home health aides).

**Medication Prompting Provided by Home Health Aides:** The Department of Social Services (DSS), the Department of Mental Health and Addiction Services (DMHAS), the Department of Public Health (DPH) and the Office of Policy and Management (OPM) held several meetings with the home health care industry in CY 2015 to discuss the utilization and costs associated with medication administration. The home health care providers suggested that savings could be achieved if DSS implemented a new procedure code that allowed a home health aide to go into a home of a member to prompt the member to take his/her medication. DSS implemented the new procedure code effective October 1, 2015. Based on one calendar quarter of utilization, there were approximately 75 unique members who received this service. There were 961 units billed for prompting. The estimated savings associated with the use of prompting as compared to a nurse medication administration visit is approximately \$37,603 for Q4 2015. Based on claims received and processed to date, the Department is seeing an increase in utilization of prompting by home health care agencies based on self-reporting tracking tools from home health care providers, but we do not yet have the claims to quantify the savings in CY 2016. Even if the utilization of prompting were to double every quarter in 2016, which is a very aggressive potential trend, the estimated annual savings would be approximately \$1 million.

**Electronic Medication Dispensing Machines:** The medication dispensing machines (also known as “med boxes”) became a billable service under Medicaid in December 2013. For the entire calendar year of 2015, a total 106 units were billed, representing 31 unique members who were utilizing these machines, for an expenditure total of approximately \$16,010. It is hard to estimate the savings associated with med boxes since it is billed on a monthly basis compared to a per member visit. The minimal adoption rate, however, implies a correspondingly minor savings contribution.

**Nurse Delegation of Medication Administration to Certified Home Health Aides:** In January 2014, DSS began reimbursement for medication administration provided by certified home health aides whose medication administration functions were delegated by a licensed nurse. For the entire calendar year of 2015, there were a total of 2,067 billed units representing 74 unique members whose medication administration was delegated to a certified home health aide. This total expenditure for calendar year 2015 for nurse delegation was \$55,132. This reflects a savings of approximately \$71,223. This reflects the avoided nurse services less the cost of the nurse delegation services.

**Department's Consideration of the Possibility of Establishing a Supplemental Payment Rate or a Performance Payment Program:**

The Department is considering the possibility of establishing a separate Medicaid supplemental rate or a provider performance payment program for those providers who have implemented a successful nurse delegation program. The Department is currently evaluating the combination of metrics related to nurse delegation and quality measures that could be used to determine if a provider has a successful nurse delegation program that maintains the clinical stability of the member in the community. At this time, however, the rate of utilization for nurse delegation, medication dispensing machines, and prompting does not warrant a provider performance payment program. In addition, the Department needs additional time and documentation to appropriately evaluate relevant information before making any such programmatic change, including examining the cost reports of home health care agencies.