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CMS Launches Five-Star Rating System for Nursing Homes

This week the Centers for Medicare & Medicaid Services (“CMS”) officially launched its new five-star rating system for measuring nursing home quality at www.medicare.gov/NHCompare. The rating system is based on three distinct performance measures which are combined to provide each facility with an overall star rating. A five-star rating indicates that a facility is operating well above average, while a one-star rating indicates that the facility falls well below average. CMS believes that this new system will allow for easier comparison between nursing homes and further, encourage those visibly underperforming nursing homes to strive for improved quality of care.

CMS has provided comparison tools through the Nursing Home Compare website since 1998. While nursing home specific data has been available to the public for quite some time, the use of a star rating system is new in this particular care setting. Under this new system, nursing homes will receive a total of four ratings including one rating for each of the following performance measures: health inspections, quality measures, and staffing. In addition to these ratings, each facility will also receive an overall rating which reflects its results for all three performance measures.

A brief description of each performance measure follows:

- **Health Inspections:** CMS uses three years of survey data and results of complaint investigations to determine the rating for the health inspections measure. The most recent findings are more heavily weighted as CMS believes this best reflects recent quality trends. In addition, deficiency findings from repeat revisits and complaint information may also negatively impact the health inspections star rating. For this particular performance measure, facilities are ranked against other nursing homes in their state in order to balance any regional discrepancies in surveying. The top 10% of facilities in each state receive a five-star rating, and the bottom 20% receive a one-star rating. Remaining facilities are assigned two, three or four-star ratings based on an even distribution.
- **Quality Measures:** CMS averages the three most recent quarters of quality data from ten quality measures (“QM”s) self-reported by nursing homes. Of these ten QMs, CMS selected seven long-stay measures and three short-stay measures which include the following:

- Long-Stay Measures

- Percent of residents whose need for help with activities of daily living (“ADL”) has increased
 - Percent of residents whose ability to move about in and around their room has worsened
 - Percent of high-risk residents who have pressure sores
 - Percent of residents who have/had a catheter inserted and left in their bladder
 - Percent of residents who were physically restrained
 - Percent of residents with urinary tract infections
 - Percent of residents with moderate to severe pain
- Short-Stay Measures
 - Percent of residents with pressure sores
 - Percent of residents with moderate to severe pain
 - Percent of residents with delirium

Notably, the QMs related to ADL and mobility receive a greater amount of weight in the calculation than other measures. In addition, while the national distribution of a majority of the QMs contribute to the facility’s quality rating, calculations related to the ADL measures are based on state-specific information. The top 10% of facilities receive a five-star rating, and the bottom 20% receive a one-star rating. Remaining facilities are assigned two, three or four-star ratings based on an even distribution.

- Staffing Data: CMS considers both registered nurse (“RN”) staffing and total nursing hours when determining a facility’s staffing rating. A calculation of the average number of hours and minutes of nursing care per resident per day is performed, which includes care provided by RNs, licensed practical nurses and nurse aides. This average is case-mix adjusted to account for variations in the amount of resources the facility requires. Currently, to receive a five-star rating for the staffing measure, a facility must provide a minimum of 0.55 RN hours and 4.08 total nursing hours per resident per day. Finally, while the two staffing measures are given equal weight when calculating the staffing rating, users are able to access a star-rating specific to RN staffing through the Nursing Home Compare website.
- Overall Rating: CMS determines a facility’s overall rating by combining its ratings for all three performance measures. While the health inspection star rating forms the basis for the overall rating, extremely high or extremely low ratings in the staffing and quality measures may increase or decrease the overall star rating a facility receives. For example, a facility with a three-star rating based on the health inspection measure may be able to upgrade its overall rating by one star if it receives a five-star quality rating. Conversely, if that same facility receives a one-star rating in the quality measure, its overall quality rating is downgraded by one star. Notably, facilities who receive a one-star health inspection rating cannot receive an upgrade of more than one star based on their staffing or quality ratings.

CMS recognizes that the rating system has its limits. For example, not all reported QMs are used to determine the facility's quality rating; much of the data is self-reported and not formally checked for accuracy; and health inspection ratings may not accurately reflect those differences in population that impact the extent and type of care provided. As such, those who access the website are encouraged to look beyond the stars when determining the best fit for themselves or their family members. Website users should understand that Nursing Home Compare is an additional tool that provides a snapshot of a facility's overall quality. While a rating system alone cannot determine the best fit for a patient requiring long term care, it is likely that both patients and their families will easily identify with this type of classification system and at least consider a facility's rating when making their decision.

Regardless of its limitations, this type of rating concept is not likely to go away. CMS intends to pursue similar ratings systems for hospitals, home health agencies, and end-stage renal disease facilities in the near future.

A technical user's guide which explains the rating system in greater detail is available at <http://www.cms.hhs.gov/CertificationandCompliance/Downloads/usersguide.pdf>. Facility ratings will be updated frequently and can be accessed via www.medicare.gov/NHCompare. If you would like additional information on this topic please contact Todd J. Selby at (317) 977-1440 or tselby@hallrender.com, or Katherine A. Kuchan at (414) 721-0479 or kkuchan@hallrender.com.

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