

OFFICE OF AUDITS & ADVISORY SERVICES



COMMUNITY-BASED CARE TRANSITIONS PROGRAM AUDIT

FINAL REPORT

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County of San Diego

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JUAN R. PEREZ
CHIEF OF AUDITS

January 21, 2015

TO: Nick Macchione, Director
Health and Human Services Agency

FROM: Juan R. Perez
Chief of Audits

FINAL REPORT: COMMUNITY-BASED CARE TRANSITIONS PROGRAM

Enclosed is our report on the Community Based Care Transitions Program. We have reviewed your response to our recommendations and have attached them to the audit report.

The actions taken and/or planned, in general, are responsive to the recommendations in the report. As required under Board of Supervisors Policy B-44, we respectfully request that you provide quarterly status reports on the implementation progress of the recommendations. The Office of Audits & Advisory Services will contact you or your designee near the end of each quarter to request your response.

Also attached is an example of the quarterly report that is required until all actions have been implemented. To obtain an electronic copy of this template, please contact Franco Lopez at (858) 505-6436.

If you have any questions, please contact me at (858) 495-5661.

JUAN R. PEREZ
Chief of Audits

AUD:FL:aps

Enclosure

c: Tracy M. Sandoval, Deputy Chief Administrative Officer/Auditor and Controller
Andrew Pease, Executive Finance Director, Health and Human Services Agency
Ellen Schmeding, Director, AIS & Public Administrator/Public Guardian

INTRODUCTION

Audit Objective The Office of Audits & Advisory Services (OAAS) completed an audit of the Community-Based Care Transitions Program (CCTP). The objective of the audit was to evaluate controls over the administration of the program including, but not limited to, participant tracking and claims processing.

Background Authorized under Section 3026 of the Patient Protection and Affordable Care Act of 2010, the CCTP provides federal funding to test models for improving care transitions from hospitals to the community for fee-for-service (FFS) Medicare beneficiaries that are at risk of being readmitted to an acute care hospital within 30 days of discharge from a hospital. Administered by the Centers for Medicare and Medicaid Services (CMS) and included in the agency's broader Partnership for Patients initiative, the goals of the CCTP are to: (1) reduce hospital readmissions for high-risk beneficiaries, (2) create measurable savings to the Medicare program by testing models for improving care transitions from the hospital to the post-acute care setting, and (3) maintain or improve quality of care.

In October 2011, Aging & Independence Services (AIS) partnered with Scripps Health (Scripps), Sharp HealthCare (Sharp), Palomar Health, and University of California San Diego Health System to form the San Diego Care Transitions Partnership (SDCTP). In April 2012, the SDCTP submitted an application to CMS to participate in the CCTP. In their program, the SDCTP designed a patient-centered care transitions program for Medicare FFS patients at high-risk for readmission that could benefit from the CCTP.

After CMS approval, the SDCTP program launched in January 2013 for a scheduled two year term through December 31, 2014. At the discretion of CMS, the program may be extended on an annual basis. In order to regularly track CCTP performance for all participants, CMS contracted with Mathematica Policy Research (MPR) to create Quarterly Monitoring Reports (QMRs).

The County's CCTP program has had success in serving the high risk population most susceptible to hospital readmission. The SDCTP has set a structure that transitions patients across care settings by providing both hospital and community-based interventions that target the patient's specific risk for a readmission. The following outcomes were noted as a result of the SDCTP's CCTP:

- AIS established and maintained an oversight and management infrastructure for the CCTP.
- A decrease in the readmission rates for patients provided CCTP services.

- A steady increase in the number of patients served each quarter since inception of the program.
- The SDCTP is among the highest performing CCTPs in the Country.
- Due to the SDCTP's strong performance, a team was sent by CMS to identify best practices that could be applied to other CCTP partnerships.

Audit Scope & Limitations

The scope of the audit included verification of controls that ensure the CCTP is appropriately administered within the hospitals that comprise the SDCTP. The time period of the review focused on administration during the term of the CCTP from January 2013 to October 2014.

This audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing prescribed by the Institute of Internal Auditors as required by California Government Code, Section 1236.

Methodology

OAAS performed the audit using the following methods:

- Reviewed contracts and agreements applicable to the CCTP to determine required deliverables, objectives and performance targets.
- Identified and isolated variances noted in the CCTP Program Agreements between AIS and CMS, the AIS CCTP Application, and hospital contracts.
- Assessed performance of the SDCTP and CCTP program from the QMRs generated by MPR. Evaluated metrics and results against performance goals set by CMS.
- Reviewed program performance as measured by AIS and determined whether it appropriately reflects program results as outlined in the original application.
- Verified that AIS has complied with CMS requirements regarding the safeguards over protected health information.
- Verified that claims submitted by partner hospital are for patients eligible for the CCTP program and services were performed in accordance with the hospital agreements.
- Verified claims submitted by SDCTP partners were for patients eligible for the program and services were performed in accordance with CMS requirements.

- Verified the number of patients claimed and the rates applied are appropriate for CMS reimbursement and payments to partner hospitals.

Commendation

OAAS would like to thank Aging and Independence Services and all member hospitals of the SDCTP for the cooperation and courtesies extended to us while performing the audit.

Audit Results

Summary

Within the scope of the audit, the design and operating effectiveness of CCTP administration controls (including participant tracking and claims processing) were generally sufficient. Specific issues were identified in the areas of performance targets and general contract administration. To strengthen the effectiveness of program controls and processes, OAAS presents the following findings and recommendations.

Finding I:**Not All CCTP Performance Targets Achieved**

In the CCTP Agreement, CMS outlines three performance targets that are used to evaluate program results and impact. The SDCTP fully achieved one out of three CCTP performance targets as outlined below by objective followed by result:

- **Objective 1:** CMS' critical performance target is the 20% reduction in the 30-day all-cause, all-condition Medicare FFS patient readmission rate over the two year CCTP term.

The 30-day all-cause, all condition readmission rates amongst the SDCTP partners has not and is not expected to decrease by 20% during the two year term. The 2013 readmission rate (17.7%) decreased 4.8% from the 2010 baseline readmission rate (18.6%) outlined in QMR 5.¹

- **Objective 2:** The reduction in the 30-day all cause readmission rate among the high risk cohort served by the CCTP.

As of January 2014, the 30-day all cause readmission rate (13.9%) among the high risk cohort served by the CCTP has decreased 25.3% when compared to the 2010 baseline readmission rate (18.6%).² To get a more focused measurement on the actual decrease within the CCTP population, the SDCTP isolated the CCTP baseline readmission rate through an ad-hoc analysis and reported a decrease of 65.1% in the readmittance rate as outlined in their Reflections report sent to CMS October 2014.³

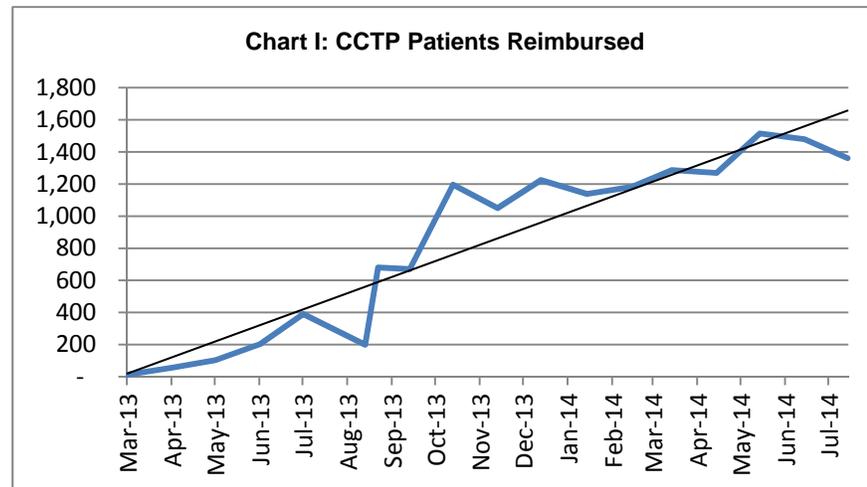
¹ MPR QMR 5 outlines the overall status of the CCTP as of January 31, 2014.

² The QMR's baseline readmission rate includes all Medicare FFS patients and not just the high risk cohort served by the CCTP.

³ The AIS prepared measurement is based on hospital readmission statistics provided by SDCTP partners. While the methodology used for the measurement appeared reasonable, OAAS did not audit the metric.

- **Objective 3:** Achievement of the enrollment volumes (21,390 patients annually) outlined in the SDCTP's CCTP application. If volumes were not achieved, monthly enrollment should demonstrate a steady upward trend.

Overall target volumes for the initial two year term were not achieved. However, CCTP enrollment volumes demonstrated a steady upward trend during the period of performance as outlined in the chart below. CMS has reimbursed 15,018 patients claimed as of July 2014.



Performance and volume targets were not attained primarily due to the following:

- **Flawed Performance Target:** The critical performance target (Objective 1) does not accurately reflect the performance of the SDCTP's CCTP because it considers the readmissions for all Medicare FFS patients, including patients not served by the program. No CCTP in the Country has achieved the 20% reduction target. However, the SDCTP has outperformed the weighted average of all other CCTPs in the Country as outlined in Table 1.⁴

Table 1. 30 Day All-Cause, All Condition Hospitals Readmission Rates

Weighted Average	Base Line	Program to Date	Reduction
SDCTP	18.6%	17.7%	-0.9%
All other Organizations	20.2%	19.5%	-0.7%

The SDCTP stated in their Reflections report that the CMS target of a 20% reduction in the 30-day all-cause, all condition readmission rate is not an achievable goal. In their application, the SDCTP outlined it would reduce preventable readmission by 20%; however, CMS expanded this measure in the CCTP Agreement to outline all-

⁴ As outlined in QMR 5, Table 5

cause, all condition readmissions. The SDCTP could not address concerns regarding the measurement methodology until after the program was approved and executed.⁵

- **Program Startup:** The SDCTP did not achieve the target volumes (21,390 patients annually) outlined in their program application due to the start-up time needed to implement the CCTP in all partner hospitals. It took over seven months to completely implement the program which required staff training, tracking system implementation, and extensive collaboration within the SDCTP.⁶ Additionally, planned target volumes submitted by the SDCTP were too aggressive and did not account for adjustments necessary for program startup.
- **Staff Resources:** Due to the uncertainty of program continuation after the initial 2 year term, it has been difficult for the two largest SDCTP hospital systems (Scripps and Sharp) to hire nurses with the necessary experience to administer CCTP services.

In year one (January 2013 - December 2013), the SDCTP prevented 437 all-cause, all condition hospital readmissions which fell short of reducing preventable readmissions by 758 patients annually as outlined in the SDCTP's application. At 2013 volumes, the CCTP obtained \$2,983,955 out of a possible \$15,361,504 of CMS reimbursement funds available and had savings of \$2,662,959 net of CMS reimbursements, as outlined in Table 2.

Table 2. CCTP Prevented Costs and Savings

Prevented Readmissions*	2012 Patient Average Admission Costs**	Prevented Costs (A*D)	2013 CMS Reimbursement	CMS Net Savings (C-D)	ROI (E/D)
437	12,922	5,646,914	2,983,955	2,662,959	89.2%

* As outlined the SDCTP's Reflections Report: Page 6

**Health Service Advisory Group Report - Integrated Care for Population and Communities Payment Summary Report from June 25, 2014; Page 11.

Recommendation:

When identifying future programs for application, AIS should

1. Identify and evaluate critical program performance requirements for reasonableness. Additionally, AIS should verify that performance can be calculated in a standard manner.
2. Evaluate how program phases (e.g., initial startup and close) will affect program performance and adjust application deliverables and target volumes accordingly.

⁵ The performance measure had been changed by CMS without prior notification to the SDCTP.

⁶ The SDCTP began providing services on January 22, 2013; the final hospital came on-board on May 20, 2013. The program was fully operational within 4 months, but took 7 months to start-up and build capacity.

3. Ensure that program applications and related agreements align before executing. Any variances or new requirements should be addressed before proceeding with any new program.

Finding II:**Improvement Needed in Contract Administration**

Amendments were made to the CCTP Agreement that weren't updated within the SDCTP's hospital system contracts. Specifically:

- **Outcome Measures:** The four hospital system contracts outline Outcome Measures under Exhibit A, Section 4.2 that are not needed by AIS or reported on by the four hospital systems.
- **Patient Experience Survey:** The SDCTP program application was amended to require the patient experience survey only be given to patients who were provided Care Transitions Intervention and Post Acute Navigation Intervention. However, the contracts between the partner hospitals and AIS were not updated to reflect these changes.

Program requirements and objectives should be accurately reflected in program contracts and agreements to avoid inconsistent contractor performance. Changes to the agreement authorized by CMS should be applied to all related agreements.

Recommendation:

AIS should process all amendments necessary in order to ensure program requirements and objectives are accurately reflected in program agreements.

Office of Audits & Advisory Services

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VALUE

DEPARTMENT'S RESPONSE



County of San Diego

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DIRECTOR

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PUBLIC ADMINISTRATOR
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PUBLIC CONSERVATOR

January 12, 2015

RECEIVED

JAN 14 2015

TO: Juan R. Perez, Chief of Audits
Auditor & Controller

OFFICE OF AUDITS &
ADVISORY SERVICES

FROM: Ellen Schmeding, Director
Aging & Independence Services

DEPARTMENT RESPONSE TO AUDIT RECOMMENDATIONS: COMMUNITY-BASED CARE TRANSITIONS (CCTP) PROGRAM AUDIT

Finding I: Not All CCTP Performance Targets Achieved

OAAS Recommendation: When identifying future programs for application, AIS should

- Identify and evaluate critical program performance requirements for reasonableness. Additionally, AIS should verify that performance can be calculated in a standard manner.
- Evaluate how program phases (e.g., initial startup and close) will affect program performance and adjust application deliverables and target volumes accordingly.
- Ensure that program applications and related agreements align before executing. Any variances or new requirements should be addressed before proceeding with any new program.

Action Plan: Even though this finding occurs outside of the original audit request (CCTP Administration - participant tracking and claims processing), AIS concurs with Finding I. However, please see dot-points 1 and 3 below for AIS' response to the corresponding 1st and 3rd dot-points of the report recommendation.

- All CCTP performance requirements, and their method of calculation, were established by the Centers for Medicaid and Medicare Services (CMS). On many occasions, AIS shared with CMS the San Diego Care Transition Partnership's (SDCTP) concerns related to both areas. Most recently, the Altarum group (consultant to the SDCTP) received permission from CMS to publically raise awareness around the flawed readmission metrics. Links to these articles can be provided upon request.
- For the Year three extension, beginning on January 1, 2015, the SDCTP hospital partners were required to establish realistic patient targets based on current performance.

Juan R. Perez
January 12, 2015
Page 2 of 2

- The SDCTP was not able to negotiate with CMS on the Program Agreement language; the option at that time was to either sign the modified Agreement or not participate in the program.

Planned Completion Date: Ongoing

Contact Information for Implementation: Deborah Marquette, Principal Administrative Analyst (PAA)

Finding II: Improvement Needed in Contract Administration

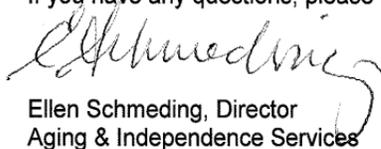
OAAS Recommendation: AIS should process all amendments necessary in order to ensure program requirements and objectives are accurately reflected in program agreements.

Action Plan: AIS concurs with this recommendation.

Planned Completion Date: Amended contracts were submitted to each SDCTP hospital partner on January 2, 2015 for review and approval.

Contact Information for Implementation: Deborah Marquette, PAA

If you have any questions, please contact me at (858) 505-6329.



Ellen Schmeding, Director
Aging & Independence Services

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