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# A State-Sponsored Approach to Quality Improvement in Nursing Homes: Insights From Providers

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**Abstract:** In 2006, the Minnesota Performance-based Incentive Payment Program (PIPP) was launched to fund provider-initiated quality improvement (QI) projects addressing a wide range of persistent quality issues in nursing homes (eg, falls, pain, mobility, psychotropic medication reduction, care transitions). In this article, the authors describe the perceptions of nursing home providers who participated in a PIPP-funded QI project and completed a survey addressing a variety of QI-related concerns. Respondents noted the importance of support from top leadership, reported being challenged by resource constraints, and generally thought that their project positively impacted quality within their facility. These findings highlight the importance of investing in QI initiatives at both the state and nursing home level to create sustainable QIs.

**Key words:** Quality improvement projects, Minnesota Performance-based Incentive Payment Program.

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The quality of nursing home care is a persistent concern. The government has traditionally approached nursing home quality improvement (QI) through a regulatory process that imposes fines or sanctions on facilities that deliver poor care. Therefore, in the past, there has been relatively little incentive for nursing homes to exceed the minimum quality standard. More recently, state Medicaid programs have taken a broader approach that emphasizes the value obtained from the healthcare dollar. These programs seek to improve nursing home quality by rewarding better performance.<sup>1,2</sup> Under a pay-for-performance system, the price paid to the provider is determined, at least in part, by the provider's performance on standardized measures of care quality or other areas of performance. It is theorized that if better performance is rewarded with proportionately higher payments, providers will strive to provide high-quality care.

The nursing home setting offers several opportunities for pay-for-performance policy success,<sup>3</sup> as it has organizational features conducive to QI. Care is delivered under controlled conditions in a single setting with a relatively simple organizational structure. Nursing homes have had considerable experience with standardized data collection and

electronic transmission. For example, the Minimum Data Set (MDS) assessment instrument, which is performed periodically on all residents, is a rich source of data on clinical quality. Finally, state government is strategically positioned to lead QI because of Medicaid's strong market power and regulatory responsibilities.

Nursing home pay-for-performance programs also face challenges. First, nursing home residents are arguably the most complex of all patient populations, as they tend to have chronic health conditions, cognitive impairment, and functional loss, making their care exceedingly challenging. Second, because nursing homes are living environments, these facilities must address quality of life issues in addition to quality of care issues.<sup>4</sup> Third, facilities often have difficulty retaining professional nurses, directors of nursing, and administrators,<sup>5</sup> and they also rely heavily on paraprofessional staff with limited training, a group for which there is also high turnover.<sup>6</sup> Finally, because public policy has traditionally focused on nursing home cost containment and regulatory sanctions for poor quality care, neither payers nor the industry have had much experience with policies aimed at promoting and rewarding high levels of quality.<sup>7</sup>

In this article, we provide an overview of the Minnesota Performance-based Incentive Payment Program (PIPP), which was implemented in Minnesota to improve care quality by incentivizing QI projects. We also provide the results of our study, which specifically examined how nursing home providers who had participated in a PIPP-funded QI project felt about this program and its ability to impact care.

## **The Minnesota Performance-based Incentive Payment Program**

Minnesota has frequently been a leader in healthcare innovation, such as by developing managed care and long-term care programs and policies that have been adopted by other states. It has also been at the forefront of nursing home pay-for-performance policy.<sup>8</sup> In 2006, Minnesota established the nursing home PIPP. The goals of this program include encouraging providers to invest in and adopt effective QI projects, equipping providers with the organizational resources needed to improve quality, and substantially raising the quality of care for nursing home residents while remaining within state budget constraints.<sup>9</sup>

The Minnesota PIPP funds innovative provider-initiated QI projects, which are selected via a competitive application process. Providers submit a proposal-type application document to the state for evaluation, and the state funds the projects that are well designed and executed and that best meet the program's goals, which include improving resident care, optimizing nursing home efficiency, and enhancing the balance of long-term care resources. The ultimate objective is to incentivize projects that can serve as models for the industry with regard to promoting both quality and efficiency of care.

PIPP-funded projects are time-limited (1-3 years), and providers are at risk of losing up to 20% of their project funding if they fail to achieve measurable outcomes. These outcomes are negotiated between providers and the state in advance and are generally selected from the state's nursing home quality indicators or other quality performance measures. Providers are expected to sustain their improved outcomes beyond the project period through enhanced revenues or greater organizational effectiveness. Many PIPP projects address important quality issues, such as falls, psychotropic medications, pain control, mobility, continence, resident-centered care, and care transitions. These projects may include single facilities or be collaborative and include groups of nursing homes.

A unique component of the Minnesota PIPP is its use of a bottom-up approach; providers identify the targeted area for improvement, plan the intervention, and select their outcome measures. Projects are developed and implemented, and they ultimately succeed or fail at the nursing home level. Importantly, because PIPP participation is not mandated but requires providers to buy-in through project submission, providers must perceive a benefit of participation and have confidence that their nursing home has the capacity to develop and implement a successful QI project.

## **Objectives and Methods**

We surveyed PIPP participants as a means of exploring the perceptions and experiences of a wide range of nursing home providers (eg, administrators, directors of nursing, quality leaders) who had actively participated in a nursing home QI project. We used a 22-item pencil and paper survey, which was administered to all attendees of the 2010 Minnesota PIPP

annual conference. In addition, all Minnesota nursing facilities were invited to complete an online version of the survey, provided they had not already completed the paper form at the conference. The online survey was announced by two nursing home trade associations to their members in an e-mail.

Before we distributed the survey, our research was approved by the institutional review boards at our facilities. Our survey questions addressed a wide-range of QI-related concerns, focusing on the following:

- Factors that encouraged providers to develop a QI project or acted as a barrier to QI project submission;
- Perceived impact of QI projects within the nursing home;
- Challenges that were faced with regard to QI project implementation;
- Perceived organizational strengths and weakness that impacted the ability to successfully complete a QI project.

### Survey Participant Demographics

We received 81 completed surveys from persons attending the PIPP annual conference, representing approximately 80% of attendees. In addition, we received 207 online surveys. This provided us with a total of 288 survey responses from facilities that had experience implementing a PIPP-funded QI project.

Because QI project proposals can originate from both individual nursing homes and collaborative groups, our dataset contained responses from multiple project types. Additionally, each nursing home was able to contribute multiple respondents to the dataset. Individual survey respondents represented a variety of positions and quality improvement roles within their organizations. The most prevalent respondents were administrators (50%), directors of nursing (21%), quality specialists (9%), and “others” (13%). **Table 1** outlines the characteristics of respondents with regard to project type, nursing home representation, and respondent position.

### Findings

What follows are our findings for each of the QI-related concerns that we evaluated.

**Factors that encouraged or acted as barriers to QI project participation.** The possibility of receiving additional funding (73%) and having someone available to write the proposal (59%) were most frequently reported as essential for proposal submission. Other areas noted to be essential to project participation included support from top leadership (57%) and having a staff member to lead (51%) the project planning.

The most frequent barriers to proposal submission involved concern over meeting project goals (64%), measuring a project’s impact on quality (58%), coming up with a good project idea (54%), and choosing the right issue for a QI project to address (53%). It appears that project participants had QI support from their organization’s leadership;

<b>Total Survey Respondents, (N)</b>	<b>288</b>
<b>Respondents per Nursing Home, (n)</b>	
One	36
Two	192
Three or more	60
<b>Respondents by PIPP Project Type, (n)</b>	
Individual projects	29
Multifacility collaborative	213
Individual and multifacility collaborative	20
Missing	26
<b>Position, (n)</b>	
Nursing home administrator	143
Director of nursing	61
Quality specialist	25
Social worker	8
Recreation specialist	6
PT/OT/SLP	3
Staff nurse	3
Minimum Data Set coordinator	2
Other	37
<i>Abbreviations: OT, occupational therapist; PIPP, Performance-Based Incentive Program; PT, physical therapist; SLP, speech language pathologist.</i>	

however, 74% reported that absence of leadership support was not a concern to them. In addition, most respondents (73%) reported no serious apprehension regarding resistance to the project from staff.

**Post-funding experiences of the project's impact.** A primary goal of a funded QI project is to improve overall facility quality by affecting the care processes within the areas targeted by the project. Many respondents thought that their project met this objective, with 42% stating that their QI project had a very high impact on improving quality in the areas that it targeted. Other areas where respondents perceived a very high impact included getting staff involved in QI (38%), stimulating new QI ideas (35%), encouraging collaboration with other facilities (33%), encouraging leadership to be bold and take risks (33%), and changing the organizational culture (32%).

**Post-funding experiences of the project's implementation challenges.** Implementation of QI projects can be difficult; therefore, respondents were asked about the challenges they faced while implementing the funded project. Despite participant apprehension surrounding measuring quality in the project area, only 6% thought this was a very serious challenge to implementation. The two factors most frequently noted to be very serious challenges involved resource allocation: keeping the project going after funding ends (10%) and having the time and resources to carry out the project (7%). Overall, perceived challenges to implementation appeared low, and no more than 10% of respondents reported any area to be a serious challenge and fewer than 50% reported any area to be more than a minor challenge.

**Perceptions of organizational strengths and weaknesses.** Respondents were asked to perform a self-assessment of their nursing home's commitment to QI, availability of QI resources, and ability to successfully carry out a QI project. Domains regarded as major organizational strengths by project participants included support from top leadership (64%), choosing the right problem or issue for QI (44%), meeting the basic needs of residents (36%), and understanding and using data to measure quality (34%). Identified areas of major or minor weakness included finding time and resources to do QI (32%) and getting staff buy-in for new QI projects (24%). Notably, in every domain we assessed, more than 50% of respondents reported that the domain in question was either a major or minor strength in their facility or organization.

## Discussion

As an innovative model for nursing home pay-for-performance policies, the Minnesota PIPP seeks to equip nursing home providers with the tools needed to improve their performance and to deal with the challenges of implementing new care practices in complex resource-constrained environments. Rather than taking a rigid, top-down approach, pay-for-performance programs, such as the Minnesota PIPP, capitalize on the ingenuity of nursing home providers by encouraging them to experiment with and devise local, evidence-based solutions to QI by providing financial incentives.

The Minnesota pay-for-performance program is unique, however, in its reliance upon the contribution of provider-developed project proposals, which necessitates provider confidence and buy-in for the program to succeed. Minnesota has become a leader with regard to long-term care policy, and it differs notably from other states with regard to its high percentage of nonprofit facilities. Despite this difference, Minnesota facilities are similar to facilities across the United States, including with regard to average size, occupancy rates, Medicare participation, and quality of care measures. Moreover, like other states, Minnesota displays considerable within-state variation in nursing home characteristics. Therefore, the administrative structure of the pay-for-performance program could be feasibly implemented in other states. All states have access to the MDS, basic reimbursement cost report data, and regulatory information findings, and several states have available consumer or employee satisfaction data.<sup>1</sup> **Table 2** highlights advice from our sample of providers to other states that are considering implementing pay-for-performance programs in terms of administrative areas they felt were managed effectively by the Minnesota DHS, or "what worked" in the administration of PIPP.

Our survey results extend beyond the specifics of the Minnesota PIPP to highlight provider

## Table 2. Pay-for-Performance Implementation: Advice to States From Participants<sup>a</sup>

- Provide clear guidelines on how proposed projects will be evaluated.
- Be transparent in funding negotiations to establish trust.
- Supply technical training to assist facilities with the project application process.
- Establish reasonable reporting requirements that will not overburden facility documentation systems.
- Give frequent, timely feedback regarding quality improvement (QI) progress.
- Offer training in QI methods for facilities that have little previous QI experience

<sup>a</sup>This information came from a question asking survey respondents for their opinion about administering performance-based incentive payment programs.

perceptions and experiences implementing a focused QI project within nursing home settings. The results also highlight the impact of state-level policy designed to encourage and reward nursing home quality. Our findings suggest that facilities with quality-ready environments are most likely to take advantage of pay-for-performance opportunities, and that those environments may help organizations take on QI challenges by counteracting resource constraints, such as time and resistance to change. The results also suggest that pay-for-performance projects help organizations build QI capacity and that the value of these projects extends beyond their targeted area of improvement.

### Quality-Ready Environments

State-funded pay-for-performance participation represents a unique partnership between the state and nursing home providers, with the state providing resource support and nursing home providers devising practice improvements. Our survey respondents indicated that the potential for increased funding was a primary motivator to develop a QI project; however, buy-in for program participation was not achieved solely through state provision of monetary resources. State administrative data indicate little difference between nursing homes with and without PIPP funding prior to program initiation with regard to nursing staff levels, operating costs, and number of regulatory deficiencies.

Notably, our survey findings suggest that a majority of the participating nursing homes had prepared themselves for the pay-for-performance opportunity by investing in the creation of quality-ready environments that supported project development. Providers perceived their nursing homes to have a number of organizational strengths that encouraged capacity building: strong leadership, available data for quality measurement, willingness to take risks, and caregiving environments that were succeeding in meeting the basic needs of residents. They noted very few organizational weaknesses, perhaps an indication of the confidence necessary to develop and submit a QI project proposal for state evaluation.

An ongoing goal of the Minnesota PIPP program is to expand beyond these early innovators by learning from their successes and preparing other nursing homes to create similar quality-ready environments. Future analysis might also focus on facilities that had successful QI projects despite severe constraints on time or other resources, and on facilities that had initial difficulty obtaining leadership support and staff buy-in. Documenting QI success in these organizations and the steps taken to achieve success would be an important step toward increasing pay-for-performance programs and QI project participation.

### Taking on the QI Challenge

Although the majority of the facility environments appeared quality-ready, respondents still voiced concerns and apprehensions about submitting proposals. Concerns about meeting project goals, choosing the right area for QI, and measuring QI outcomes suggest that providers need support to be confident in their ability to succeed in QI. However, the fact that these facilities developed projects and submitted proposals to the state despite some apprehension about reaching

QI goals further suggests the importance of the organizational strengths of top leadership support, slack resources (ie, resources in excess of what is required to complete the primary organizational tasks), and knowledge in understanding and using data. The findings also suggest that targeted efforts to reduce apprehension and increase perceptions of self-efficacy in the QI arena could further increase pay-for-performance program participation.

### ***Building QI Capacity and Extending the Value Added***

Respondents thought that the Minnesota PIPP-funded projects positively impacted quality of care within their nursing homes. A majority of respondents noted that the impact reached beyond the targeted project domain, such as by increased staff involvement in QI, the development of new ideas, and collaboration with other facilities to improve quality. Time and the ability to sustain the project after funding ends were noted as primary challenges. An additional goal of the Minnesota PIPP is to encourage a nursing home's capacity to develop and carry forward successful QI projects. Without the capacity to maintain or expand upon project-driven successes beyond the period of program funding, project-driven improvements cannot be sustained. Further research is needed to determine if provider perceptions of organizational strengths and weaknesses differ between providers at program-funded facilities and providers within facilities that did not submit a fundable proposal.

### ***Implications for Practice***

Our findings suggest several action items for organizations seeking to reap the benefits of QI initiatives and to increase the involvement of nurses and other healthcare providers participating in these initiatives:

1. **Enlist top leadership support.** Respondents noted that support from top management is needed to make clear to staff that QI is valued and supported in the organization. This includes ensuring that there are sufficient slack resources for staff to have time to innovate and implement improvements.
2. **Focus on increasing the staff's confidence with regard to their ability to participate in QI.** Take steps to ensure that staff members understand QI processes and principles, and help them identify appropriate QI projects for your facility. Guide them on how to set challenging yet attainable goals for the project.
3. **Make decisions based on the bigger picture.** Think broadly when calculating return-on-investment for QI projects. The rewards will likely extend beyond the targeted area and build capacity for QI throughout the organization. How will higher staff QI involvement and new quality ideas affect other areas of the facility? What would the value be of changing the organizational culture in your facility?

### **Conclusion**

Minnesota has been at the forefront of healthcare innovation and senior care. One way Minnesota has achieved this is by being a leader in adopting innovative models of healthcare, such as by funding select QI projects through the Minnesota PIPP. Our study found that providers who participated in a state-funded QI project generally perceived their projects as positively impacting care, not only in the area that the project specifically sought to improve, but overall. Although meaningful QI projects require funding and enough resources to develop and facilitate them, which is a challenge in many states and nursing home settings, the ultimate goal is to devise strategies that create QI that is sustainable at any facility in any state. Additional research in QI is needed to achieve this goal.

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### Homepage Summary:

The authors describe the perceptions of nursing home providers who participated in a PIPP-funded QI project and completed a survey addressing a variety of QI-related concerns.

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