Desk Officer and the Docket ID number and title of the information collection.

You may also submit comments, identified by docket number and title, by the following method: *Federal eRulemaking Portal: http://www.regulations.gov.* Follow the instructions for submitting comments.

DoD Clearance Officer: Ms. Angela James. Requests for copies of the information collection proposal should be sent to Ms. James at *whs.mc-alex.esd.mbx.dd-dod-information-collections@mail.mil.*

Jennifer Lee Hawes,

Regulatory Control Officer, Defense Acquisition Regulations System.

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DEPARTMENT OF DEFENSE

Office of the Secretary

TRICARE; Civilian Health and Medical Program of the Uniformed Services (CHAMPUS); Adoption of Medicare's Home Health Value-Based Purchasing (HHVBP) Adjustments for Reimbursement Under TRICARE's Home Health Prospective Payment System Demonstration

AGENCY: Office of the Secretary, Department of Defense.

ACTION: Notice of TRICARE's adoption of Medicare's Home Health Value-Based Purchasing Model as a Demonstration.

SUMMARY: This notice describes the adoption of Medicare's Home Health Value-Based Purchasing (HHVBP) adjustments for reimbursement under TRICARE's Home Health Prospective Payment System (HH PPS). In recognition that the Defense Health Agency (DHA) strongly supports the implementation of value-based incentive programs, in accordance with Section 705(a) of National Defense Authorization Act (NDAA) for Fiscal Year 2017, the adoption of this model establishes a new value-based initiative within the TRICARE program, based on Medicare's similar pilot. In the Medicare HHVBP model, the Centers for Medicare and Medicaid Services (CMS) determines a payment adjustment up to the maximum percentage, upward or downward, based on the Home Health Agency's (HHA) Total Performance Score (TPS). As a result, the model incentivizes quality improvements and encourages efficiency. States selected for participation in the Medicare HHVBP model include Arizona, Florida, Iowa, Maryland, Massachusetts, Nebraska, North Carolina, Tennessee, and Washington.

CMS cannot release HHVBP adjustment factors to TRICARE, so Home Health Agencies (HHAs) in the participating states will be required to send their annual payment adjustment reports to the applicable TRICARE contractors prior to January 1 each year. Failure to submit the required payment adjustment documentation would result in full application of the negative adjustment factor for the calendar year. This requirement allows TRICARE to mirror Medicare's HHVBP payment adjustments. The TRICARE HHVBP model will only apply to Medicare-certified HHAs in the nine participating states. Specialized HHAs that qualify for corporate services provider status but are not Medicare-certified will continue to be reimbursed under the CHAMPUS Maximum Allowable Charge (CMAC) system and will not be subject to the TRICARE HHVBP model.

DATES: This demonstration project will be effective January 1, 2020, through December 31, 2022, unless terminated earlier by Medicare or by TRICARE.

ADDRESSES: Defense Health Agency (DHA), TRICARE, Medical Benefits and Reimbursement Office, 16401 East Centretech Parkway, Aurora, CO 80011–9066.

FOR FURTHER INFORMATION CONTACT: Mr. Jahanbakhsh Badshah, Medical Benefits and Reimbursement Section, TRICARE, telephone (303) 676–3881. Questions regarding payment of specific claims should be addressed to the appropriate TRICARE contractor.

SUPPLEMENTARY INFORMATION:

A. Background

As authorized by section 1115A of the Social Security Act and finalized in the Medicare calendar year (CY) 2016 Home Health Prospective Payment System (HH PPS) final rule (80 FR 68624), CMS began testing the Home Health Value-Based Purchasing (HHVBP) Model in January 2016. The specific goals of the Model are to: (1) Provide incentives for better quality care with greater efficiency; (2) study new potential quality and efficiency measures for appropriateness in the home health setting; and (3) enhance the current public reporting process. It is expected that tying quality to payment through a system of value-based purchasing for all Medicare-certified Home Health Agencies (HHAs) providing services in the states of Arizona, Florida, Iowa, Maryland, Massachusetts, Nebraska, North Carolina, Tennessee, and Washington will improve the beneficiaries' experience and outcomes. It is also expected that payment adjustments that both reward improved quality and penalize poor performance will incentivize quality improvement and encourage efficiency. TRICARE's adoption of the HHVBP model will strengthen the impact of the incentives included within the model by adding TRICARE's market share to Medicare's. Adoption of this model by the TRICARE program will also continue DHA's efforts to transition payments to reward high-quality providers, and leverages Medicare's experience to implement the most effective value-based payment methodologies.

The distribution of payment adjustments under this HHVBP Model are based on quality performance, as measured by both achievement and improvement, across a set of quality measures constructed to minimize the burden as much as possible and improve care. The degree of the payment adjustment is dependent on the level of quality achieved or improved from the base year, with the highest upward performance adjustment going to competing HHAs with the highest overall level of performance based on either achievement or improvement in quality. The size of a competing HHA's payment adjustment for each year under the Model is dependent upon the HHA's performance with respect to that calendar year relative to other competing HHAs of similar size in the same state, and relative to its own performance during the baseline year. Medicare utilizes quarterly performance reports, annual payment adjustment reports and annual publicly available performance reports to align the competitive forces within the market to deliver care based on value. The quality performance scores and relative peer rankings are determined through the use of a baseline year and subsequent performance periods for each HHA. A payment adjustment report is provided once a year to each of the HHAs by CMS. The annual report from CMS provides the HHA's payment adjustment percentage and explains how the adjustment was determined relative to its performance scores. This is the document that the HHAs in the selected states will be required to submit to TRICARE contractors prior to the beginning of each calendar year, upon adoption of the HHVBP by TRICARE.

The Medicare model will be implemented over a total of seven years that began on January 1, 2016, and ends December 31, 2022. (However, if Medicare decides to terminate or expand the demonstration TRICARE

will follow suit as well as adopt future modifications made to the HHVBP model by Medicare, as practicable.) The HHAs were notified of their first payment adjustment being finalized, based on the 2016 performance period (January 1, 2016 to December 31, 2016) with their first payment adjustment applied January 1, 2018 through December 31, 2018. Payment adjustments will be increased incrementally over the course of the HHVBP Model as described in Table 1 below:

TABLE 1—CMS HHVBP PAYMENT ADJUSTMENTS

Performance year	Calendar year payment adjustment applied	Maximum payment adjustment (upward or downward) (percent)
2016	2018	3
2017	2019	5
2018	2020	6
2019	2021	7
2020	2022	8

For additional information on the quality measures, methodology, and considerations used for calculating the HHVBP payment adjustment percentages, please go to the CMS Innovation Center website at *https://innovation.cms.gov/initiatives/home-health-value-based-purchasing-model.*

B. TRICARE's Adoption of the Model

As a result of the statutory authority granted under Section 705 of the NDAA for Fiscal Year (FY) 2017 for development and implantation of value-based incentive programs, we evaluated the administrative feasibility of adopting HHVBP adjustments under the TRICARE HH PPS in accordance with TRICARE's statute.

Based on the complexity of the multiple reporting systems and methodology used in the calculation of TPSs and final payment adjustment percentages, it appears that the only administratively feasible means of mirroring the HHVBP payment adjustment is to obtain the required information from each HHA; *i.e.,* to require submission of the HHA's annual payment adjustment report for reimbursement in the upcoming calendar year, the process of which will be described in the implementing instructions. This would be administratively feasible, given the fact that HHAs are notified of subsequent payment adjustments in August, prior to their January 1 application date. This would give TRICARE sufficient time to load the HHVBP adjustment factors by January 1 of each subsequent calendar year. Failure to submit the required payment adjustment documentation would result in full application of the negative adjustment factor for the calendar year (*e.g.,* application of a negative 6 percent adjustment in payments for home health services provided in CY 20202). This would allow HHAs to continue to receive payments under the program, thus avoiding potential access to care issues/problems, while at the same time serving as a disincentive for non-compliance.

Although TRICARE will not have access to specific quarterly performance reports available to each HHA through the Center for Medicare and Medicaid Innovation (CMMI) model specific platform, it will have access to publicly available annual quality reports. These reports will provide home health industry stakeholders, including providers and suppliers that refer their patients to HHAs, with the opportunity to confirm that the beneficiaries they are referring for home health services are being provided the best possible quality of care available. The implementing instructions will also encourage the TRICARE contractors to direct care to high-quality providers when possible. TRICARE will also have access to annual payment adjustment reports focusing on both quality achievement and improvement. Submission of these reports will be required to avoid full application of the CY negative adjustment factor under the TRICARE HH PPS. Since TRICARE does not have the quality monitoring systems in place to assess its specific impact on HHAs' quality achievement and improvement, TRICARE will have to utilize Medicare's performance reports in its evaluation process. This approach permits TRICARE to leverage Medicare's dominant market share and technical expertise in evaluation quality as it relates to value-based payment methodology. In other words, an assumption can be made that quality measures experienced from TRICARE's participation in the HHVBP demonstration would be comparable to those experienced under the Medicare program, given its dominant home health market share, and the overlap in the type of services and beneficiaries that utilize the two benefits.

TABLE 2—TRICARE HOME HEALTH CLAIMS BY AGE GROUP, FY 2017

Age group	Number of claims	Percent of total claims
<19	1,000	5
19–44	3,479	18
44–64	14,740	76
65+*	243	1
Total	19,462	100

*Home Health claims for beneficiaries aged 65 and older make up only one percent of total claims because, for Medicare-eligible beneficiaries, Medicare is the primary payer for most Home Health services and home health services have no cost-share.

TABLE 3—TRICARE HOME HEALTH CLAIMS BY SEVERITY AND AGE GROUP, FY 2017

Category based on clinical and functional severity	N	Percent	Percent of category by age group			
			<19	19–44	45–64	65+
Most Severe	3,317	17	9	1	15	20
Moderately Severe	9,288	48	64	43	48	47
Less Severe	5,339	27	9	30	28	27
Least Severe	1,518	8	18	13	6	5
Total	19,462	100	100	100	100	100

The HHVBP model applies to all Medicare-certified HHAs in each of the nine selected states, which covered approximately 25 percent of total TRICARE claims in fiscal year (FY) 2017. However, those HHAs for which Medicare-certification is not available due to the specialized beneficiary categories they serve (*e.g.,* those HHAs specializing solely in the treatment of TRICARE beneficiaries that are under the age of 18 or receiving maternity care) are exempt from the HHVBP adjustment methodology. These specialized HHAs must qualify for corporate services provider status under the Program and are paid for covered professional services under the CMAC reimbursement system, and would not participate in the TRICARE HHVBP.

C. Implementation

The new demonstration is effective January 1, 2020 and will continue until the end of Medicare's HHVBP model on December 31, 2022, unless terminated earlier by the Director, DHA, or Administrator, Centers for Medicare and Medicaid Services.

D. Evaluation

This demonstration project will assist the Department in evaluating the feasibility of incorporating the HHVBP model in the TRICARE program. Regular status reports and a full analysis of demonstration outcomes will be conducted consistent with the requirements in the TRICARE Operations Manual, Chapter 29, Section 1.

TRICARE's hypothesis is that payments that are linked to quality outcomes will:

(1) Be administratively feasible, meaning that the demonstration will be successfully implemented and administered within a reasonable margin of the DHA's estimate of this demonstration;

(2) Improve the quality of care delivered over time; and

(3) Be cost-neutral or result in modest long-term cost savings.

Success shall be defined as:

(1) Implementation and ongoing maintenance costs do not exceed 2 percent of the annual TRICARE total spend on home health care in the HHVBP demonstration states, and a high percentage of TRICARE HHAs provide their TPS scores.

(2) Measurable and statistically significant improvements in the quality of care received by TRICARE beneficiaries occurs, year-over-year, with averages from 2014–2018 serving as the baseline data period.

(3) The average acuity-adjusted home health cost per TRICARE beneficiary or episode in the HHVBP states increases at a slower rate or at the same rate compared to the same measure in the non-HHVBP states.

Following the end of each 12 months in the demonstration, DHA will measure and report the preceding data to the Director, DHA, along with a recommendation of whether to continue or discontinue the demonstration.

In the 12 months following termination of the demonstration, DHA shall make a report available to the public on the DHA website which details the findings of this demonstration, and potential next steps, if the demonstration is found to be successful in achieving the anticipated results. Continuation of the demonstration, or a transition into the Basic program reimbursement methodologies will be issued via appropriate **Federal Register** Notice or rulemaking action, and will be based on a demonstration that the pilot met the benchmarks set for success that are established in this Notice and Implementing Instructions.

Dated: September 20, 2019.

Aaron T. Siegel,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

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DEPARTMENT OF DEFENSE

Office of the Secretary

[Transmittal No. 19–0H]

Arms Sales Notification

AGENCY: Defense Security Cooperation Agency, Department of Defense.

ACTION: Arms sales notice.

SUMMARY: The Department of Defense is publishing the unclassified text of an arms sales notification.

FOR FURTHER INFORMATION CONTACT: Karma Job at *karma.d.job.civ@mail.mil* or (703) 697–8976.

SUPPLEMENTARY INFORMATION: This 36(b)(5)(C) arms sales notification is published to fulfill the requirements of section 155 of Public Law 104–164 dated July 21, 1996. The following is a copy of a letter to the Speaker of the House of Representatives, Transmittal 19–0H with attached Policy Justification.

Dated: September 20, 2019.

Aaron T. Siegel,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

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