

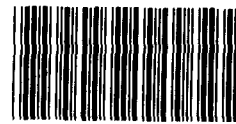
GAO

Report to the Chairman, Subcommittee
on Health, Committee on Ways and
Means, House of Representatives

October 1992

HOME HEALTH CARE

HCFA Properly Evaluated JCAHO's Ability to Survey Home Health Agencies



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Human Resources Division

B-250751

October 26, 1992

The Honorable Fortney H. (Pete) Stark
Chairman, Subcommittee on Health
Committee on Ways and Means
House of Representatives

Dear Mr. Chairman:

In a letter dated November 14, 1991, you requested that we review the Health Care Financing Administration's (HCFA) evaluation of the Joint Commission on Accreditation of Healthcare Organizations' (JCAHO) ability to ensure that home health agencies meet Medicare conditions of participation.¹ On February 3, 1992, HCFA published a notice in the Federal Register that it was proposing to grant JCAHO "deeming authority" for home health agencies (i.e., home health agencies accredited by JCAHO would be "deemed" to meet Medicare requirements and would not be subject to routine inspection by state survey agencies to determine compliance with federal requirements). A draft of the final notice to grant JCAHO this authority is being reviewed by Department of Health and Human Services (HHS) personnel.

This report discusses our review of HCFA's evaluation of JCAHO's survey and accreditation process for home health agencies, including HCFA's comparison of JCAHO's accreditation standards with Medicare conditions of participation.

Background

JCAHO is a not-for-profit organization that has been evaluating and accrediting hospital-based home health agencies since 1974 and freestanding home health agencies since 1988. JCAHO conducts surveys of agencies that request accreditation to determine if the agencies comply with certain quality standards prescribed by JCAHO. On December 31, 1987, HHS published a notice in the Federal Register proposing to recognize JCAHO's accreditation program as providing reasonable assurance that the Medicare conditions of participation in home health agencies are met. However, at about that time, the Omnibus Budget Reconciliation Act of 1987 was enacted and extensively revised (1) the statutory requirements for the Medicare conditions of participation for home health agencies and (2) the Medicare survey and certification procedures for such agencies.

¹Conditions of participation are health, quality, and personnel standards for home health agencies participating in the Medicare program and are prescribed in the Code of Federal Regulations. There are 12 conditions relating to such areas as skilled nursing services, home health aide services, and physical therapy.

Because approval of JCAHO's request for deeming authority requires a comparison of JCAHO accreditation standards with Medicare conditions of participation—which had become obsolete—the decision to grant JCAHO deeming authority was delayed until the statutory changes had been incorporated into HCFA regulations and guidelines.

In December 1990, HCFA published in the Federal Register a proposed regulation governing the granting and withdrawal of deeming authority. After final approval within HCFA and the Office of Management and Budget, the proposed regulation, entitled Medicare Program: Granting and Withdrawal of Deeming Authority to National Accreditation Organizations, will be added to the federal regulations (42 C.F.R. 488.9) that govern HHS's review of accrediting organizations. Comments on the proposed regulation were received in February 1991. However, as of September 21, 1992, HCFA had not finalized the regulation.

The proposed regulation sets forth the procedure that HCFA will use to review and approve national accrediting organizations that wish to be recognized as providing reasonable assurance that Medicare conditions of participation are being met. Specifically, HCFA will perform the following tasks before granting deeming authority to any accrediting organization:

- compare the organization's standards with Medicare's conditions of participation;
- determine the comparability of HHS's and the organization's survey procedures;
- evaluate the organization's survey process to determine the composition of the survey team, the team's qualifications, and the organization's ability to continue surveyor training;
- examine the organization's monitoring procedures for providers that are found out of compliance with Medicare program requirements;
- determine the organization's ability to provide HCFA with electronic data and reports necessary for effective validation and assessment of the survey process;
- examine the adequacy of the organization's staff and other resources; and
- review the organization's ability to provide adequate resources for performing required surveys.

At its option, HCFA can expand its evaluation of an accrediting organization into other areas. However, the above tasks are the minimum that must be performed in every evaluation.

Scope and Methodology

We evaluated HCFA's performance against the review requirements cited in the proposed deeming regulation. We did this because the regulation (1) represents the minimum requirements HHS has proposed for evaluating accrediting organizations and (2) is the only published written guidance HCFA has available for making such an evaluation. We also interviewed HCFA officials, examined all the documentation JCAHO provided to HCFA, and reviewed HCFA's analysis of these data. In addition, we interviewed JCAHO officials to follow up on questions raised as a result of our review of HCFA's evaluation, and reviewed a sample of JCAHO's 1991 survey files on Medicare-certified home health agencies to determine whether the procedures JCAHO had told HCFA were in place were, in fact, being followed.

We conducted our review from February through August 1992, in accordance with generally accepted government auditing standards.

Results in Brief

HCFA properly evaluated JCAHO's capability to assure that home health agencies meet Medicare conditions of participation. Further, HCFA's evaluation was conducted in accordance with the provisions cited in the proposed regulation governing the granting of deeming authority to accrediting organizations. As a result of its review, there were some issues that HCFA believed needed to be resolved before it could approve deeming authority for JCAHO. These issues were discussed with JCAHO and have been resolved to the satisfaction of both organizations.

HCFA's Evaluation of JCAHO's Ability to Assess Home Health Agencies Was Proper

HCFA's evaluation of JCAHO's ability to assure that home health agencies meet Medicare conditions of participation was generally performed in accordance with the provisions of the proposed deeming regulation. Specifically, HCFA compared its conditions of participation with JCAHO standards and examined JCAHO survey procedures, qualification requirements for surveyors, surveyor training programs, procedures for notifying home health agencies of survey results, and time frames for conducting follow-up visits if deficiencies are found.

HCFA did not request any information from JCAHO on its ability to provide electronic data and reports, or on its organizational staff and resources. The decision not to do so was based on the fact that HCFA has dealt extensively with JCAHO on its hospital accreditation program and has a working knowledge of JCAHO's organization, resources, and ability to provide electronic data. In our view, this decision did not detract from the adequacy of HCFA's evaluation.

After examining JCAHO data, HCFA identified several areas that needed resolution. Each area was discussed with JCAHO personnel, and, where appropriate, JCAHO made changes to satisfy HCFA concerns. For example, after comparing Medicare conditions of participation with JCAHO standards, HCFA personnel identified several areas in which JCAHO and HCFA requirements did not appear to be compatible. Each area was discussed, and JCAHO made changes that were acceptable to HCFA.

JCAHO Will Notify HCFA of Any Home Health Agency That Receives Accreditation but Opts Not to Be Surveyed Annually

To participate in the Medicare program, home health care agencies must agree to be surveyed annually to determine if they are in compliance with Medicare conditions of participation. These surveys are performed by state survey agencies under contract with HCFA. JCAHO accreditation surveys of home health agencies are in addition to the state agency surveys and are currently performed on a 3-year cycle. However, JCAHO has told HCFA that if the JCAHO accreditation process for home health agencies is recognized for Medicare certification purposes, it will conduct annual surveys of home health agencies specifically for Medicare purposes.²

HCFA officials are concerned that because home health agencies pay for JCAHO accreditation surveys and do not pay for HCFA surveys, some agencies will obtain JCAHO accreditation and opt not to be surveyed by JCAHO on an annual basis. Specifically, home health agencies could request and pay for JCAHO surveys every third year and request to be surveyed by the state survey agency in the other years at no cost to them. This situation could create a significant administrative burden on HCFA³ because it would be difficult for HCFA to determine who has authority over a home health agency at a given time and to track the agency's performance.

HCFA raised this issue with JCAHO personnel and, in an August 3, 1992, letter to HCFA, JCAHO agreed to notify HCFA immediately when any home health agency that it accredits opts not to receive an annual survey during the 3-year accreditation cycle.

²JCAHO will not conduct a full accreditation survey annually. Rather, on the off-cycle years, it will conduct a survey that is directed solely at assuring that Medicare conditions of participation are being met.

³If JCAHO accredits a large number of home health agencies for Medicare purposes, a constant changing of survey responsibilities between JCAHO and HCFA could be disruptive for monitoring purposes.

JCAHO Agreed to Reduce the Time It Takes to Conduct Follow-Up Visits to Home Health Agencies With Identified Problems

HCFA expects home health agencies to correct deficiencies identified by a state survey agency within 60 days of being notified of them. This time frame can be reduced, however, if in the judgment of the state survey agency, a home health agency's capability to provide adequate and safe care is in question. However, in its 1991 Accreditation Manual for Home Care, JCAHO said it would allow home health agencies 30 days to submit a plan of corrective action, and up to 6 additional months to correct identified problems. HCFA officials objected to this time frame and discussed the issue with JCAHO personnel.

In its August 3, 1992, letter to HCFA, JCAHO stated that if significant problems are identified during an interim-year survey of a home health agency, either a partial extended or full extended survey will be conducted.⁴ Such surveys will usually be conducted immediately as an extension of the original survey. However, if circumstances do not permit an immediate extension to conduct all appropriate survey activities, the extended survey will be performed within 10 days after the initial survey had begun. JCAHO further stated that a final report containing its accreditation decision will be issued to the home health agency no later than 30 days after the last day of the survey. Monitoring activities, such as a written progress report or a follow-up visit, will be reviewed or conducted within 48 to 60 days following the last day of the survey. HCFA is to be notified of the results of all these activities within the same time frames.

JCAHO's Proposed Basis for Determining Compliance With Medicare Requirements Has Been Revised to Address HCFA Concerns

JCAHO intends to use a set of "decision rules" to determine whether home health agencies are complying with Medicare conditions of participation.⁵ After reviewing these rules, HCFA personnel identified issues that needed resolution before a deeming decision could be made. For example, one decision rule stated that an extended survey would be required when JCAHO surveyors find "two or more" conditions of participation out of compliance. But HCFA requires that an extended survey be performed when even one condition of participation is not met. A HCFA official discussed the issue with JCAHO personnel, and in its August 3, 1992, letter to HCFA, JCAHO agreed to conform the decision rules to HCFA requirements.

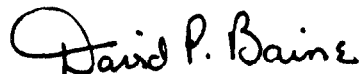
⁴A survey will be partially extended if the Medicare conditions of participation are met, but the survey indicates that further evaluation is needed. A survey will be fully extended if one or more conditions of participation are not met or an immediate threat to patient or public health and safety exists.

⁵Decision rules are a series of condition statements that determine the accreditation decision, as well as the kind of follow-up action, if any, that will be taken by JCAHO as a result of its analysis of survey results.

As agreed, we did not obtain written comments on this report from either HHS or JCAHO. However, we provided a draft of the report to officials of both HCFA and JCAHO and incorporated their comments where appropriate.

As also agreed, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from its issue date. At that time, copies will be sent to appropriate congressional committees; the Secretary of Health and Human Services; the Director, Office of Management and Budget; and other interested parties. We will also make copies available to others upon request. If you have any questions about this report, please call me at (202) 512-7101. Other major contributors are listed in appendix I.

Sincerely yours,



David P. Baine
Director, Federal Health
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