

**Statement of Work**  
**Health Economics Specialist**  
**VA Palo Alto Health Care System**

**Section 1: General Information**

1.1 General: This is a non-personal services contract to provide health economics technical specialist services for the VA Palo Alto Health Care System. The Government shall not exercise any supervision or control over the contract service providers performing the services herein. Such contract service providers shall be accountable solely to the Contractor who, in turn is responsible to the Government.

1.2 Background:

- A. The VA spends over \$10 billion in Skilled Nursing Facilities (SNF) and custodial care. VA is concerned about the quality and value of its SNF care. Over the next year, VA will be publicly reporting information on SNF care to the Centers for Medicare and Medicaid Services (CMS) Hospital Compare website. Preliminary data from the VA Strategic Analytics for Improvement and Learning ([SAIL](#)) suggest that VA SNF services are of low value (below average quality and expensive).
- B. The growth of Hospital Compare is consistent with efforts to increase transparency and competition. For VA, this push coincides with the passage of the \$55 billion VA MISSION Act, which supports Veterans' ability to choose where they get care. At first blush, it seems reasonable to suggest that greater transparency, and any ensuing competition, will help patients, including Veterans. Some have suggested that VA does not compare well to commercial hospitals, and the VA should expand its role as a purchaser. However, the Commission on Care, among others, concluded that the VA works well, but it needs modernization so that it can be a learning health care system, as envisioned by the Institute of Medicine.
- C. Whether increasing transparency through hospital comparisons will motivate socially beneficial competition is unclear. CMS publishes performance metrics on Hospital Compare, but it is often unclear how these hospital comparisons are dealing with risk adjustment. The recent literature has questioned whether existing risk adjustment algorithms, including the algorithms used by CMS to pay Medicare Advantage (MA) plans, accurately adjust for mental health comorbidities. For example, Montz and colleagues used commercial claim data from the Truven Health Analytics database to examine adjustment methods and payments to health plans. They found that the CMS risk adjustment algorithm missed 80 percent of individuals with a mental health or substance use diagnosis, leading to a "systematic underpayment to plans" for these people.
- D. In our preliminary work, we have examined the importance of risk adjustment when comparing VA to non-VA providers. The importance of appropriate risk adjustment is highlighted by a recent Agency for Health Care Quality report, which found that Veterans who get care in the VA system are sicker than Veterans who get care elsewhere. However, it is not clear whether existing risk adjustment models can level the playing field.

### 1.3 Period of Performance:

Base Year: September 1, 2018 to August 31, 2019  
Option Year #1: September 1, 2019 to August 31, 2020

### 1.4 Place of Performance: The vendor is expected to perform work at the Palo Alto VA.

VA Palo Alto Health Care System  
795 Willow Rd.  
Menlo Park CA 94025

### 1.5 Invoicing: All invoices from the contractor shall be submitted electronically in accordance with VAAR Clause 852.232-72 Electronic Submission of Payment Requests.

VA's Electronic Invoice Presentment and Payment System – The FSC uses a third-party contractor, Tungsten, to transition vendors from paper to electronic invoice submission. Please go to this website: <http://www.tungsten-network.com/US/en/veterans-affairs/> to begin submitting electronic invoices, free of charge.

More information on the VA Financial Services Center is available at <http://www.fsc.va.gov/einvoice.asp>.

#### Vendor e-Invoice Set-Up Information:

Please contact Tungsten at the phone number or email address listed below to begin submitting your electronic invoices to the VA Financial Services Center for payment processing, free of charge. If you have question about the e-invoicing program or Tungsten, please contact the FSC at the phone number or email address listed below:

- Tungsten e-Invoice Setup Information: 1-877-489-6135
- Tungsten e-Invoice email: [VA.Registration@Tungsten-Network.com](mailto:VA.Registration@Tungsten-Network.com)
- FSC e-Invoice Contact Information: 1-877-353-9791
- FSC e-invoice email: [vafscshd@va.gov](mailto:vafscshd@va.gov)

## **Section 2: Definitions & Acronyms**

### 2.1 Definitions:

*Contractor.* A supplier or vendor awarded a contract to provide specific supplies or service to the government. The term used in this contract refers to the prime.

*Subcontractor.* One that enters into a contract with a prime contractor. The Government does not have privity of contract with the subcontractor.

*Work Day.* The number of hours per day the Contractor provides services in accordance with the contract.

*Work Week.* Monday through Friday, unless specified otherwise.

## 2.2 Acronyms:

CMS	Centers for Medicare and Medicaid Services
COR	Contracting Officer's Representative
FY	Fiscal Year
HERC	Health Economics Resource Center
MA	Medicare Advantage
PI	Principle Investigator
SAIL	Strategic Analytics for Improvement and Learning
SNF	Skilled Nursing Facilities
SOW	Statement of Work
VA	Veterans Affairs
VAPAHCS	Veterans Affairs Palo Alto Health Care System
VISN	Veterans Integrated Services Networks
VPN	Virtual Private Network

## **Section 3: Government Furnished Property, Equipment, and Services**

None

## **Section 4: Contractor Furnished Items and Services**

The Contractor shall provide all equipment, supplies, management, supervision, personnel, and transportation necessary to assure that all services are in accordance with the contract and all applicable laws and regulations. The contractor shall ensure all work meets performance standards specified in this Statement of Work (SOW) and referenced documents.

## **Section 5: Specific Tasks**

5.1 The Contractor shall provide the following:

A. Develop metrics for assessing the value of skilled nursing facility (SNF) care.

The contractor shall examine the issues of SNF care in detail. This work must expand upon our prior work to compute risk adjusted scores. This work must also specifically address the underlying self-selection that is due to confounding by indication. Propensity score models are insufficient controls as they only condition on observables. The contractor should provide comparisons of VA and Medicare SNF services.

- 1) Identifying patients who use SNF services in VA and Medicare. The contract must identify patients who use VA or Medicare for SNF services between FY2013 and FY2017.
- 2) Separate patients into three groups: those who only use Medicare, those who only use VA, and those who use SNF services in both systems.
- 3) Compute risk adjustment scores for each patient, using the VA Nosos score methods. Medicare data will not have these risk scores, nor do they have all of the exact covariates used in Nosos. The contractor will define which variables are in both datasets and then compute the risk scores. 10-fold validation should be used to confirm the validity of the risk scores.
- 4) Compare the three groups described in Step 2, above, on their demographic backgrounds (age at admission, gender, marital status, race, and risk score)
- 5) Compare the three groups described in Step 2, above, on measures of health care utilization (SNF length of stay, 30 day mortality, primary diagnosis prior to SNF). These analyses should be both unadjusted and risk adjusted.
- 6) Compare the three groups described in Step 2, above, on measures of quality as defined by Hospital Compare.
- 7) Compare the three groups described in Step 2, above, in their use of opioid pain medication.
- 8) Investigate causal modeling using length of stay prior to SNF admission in a regression discontinuity framework.
- 9) Medicare only covers patients over 65 or those who are disabled. In a separate stratified analysis, the contract will run analyses for people under age 65.

- B. Patients who seek SNF care in VA and Medicare are likely to have different federal benefits. The contractor shall develop an analytical plan for how one could analyze Veterans Benefits data, with the goal of separating income and disability benefits. This analytical plan should be informed by previous research in economics on public finance and disability. The analytical plan should also note whether differences in benefits could possibly bias the SNF results, provided above.

The contractor shall inform this analytical plan with a literature review. The literature review should highlight ways that researchers have disentangled income and disability effects and the strengths and weaknesses of these methods.

- C. Draft a manuscript for scientific publication on value of SNF care and possible biases in public reporting of SNF care to Hospital Compare. The manuscript must be reviewed and approved by health economist at the Health Economics Resource Center.
- D. The contractor shall manage two research assistants to assist with data management and data analysis. These research assistants will be students at Stanford University.
- E. The contractor shall meet weekly with Dr. Todd Wagner, PhD, Director of the Health Economics Resource Center to provide updates.

- F. The Contractor shall work closely with the technical point of contact, Yoko Ogawa, Health Economics Resource Center (HERC) Administrative Officer, to monitor contract compliance through monthly e-mails, phone calls, or in-person review.

## 5.2 Contractor Requirements & Duties

- A. Contractor must have expertise in economics, public financing and skilled nursing care.
- B. Contractor must have academic papers and/or scientific publications demonstrating experience in the SNF care.
- C. Contractor must have academic papers and/or scientific publications demonstrating experience in the disability insurance.
- D. C&A Requirements do not apply, and that a Security Accreditation Package is not required.

## 5.3 Specific Duties

- A. Work effectively with team members and interact professionally with VA staff via in-person meetings, phone and email.
- B. Provide response to requests to review project documents on a quarterly basis.
- C. Write analytical plans for assessing the value of SNF care and assessing disability insurance.
- D. Review and comment on existing literature and analyses.
- E. Write, review and edit manuscripts developed for scientific publication.
- F. Participate in weekly panel discussions.

## 5.4 Education and Background

- A. Contractor must have doctoral training in economics
- B. Contractor must have expertise in SNF and disability research, as evidenced by academic papers.
- C. Contractor must have experience in analyzing Medicare data, including the identification of diagnoses and procedures by ICD-9, ICD-10, and CPT codes.

## 5.5 Deliverables

- A. Monthly oral and written reports with status updates.
- B. Monthly review analyses of data on the value of SNF care.
- C. Scientific publication(s). These must be approved prior to submission to a peer-review journal.

## 5.6 Verification of Deliverables

- A. Contractor will submit quarterly invoices after reviewing status of deliverables with the point of contact, Todd Wagner, PhD. All deliverables are due at the time of the final invoice.
- B. The Contract Officer Representative (COR), Timothy Mooney, will verify contractor performance and compliance with the point of contact, Todd Wagner, PhD, on a quarterly basis.

## 5.7 Data Security

- A. Contractors, contractor personnel, subcontractors, and subcontractor personnel shall be subject to the same Federal laws, regulations, standards, and VA Directives and Handbooks as VA and VA personnel regarding information and information system security.

## **Section 6: Applicable Publications**

Attachment 1 Business Associate Agreement

Attachment 2 VA Handbook 6500.6, Contract Security, Appendix C is available at

[http://www.ois.oit.va.gov/docs/Appendix\\_C.pdf](http://www.ois.oit.va.gov/docs/Appendix_C.pdf).