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Medicare value-based purchasing headed in the right direction

The Centers for Medicare & Medicaid Services (CMS) recently issued a proposed rule to implement the inpatient hospital value-based purchasing (VBP) program, scheduled to commence in fiscal year (FY) 2013. At that time a portion of a hospital's payment will be linked to its performance on certain measures. While the law specifies certain requirements of the VBP program, the majority of the policy decisions remain in the hands of CMS through the rulemaking process. The Premier healthcare alliance strongly supports policies that link payment to quality outcomes, and applauds CMS for issuing a proposal that we believe, with some important modifications, will reward quality and incentivize improved patient care.

[Premier's recommendations](#)

(<http://www.premierinc.com/about/advocacy/issues/11/Medicare/VBP-comments-FINAL-3-2-11.pdf>) to CMS on the proposed rule are largely based on the alliance's six years of experience with the [Hospital Quality Incentive Demonstration](#) (HQID) (<http://www.premierinc.com/quality-safety/tools-services/p4p/hqi/index.jsp>), which paved the way for the national VBP program.

Appropriate weight should be given to patient satisfaction measures and clinical measures

- The measurement and reporting of the Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) survey is an important milestone in the advancement of patient-centered care, and appropriately elevates the importance of the patient experience.
- However, research has shown that high-acuity patients score their patient experience at a lower level, which will systematically disadvantage hospitals that take on complex and sicker patients.
- Given the potential inadequacies of the risk adjustment, CMS should reduce the weight of the HCAHPS domain to at most 20 percent and conduct further research to improve the population adjustment methodology.

The scoring methodology for patient satisfaction measures should be the same as for clinical process measures

- CMS proposes a scoring methodology for the HCAHPS measures that is different from the scoring methodology proposed for the clinical process measures. The proposed HCAHPS scoring methodology exaggerates the variation in the scores among hospitals so that a small difference in HCAHPS performance becomes a big difference in the performance score, which determines a hospital's VBP payment.
- CMS should use a scoring methodology for HCAHPS similar to the proposed clinical process-of-care scoring that relies on the actual score rather than a relative percentile.

"Topped out" measures should be excluded from the VBP program

- The Premier healthcare alliance supports CMS' proposal to remove from eligibility for the program measures that have "topped out" or where the vast majority of hospitals are performing at a level statistically indistinguishable from each other and have achieved nearly complete compliance with the measures.

- By removing these measures, CMS will ensure that the remaining measures will make a material difference in distinguishing between providers and encouraging performance improvement.

A linear exchange function should be used to calculate the payment adjustment percentage from the total performance score, as CMS has proposed

- Adopting a linear function provides a balanced distribution of the percentage adjustment factors across hospitals and provides the same marginal incentive for hospitals at the high and low end of the performance range to improve their performance, which is the ultimate objective of the VBP program.

Performance thresholds should be established at a level that hospitals could reasonably be expected to achieve

- CMS should establish an achievement threshold for both clinical process and HCAHPS that does not immediately shift payments between urban and rural hospitals in the first year of the program, and then transition to the median of the baseline over time according to the impact on providers as measures are added.

Current specifications for mortality measures should be maintained

- CMS proposes to add three mortality measures in FY 2014 and to use an 18-month baseline period and proposed performance period for the measures. While CMS asserts that its analysis shows that using 18 months of data rather than three years, as is currently used, is also reliable, it does not provide any evidence of this assertion.
- CMS should maintain the current specifications of the mortality measures until it can provide concrete evidence that a shorter period will result in substantially the same results. Premier also recommends that CMS score mortality based on the reporting structure ("above," "at" or "below average") rather than a continuously scaled achievement score.

Hospitals should be excluded from the VBP program for "immediate jeopardy" citations only when appropriate and under the federal definition

- CMS proposes to exclude from the FY 2013 VBP program any hospital that is cited by CMS through the Medicare State Survey and Certification process for deficiencies during the proposed performance period that pose immediate jeopardy to patients.
- CMS must take several steps to improve the Medicare State Survey and Certification process before the performance period begins, including: 1) provide additional training for state surveyors and CMS Regional Organizations; 2) eliminate the ability of state surveyors to cite a hospital for an immediate jeopardy for issues that occurred previous to the survey but have since been remedied; and, 3) implement an informal dispute resolution process like that under the skilled nursing facility program.

About the Premier healthcare alliance, Malcolm Baldrige National Quality Award recipient

Premier is a performance improvement alliance of more than 2,500 U.S. hospitals and 73,000-plus other healthcare sites using the power of collaboration to lead the transformation to high quality, cost-effective care. Owned by hospitals, health systems and other providers, Premier

maintains the nation's most comprehensive repository of clinical, financial and outcomes information and operates a leading healthcare purchasing network. A world leader in helping deliver measurable improvements in care, Premier has worked with the Centers for Medicare & Medicaid Services and the United Kingdom's National Health Service North West to improve hospital performance. Headquartered in Charlotte, N.C., Premier also has an office in Washington. <http://www.premierinc.com>. Stay connected with Premier on [Facebook](#), [Twitter](#) and [YouTube](#).