



# Medicare: Today's Issue

April 27, 2004

## *BETTER BENEFITS – MORE CHOICES*

*Good News about the Medicare Prescription Drug, Improvement and Modernization Act of 2003!*

### Hospital Quality

Working with stakeholders to foster national public reporting of hospital quality performance information and encourage quality improvement efforts around a common set of clinical measures and patients' experience of care measures, the Centers for Medicare and Medicaid Services (CMS) is engaged in a number of initiatives to help improve the quality of care in hospitals, some of which are highlighted below.

#### National Hospital Voluntary Reporting Initiative

- ❖ The American Hospital Association (AHA), the Federation of American Hospitals (FAH), and the Association of American Medical Colleges (AAMC) have **launched a national voluntary initiative to collect and report hospital quality performance information**. The effort is **intended to make critical information about hospital performance accessible to the public and to inform and invigorate efforts to improve quality**.
  - » Participating hospitals collect, submit, and publicly report a “starter set” of 10 measures on the following conditions: pneumonia, heart failure, and acute myocardial infarction. CMS is providing technical support for the transmission and reporting of hospital measures.
  - » Nearly **1500 hospitals are sharing quality information with the public on the CMS website and over 2,700 hospitals have pledged and registered to supply this information**.
  - » Starting on October 1, 2004, hospitals that fail to voluntarily report these 10 measures will see a 0.4 percent reduction in the market basket update to their Medicare inpatient hospital payments.

#### Hospital Patient Perspectives on Care Survey (HCAHPS)

- ❖ CMS is working with the Agency for Healthcare Research and Quality (AHRQ) to **create a standard survey instrument and data collection protocol that measures patient perspectives on the care they receive**.
  - » The instrument and data collection protocol will be put in the public domain and is intended to be used by hospitals or other interested parties to collect comparable data from the perspective of patients.
  - » CMS issued a Federal Register notice on December 5, 2003 asking for public input on the current version of the instrument and survey administration strategy. Once the instrument is finalized, hospital recruitment and national training for HCAHPS will begin.
  - » There are plans to include the HCAHPS survey instrument as part of the National Hospital Voluntary Reporting Initiative.

#### Hospital 3-State Pilot

- ❖ In November 2002, CMS began working with Quality Improvement Organizations (QIO) in Maryland, New York, and Arizona to test web-based approaches to public reporting of hospital performance measures.
  - » Participation in the 2-year pilot program is on a voluntary basis. The initiative tests and assesses:
    1. A new “patient perspectives on care” survey (HCAHPS).

2. The most effective communication of hospital performance information to consumers.
  3. A starter set of 10 widely accepted clinical measures, including resolving data transmission, validation and communication issues.
  4. Additional measures and tools relevant to each pilot state.
- » The pilot, which began in November of 2002 and will conclude in the fall of 2004, **promotes the use of performance data for consumer decision-making, and emphasizes the role of the patient experience survey in hospital performance measurement.**

### **Premier Hospital Demonstration**

- ❖ The Premier Hospital Quality Incentive demonstration **project provides financial rewards to hospitals that demonstrate high quality performance in a number of areas of acute care.** Involving a CMS partnership with Premier, Inc., a nationwide organization of not-for-profit hospitals, the demonstration **rewards participating top performing hospitals by increasing their payment for Medicare patients.**
- » Premier was selected, because it has the ability to track and report quality data for 34 quality measures for each of its hospitals. This capability makes the Premier database operationally unique and enables a rapid test of the concept of incentives for high performance in several areas of quality. Participation in the demonstration is voluntary and opened to hospitals in the Premier Perspective system as of March 31, 2003.
- » **Participating top performing hospitals will receive bonuses based on their performance on evidence-based quality measures** for inpatients with: heart attack, heart failure, pneumonia, coronary artery bypass graft, and hip and knee replacements.
- » The quality measures for the demonstration have an extensive record of validation through research, and are based on work by the Quality Improvement Organizations (QIOs), the Joint Commission on Accreditation of Healthcare Organizations (JCAHO), the Agency for Healthcare Research and Quality (AHRQ), the National Quality Forum (NQF), the Premier system, and other CMS collaborators.
- » Hospitals will be scored on the quality measures related to each condition measured in the demonstration. CMS will identify hospitals with the highest clinical quality performance for each of the 5 clinical areas.
- » **Hospitals in the top 20 percent of quality for those clinical areas will be given a financial payment as a reward for the quality of their care.** Hospitals in the top decile of hospitals for a given diagnosis will be paid a 2 percent bonus for the measured condition. Hospitals in the second decile will be paid a 1 percent bonus.
- » In year 3, hospitals that do not achieve performance improvements above the demonstration baseline will have their payment reduced. The demonstration baseline will be clinical thresholds set at the year one cut-off scores for the lower 9<sup>th</sup> and 10<sup>th</sup> decile hospitals. Hospitals will receive a 1 percent reduction in their DRG payment for clinical conditions that score below the ninth decile baseline level and 2 percent less if they score below the tenth decile baseline