Redesigning Medicare's hospital quality incentive programs

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MEDPAC

Issues with current hospital quality payment programs

- Inconsistent with the Commission's quality measurement principles
- Contain too many, overlapping programs
- Rely on condition-specific readmission and mortality measures as opposed to all-condition measures which are more stable
- Include process measures that are not tied to outcomes, and provider-reported measures that may be inconsistently reported
- Score hospitals using "tournament models" (hospitals are scored relative to one another) and not clear, absolute, and prospectively set performance targets

Timeline of the hospital value incentive program (HVIP) development

- September 2017: Discussed objectives and design of HVIP
- April 2018: Reviewed modeling of HVIP
  - Published in June 2018 report to the Congress
- September 2018: Continued to refine the design of the HVIP
- December 2018: Review updates to the HVIP and Chairman's draft recommendation

Updates to HVIP modeling

- Included hospital-acquired infection rates as a measure domain
- Scored all ten patient experience measures, including the overall rating
- Used both a 2 percent and 5 percent withhold amount to show the effects of
  - Transitioning to a greater withhold over time
  - Beginning with a withhold higher than current VBP
- Continued to use equal weighting of measure domains

MedPAC's HVIP design

Merge programs:

Hospital Readmissions Reduction Program (HRRP)

Hospital Value-based Purchasing (VBP) Program

Hospital-Acquired Condition Reduction Program (HACRP)

Eliminate program:

Inpatient Quality Reporting Program (IQRP)

Hospital Value Incentive Program (HVIP)

- Include five outcome, patient experience and cost measure domains
  - Readmissions
  - Mortality
  - Spending (MSPB)
  - Patient experience
  - Hospital-acquired conditions
- Set clear, absolute and prospective performance targets
- Account for social risk factors by directly adjusting payment in "peer groups"
- Distribute a pool of dollars to hospitals based on their performance

HVIP scoring: Convert measure performance to HVIP points

- Reward hospitals based on clear, absolute, and prospectively set performance targets
- Each measure domain has a continuous performance-to-points scale (from 0 to 10 points)
  - Our model used a broad distribution of historical data to set the scale
- Total HVIP score is the average of all points across the five measure domains

HVIP scoring: Convert HVIP points to payment adjustments within peer groups

- Medicare should take into account differences in provider populations through peer grouping
- Modeled HVIP scoring using 10 groups based on share of fully dual-eligible beneficiaries
  - Use the same performance-to points scale across all groups
  - Each peer group has its own “percentage adjustment to payment per HVIP point” based on the group’s pool of dollars and HVIP points

HVIP scoring: Distribute enhanced pool of dollars within peer group

- Each peer group has a pool of dollars which is redistributed based on HVIP points earned
- Pool of dollars comprised of:
  - Withhold from each hospital in the peer group
    - Transition over time from 2 percent to 5 percent
    - Begin with 5 percent withhold
  - Portion of hospital payment update (we used 1 percent of inpatient spending for modeling)
- Modeled HVIP payment adjustments using two different sized pools: 3 percent and 6 percent of total base inpatient spending

HVIP modeling results

- 3 percent pool of dollars
  - 95% of hospitals will receive a reward relative to their withhold
  - 1.07% unweighted, average net HVIP adjustment (3.07% adjustment with 2% withhold)
- 6 percent pool of dollars
  - 82% of hospitals will receive a reward relative to their withhold
  - 1.13% unweighted, average net HVIP adjustment (6.13% reward with 5% withhold)

Results are preliminary and subject to change

Summary

- Consistent with the Commission's principles, the HVIP links payment to quality of care to reward providers for offering high-quality care to beneficiaries
- HVIP rewards hospitals that efficiently deliver higher quality
- HVIP is simpler than the current four, overlapping programs
- HVIP uses a small set of population-based outcome, patient experience, and value measures that encourage providers to collaborate across the delivery system
  - Medicare could use these measures to compare across fee-for-service, accountable care organizations and Medicare Advantage
- HVIP reduces the differences in payment adjustments between groups of providers serving populations with different social risk factors