MEDPAC Medicare Payment Advisory Commission

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September 22, 2016

Andrew Slavitt
Acting Administrator
Centers for Medicare & Medicaid Services
Department of Health and Human Services
Room 310G.05, Hubert H. Humphrey Building
200 Independence Avenue, SW
Washington, DC 20201

RE: Hospital Star Rating System

Dear Mr. Slavitt:

The Medicare Payment Advisory Commission (MedPAC) would like to provide the Centers for Medicare & Medicaid Services (CMS) with feedback about the Hospital Star Rating program. We hope these comments are helpful as you continue to refine the program.

In July CMS began publicly reporting a one- to five-star rating for each hospital on the Hospital Compare website. Each hospital's star rating is a summary score calculated using a weighted average of seven quality measure groups: mortality (7 measures), readmissions (8 measures), safety of care (8 measures), patient experience (11 measures), effectiveness of care (18 measures), timeliness of care (7 measures), and efficient use of medical imaging (5 measures). The first four groups are each weighted 22 percent of the summary score, and the last three groups are each weighted 4 percent. To receive a star rating, hospitals must have at least enough measure results to score three of the seven groups, and at least one of groups must be an outcomes group (mortality, readmissions, safety, patient experience).

The Commission encourages the use of outcome over process measures to assess provider quality. Our analysis of the current star rating results showed that out of the 102 five-star hospitals, only 57 (56 percent) have a rating that is based on all four of the outcome groups. Of the 129 one-star hospitals, all but 3 (98 percent) were rated using all four of the outcome groups. These results show that a substantial share of the best-performing hospitals were not rated on a full set of outcome measures, and raises concerns that missing data is associated with higher ratings.

The Commission is concerned that the current Hospital Star Rating program may not fully account for differences in the intrinsic health risks that patients bring to the hospitals, and therefore may not produce a true "apples-to-apples" comparison of hospitals. For example, at one-star hospitals, an average of 78 percent of admissions were admitted through the emergency department (ED),

while at five-star hospitals, only 36 percent of admissions, on average, were admitted through the ED. One-star hospitals are treating a greater share of likely more severe cases from EDs. This suggests that there may be a need for improved adjustment with respect to the complexity and satisfaction of patients receiving emergency care.

We also believe that there are currently too many, overlapping hospital quality payment and reporting programs, which creates unneeded complexity in the Medicare program. Although the Hospital Star Rating program uses metrics that hospitals are already reporting to CMS, it represents a new organization of the measure and scoring methodology for CMS to administer and for hospitals to track. The Commission encourages CMS to align the star rating methodology as much as possible with existing CMS programs, for example the Hospital Value-based Purchasing (VBP) program, which scores hospitals on a comprehensive set of quality and cost measures, and redistributes payments from lower- to higher-performing hospitals.

Overall, the Commission appreciates CMS's ongoing efforts to report quality information to Medicare beneficiaries so that they can make more informed decisions when choosing providers. However, we are concerned by some of the Hospital Star Rating program results, and recommend that CMS continue to refine the rating measures and methodology. The Commission plans to discuss methods to compare hospitals on Medicare quality of care and cost, and adjust payment based on that performance. The results of the Commission's discussion and follow-up work can help inform future CMS direction on quality payment programs and public reporting of hospital quality information.

The Commission values the ongoing cooperation and collaboration between CMS and Commission staff on technical policy issues. We look forward to continuing this productive relationship. If you have any questions, or require clarification of our comments, please feel free to contact Mark E. Miller, the Commission's Executive Director.

Sincerely,

Francis J. Crosson M.D.

Francis J. Crosson, M.D.
Chairman

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