Reforming quality measurement and implications for premium support

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Overview

- The Commission's alternative quality concept
- Measures to evaluate quality across payment models
- Rewarding private plans and accountable care organizations (ACO) based on quality in a local market area
- Plan standards for auto-assignment and other issues
- Issues for discussion

June 2014: Concept for new approach to quality measurement

- Small set of population-based outcome and patient experience measures
- Report performance for MA plans, ACOs, and fee-for-service (FFS) in a local market area
- Possibly adjust payments to MA plans and ACOs based on performance relative to FFS
- Concerns about using results for FFS payment adjustment given no accountable entity, so continue to rely on provider-based quality measure programs

Small set of population-based outcome measures

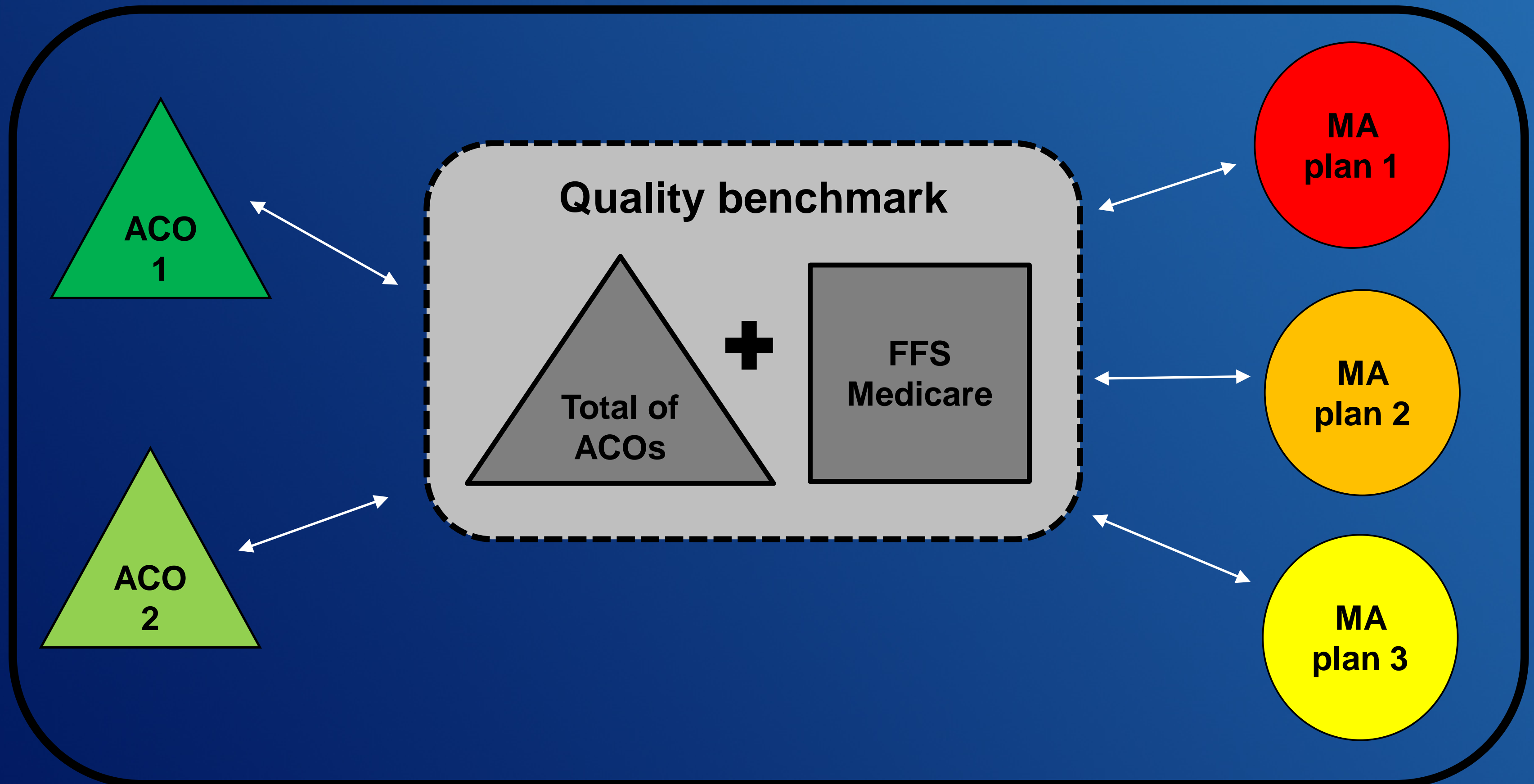
1. Potentially preventable admissions
2. Potentially preventable emergency department visits
3. Mortality rates after an inpatient stay
4. Readmission rates after an inpatient hospital stay
5. Healthy days at home
6. Low-value care

Patient experience measures

- MA and FFS Consumer Assessment of Healthcare Providers and Systems (CAHPS)* surveys collect the same measures
  - Rating of health care quality, getting needed care, getting appointment and care quickly, etc.
- ACO CAHPS survey collects similar concepts
- All surveys could require changes to data collection unit

*CAHPS is a registered trademark of the Agency for Healthcare Research and Quality

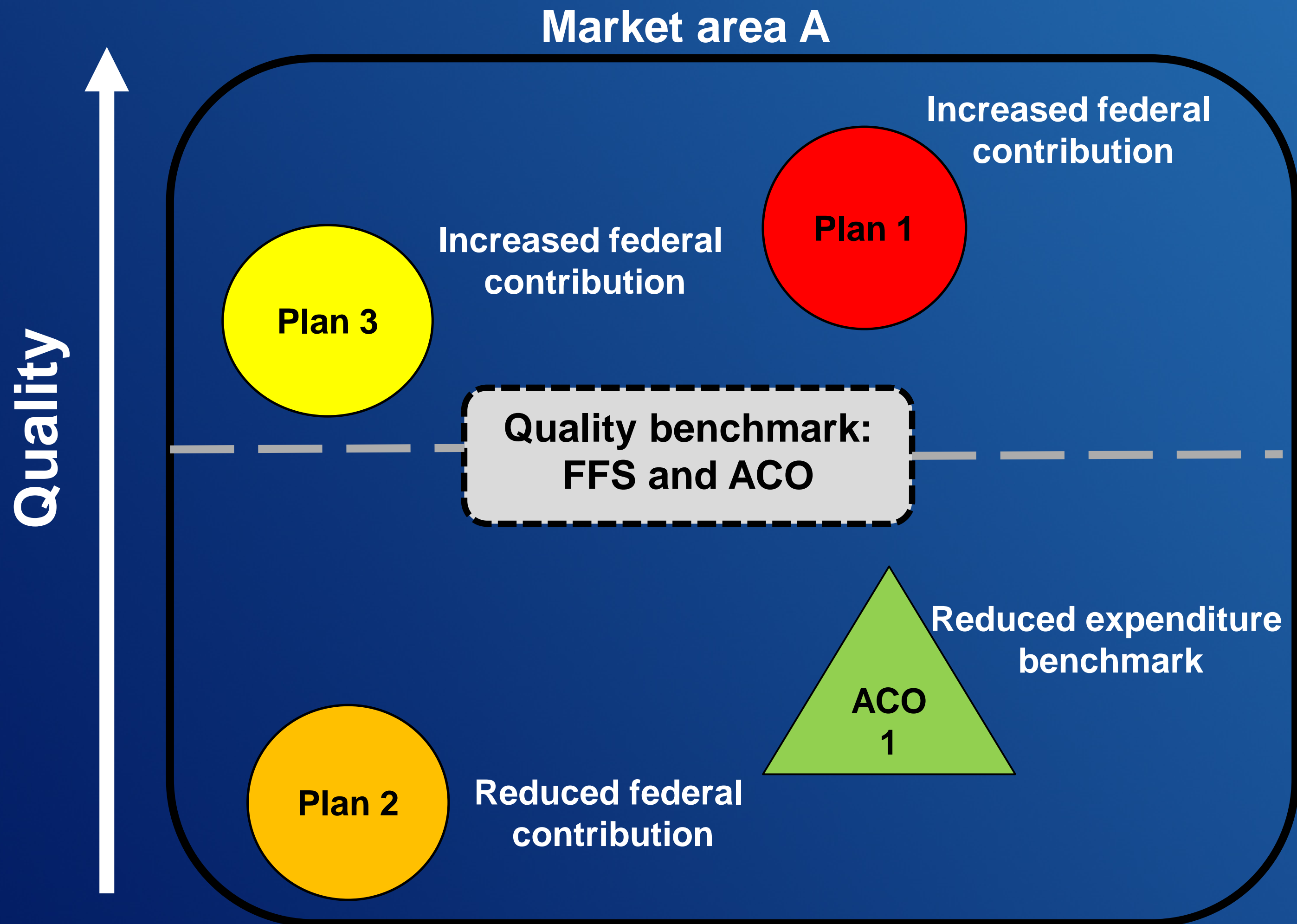
June 2014: Quality reporting in a local market area



Rewarding plan quality in premium support model

- Premium support in a local market area
  - Each plan bids to provide benefits to average health beneficiary
  - Medicare determines government contribution based on FFS and private plan bids
  - If beneficiary selects plan with bid above government contribution they pay a premium; plan with lower bids give enrollees a cash rebate
- Can vary the government contribution based on quality
  - FFS quality is the benchmark

Example of rewarding plans and ACO quality in a local market area



Financing of quality payments and budget neutrality

- Current:
  - MA: Additional payments made to plans, and no payment reductions for poor quality
  - FFS: Provider value-based purchasing programs are budget neutral (additional payments and reductions)
- Option for new reward model:
  - Budget neutrality at the market area level
  - Additional payments and reductions for plans and ACOs come out of total (FFS, ACO, plan) spending in the market

Plan standards in a premium support system

- Current standards for the kinds of entities able to offer Medicare plans can continue
  - For example, current plans include HMOs or preferred provider organizations (PPOs). Organizations must be licensed by states and must demonstrate the ability to undertake a Medicare risk contract.
- Special consideration for certain plan types currently available?
  - For example, employer group waiver plans in MA—exclude from bidding but pay at prevailing rate in the market area ?

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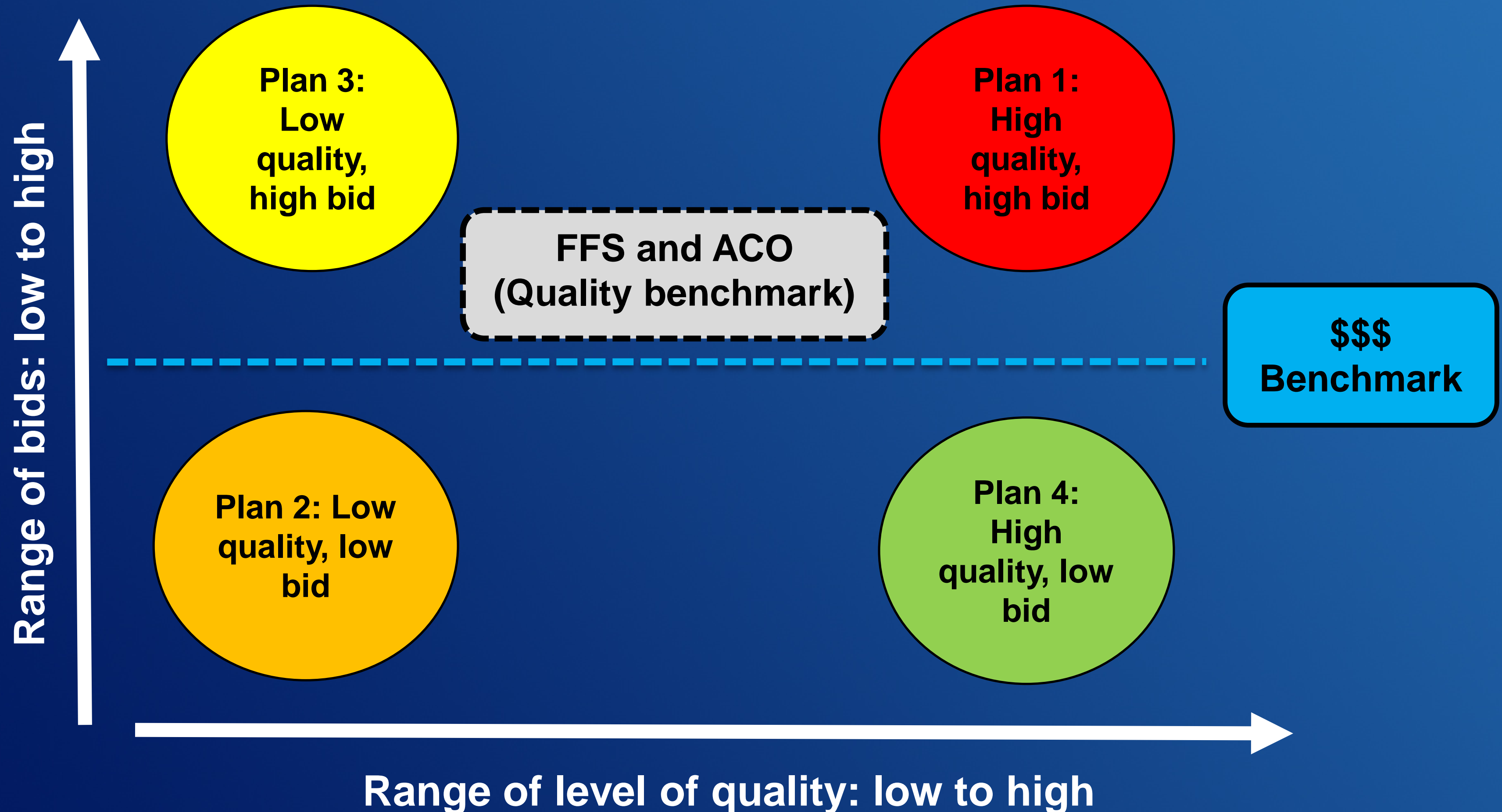
Standards if auto-assignment occurs

- The government subsidizes the premiums of low-income individuals. In Part D, low-income beneficiaries are auto-assigned to the least costly plan(s).
- With respect to quality as a factor, two models:
  - Under Part D, plan star ratings are not a factor for low-income subsidy (LIS) auto-assignment. Plan premiums are the determining factor.
  - In the Medicare-Medicaid financial alignment demonstration, quality is a factor in determining whether a plan receives passive enrollment.

Auto-assignment in premium support based on price and quality



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Issues for discussion

Current model: Common outcomes-based quality measurement across models in a market area

- Measuring and rewarding quality
  - Quality affects the government contribution?
  - FFS is the reference for reward? MA and ACOs only rewarded?
  - Budget neutrality?
- Other issues
  - Auto-enrollment?
  - Plan capacity?