Redesigning Medicare's hospital quality and value programs: Next steps

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MEDPAC

Overview

- Review MedPAC's hospital value incentive program (HVIP) design
- Discuss four elements of the HVIP design
  - Weighting of the measure domains
  - Overall amount of the financial withhold
  - Which patient experience measures to use
  - Monitoring hospital-acquired conditions (HACs)

MedPAC's HVIP design

Merge programs:

Hospital Readmissions Reduction Program (HRRP)

Hospital Value-based Purchasing (VBP) Program

Eliminate programs:

Inpatient Quality Reporting Program (IQRP)

Hospital-Acquired Condition Reduction Program (HACRP)

Hospital Value Incentive Program (HVIP)

- Include four outcome, patient experience and cost measures
  - Readmissions
  - Mortality
  - Spending (MSPB)
  - Overall patient experience
- Set clear, absolute and prospective performance targets
- Account for social risk factors by directly adjusting payment through "peer grouping"
- Budget neutral to current programs
- Continue public reporting

Results of initial HVIP modeling

- About half of hospitals receive a penalty and half receive a reward
- Due to peer grouping, hospitals that serve a high share of poor patients are more likely to receive rewards under the HVIP compared to current programs

Weighting of the measure domains

- Initial HVIP model weights each measure domain equally to maintain the independence and importance of the four domains
- Policymakers could weight the domains differently based on some other prioritization
- Alternative: Weight clinical outcomes more heavily because they may be more important to beneficiaries

Weighting clinical outcomes more

- Modeled the HVIP weighting mortality and readmissions each at 35 percent, and patient experience and MSPB at 15 percent each
  - Compared to equal weighting, weighting clinical outcomes more would alter payment adjustments by 0.15 percentage points or less for 82 percent of hospitals
  - Four measures have modestly positive correlations with each other so small weighting changes will not have large effects on average HVIP scores

Discussion: Weighting of domains

- Equal-weighting versus other weighting approaches?
- Option:
  - Specify weighting of domains or Secretary's discretion through rulemaking and public comment

Withhold amount

- Under current hospital quality payment programs, hospitals receive a maximum reward of 3 percent and maximum penalty of 6 percent
- HVIP designed to be budget neutral:
  - Each peer group has a pool of dollars based on a percent payment withhold from each of the peer group's hospitals
  - Pool of dollars redistributed to hospitals in the peer group based on their performance on the HVIP measures
- Initial HVIP model used 2 percent payment withhold similar to the current VBP
- Alternative: Increase the HVIP withhold amount to 5 percent

Increase 2 percent withhold to 5 percent

- Modeled the HVIP using a 5 percent payment withhold
  - Compared to 2 percent withhold, no change in which hospitals receive positive or negative adjustment, but the size of the adjustment increases 2.5 times
  - Range of net HVIP payment adjustments
    - 2 percent withhold = -1.4 percent to 1.6 percent
    - 5 percent withhold = -3.5 percent to 4.0 percent

Discussion: Increase HVIP withhold over time

- Appropriate withhold amount to change hospital behavior and motivate improvement?
- Option:
  - Phase in higher withhold amounts over time
    - Year 1 = 2 percent; increase annually by 1 percent until a maximum of 5 percent withhold

Which patient experience measures?

- HVIP will include patient experience measures based on the existing Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS®) survey
  - HCAHPS captures 10 different measures; all are scored in VBP
- Initial HVIP model used the HCAHPS single overall rating measure
- Alternative: Score multiple HCAHPS measures to capture more aspects of beneficiary experience

Using multiple patient experience measures

- Modeled HVIP using a patient experience composite (communication with doctors, communication with nurses, responsiveness of staff, and discharge information)
  - Compared to scoring a single overall rating, scoring a composite would alter payment adjustments by 0.15 percentage points or less for 78 percent of hospitals
  - Patient experience measures have modestly positive correlations with each other so small weighting changes will not have large effects on average HVIP scores
- Interviews with hospital leaders: Favored scoring the single overall rating over the composite

Discussion: Patient experience measures

- Single overall rating versus patient experience composite?
- Option:
  - Specify patient experience measures or Secretary's discretion through rulemaking and public comment

Monitoring HACs

- HAC rates have improved
- But providers may have changed clinical decision-making in response to HACRP financial incentives
  - Culturing asymptomatic patients on admission
  - Ordering antibiotics without culturing a patient to avoid having a positive finding for a HAC
- Concerns confirmed in our interviews with hospital leaders

Monitor HACs outside of quality payment program

- Due to concerns about accuracy of HAC data, the Commission initially excluded HACs in the HVIP payment model
  - Note that effects of HACs are captured in other HVIP measures
- However, hospitals should continue to report HAC results as part of Medicare Conditions of Participation and CMS should continue to publicly report results
  - Hospitals can continue to use measures for their own quality improvement work
- Objective: Remove financial incentives to alter clinical decision-making but maintain the availability of data for monitoring

Discussion: HAC monitoring

- Given adverse effects of HAC financial incentives on data accuracy, continue to exclude HACs from HVIP?
- Additional option:
  - The Secretary monitor performance on HAC over time

Discussion

- Clarifying questions
- Feedback on
  - Weighting of the measure domains
  - Overall amount of financial withhold
  - Which patient experience measures to use
  - Monitoring HACs
  - Other issues
- Move forward with recommendation to the Congress?