



# American Hospital Association

## Update on National Policy Issues: Quality Reporting; Value-Based Purchasing; and Serious, Adverse Events

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# National Policy Update

- **Quality Reporting**
- **Value-Based Purchasing/Pay-for-Performance**
- **Serious Adverse Events**



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# Quality Reporting

- **Setting and implementing national goals**
- **Progress on current measures**
- **New measures on the horizon**



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# Setting Priorities and Goals

- **National Quality Forum**
  - Priority Partners
- **CMS/HHS**
  - Current administration
  - New administration?
- **Congress**
- **The Joint Commission**
  - International work
- **Others**
  - States
  - Private payers
  - Local initiatives



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# Implementing Priorities and Goals

- **Hospital Quality Alliance (HQA)**
- **AQA**
- **The Joint Commission and/or Corporate Members**
- **Medical Boards and American Board of Medical Specialties (ABMS)**



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# Many Measures...Few Conditions

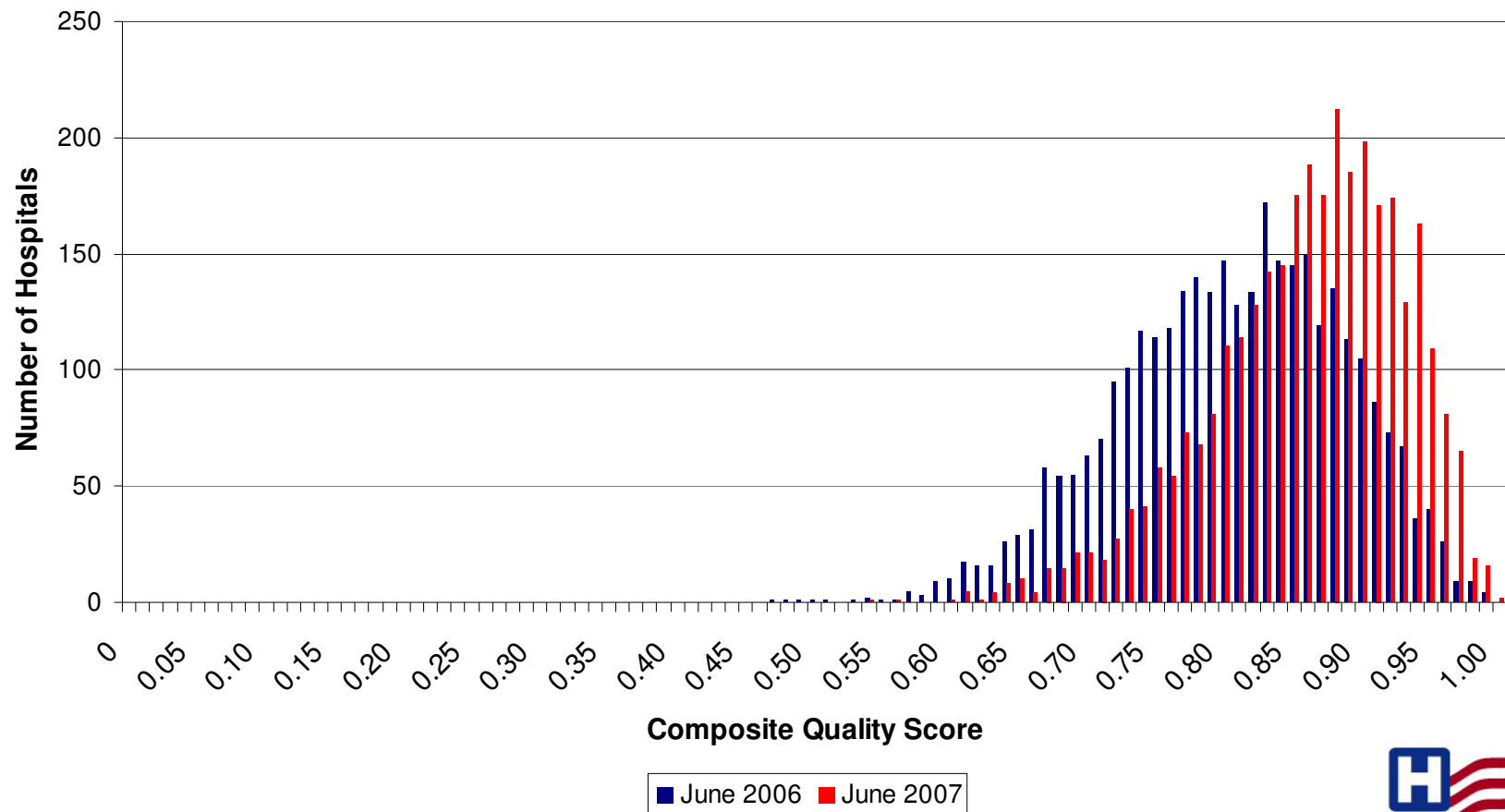
- **27 measures currently reported on *Hospital Compare***
  - 9 heart attack measures
  - 5 heart failure measures
  - 7 pneumonia measures
  - 5 surgical care measures
  - HCAHPS patient experiences with care (10 composites)
- **Pneumonia mortality and 2 more surgical care measures coming later this year**



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# The Good News: Hospitals Are Making Progress

Distribution of Hospital Composite Quality Scores: Pneumonia  
June 2006 - June 2007



# What's Here Now and What's Ahead

## Now...

- **New inpatient measures**
- **HCAHPS**
- **Outpatient measures**
- **Physician measures for payment reward**



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# What's Here Now and What's Ahead

## New inpatient measures

- **43 measures put forward by CMS in the proposed IPPS hospital rule**
  - Stroke care, nursing sensitive, cardiac surgery, patient safety, bad blood clots, readmission, surgical care
  - Unclear how many to be finalized; HQA did not adopt all
  - Unclear whether, or when, critical access hospitals could report
- **Pediatric asthma measures**



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# What's Here Now and What's Ahead

## HCAHPS

- Initial reporting March 2008; new hospitals added every quarter
- New opportunities presented to hospitals for quality improvement



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# What's Here Now and What's Ahead

## Outpatient measures

- **Seven initial measures**
  - Five ED measures for patients transferred to another hospital
  - Two SCIP measures
- **Reporting began for OPPS hospitals on April 1**
- **When can critical access hospitals report?**



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# What's Here Now and What's Ahead

## Coming Soon...

- **More physician measures for quality**
- **Measures for episodes of care**
  - AMI
  - Low back pain
- **Infection measures**
- **Local efforts**



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# Value-Based Purchasing/Pay-for-Performance

- **AHA position**
- **Potential Medicare program for IPPS hospitals**



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# AHA Principles on P4P

- **Link hospital and physician incentives**
- **Program should be developed collaboratively, involving all stakeholders**
- **Goal should be to improve performance**
- **Move cautiously given untested nature of P4P**
- **Quality improvement and quality attainment both should be rewarded**
- **Select measures collaboratively --- NQF endorsed, HQA adopted**
- **Assess impact of plan on performance and patient, especially for unintended consequences**



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# P4P under Medicare

- CMS submitted plan to Congress in November 2007 – how to implement P4P for IPPS hospitals
- Congressional action required to actually implement value-based purchasing
- Potential for P4P to spread to other Medicare payment systems and providers



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# Points of Agreement with CMS' Plan

- **Would reward for both attainment and improvement**
- **Phased in over several years**
- **Anticipates some experience with reporting measures before linking them to payment**
- **Improves validation process and appeals process**



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# Major Concerns with CMS' Plan

- Does not link hospital and physician incentives
- Withholds 2-5% of base DRG payments (too much for an untested system)
- Likely used to reduce payments to hospitals (scored savings in President's 2008 Budget)
- Affects payments for all patients, not just those to whom the measures are applied
- Does not ensure NQF/HQA role in selection of measures
- No independent evaluation process



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# Challenges for Any P4P Program

- **If P4P programs vary as much as current quality data collection programs, simply create confusion – Need to harmonize messages for different providers.**
- **How much “pay” is enough to spark desired action?**
- **How many “patients” are enough to accurately measure performance?**



# Non-Payment for Serious Adverse Events

- **Receiving much attention from payers and policymakers**
- **What are serious adverse events?**
- **AHA's actions and positions**
- **What should hospitals do?**



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# AHA Background on Serious, Adverse Events

- **Hospitals work hard to ensure safe, high quality care every day, still, sometimes preventable errors do occur and patients are harmed**
- **What is our obligation to the patient?**
  - **Openly disclose what happened**
  - **Understand sources of error and opportunities to prevent future occurrences**
  - **Care for the patient, family, and staff involved**
  - **Make appropriate financial accommodations**



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# Current Situation

- **Recently, insurers, employers, and others have focused on payments when these rare, but serious, events occur**
- **Many hospitals already have policies to make adjustments to bills on a case by case basis**
- **But policies may not be widely known or discussed**
- **Some policies do not include adjusting bill that goes to insurance company**



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# Current Situation

- **New Medicare policy for IPPS hospitals – CMS will not pay a higher DRG payment when a patient has one of the selected conditions.**
- **Begins this October with 17 conditions.**
- **Number of conditions, types of providers will likely expand in the future.**



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# Serious Events - What Are They?

## **NQF definition of 28 “serious reportable events”**

- Clearly identifiable
- Adverse
- Indicative of a problem in an organization’s safety systems
- Important for public credibility or accountability
- Included wide range of events such as wrong site surgery and infant discharged to the wrong patient

**NQF list was constructed for reporting, not payment, purposes.**



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# Serious Events - What Are They?

## **CMS' definition of "hospital-acquired condition"**

- High cost, high volume, or both
- Classifies patient to higher-paying DRG
- Reasonably preventable
  
- CMS list contains some NQF serious, adverse events, but many events that are simply complications of care.
  
- 8 conditions finalized last year, 9 more proposed this year



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# AHA's Actions

- **Board of Trustees adopted principles for non-payment in Summer 2007**
- **Call to the hospital field in February 2008 to review existing policies and refresh as necessary**
- **Series of conference calls and materials to assist hospitals with implementation**



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# AHA's Position

## AHA Principles

- 1) The event must be preventable.
- 2) The event must be within the control of the hospital.
- 3) The event must be the result of a mistake made by the hospital.
- 4) The event must result in significant harm.
- 5) The event must be clearly and precisely defined in advance.



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# AHA's Position

## Implications

- **Not all of the NQF or CMS events fulfill these principles.**
- **State hospital associations and/or hospitals should determine what “list” makes sense for their communities.**
- **Case-by-case review will be necessary for many events.**



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# Concerns with CMS' List of Conditions

- **Liberal interpretation of what is “reasonably preventable”**
- **Many include broad patient populations that may be too inclusive**
- **Diagnosing and coding challenges**



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# What Should Hospitals Do?

- **When a serious adverse event occurs, committed to doing the right thing for patients and their families**
- **Information about the error should be communicated quickly and openly to patients and their families and purchasers.**
- **In the case of a preventable error, this may mean not expecting payment for the care needed to address the mistake**
- **Hospitals need to affirm their commitment to their patients and payers by articulating when they will forego payment**
- **Review existing hospital policies and practices against AHA principles to identify areas for potential change**



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# What Should Hospitals Do?

- **No single list is superior – reasonable people may differ on what belongs on the list**
- **Potential starting point: NQF Serious Reportable Events, CMS hospital-acquired conditions**
- **Implement any needed policy and practice changes**
- **Track adherence to policies if a serious adverse event occurs and evaluate hospital's response**



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**Questions?**