Value-Based Purchasing: Beyond Quality and Outcomes

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Hospital Value-Based Purchasing (VBP) Program

- Implemented by the Patient Protection and Affordable Care Act
- Applies to short-term acute care hospitals
- Evolving from the Hospital Inpatient Quality Reporting (IQR) program, CMS to become a “value-based” purchaser of healthcare for Medicare beneficiaries, utilizing measures from IQR
- Rewards hospitals that establish clinical process-of-care measures and patient experience-of-care measures
- Performance standards set for both achievement and improvement compared to hospitals’ baseline periods
- Scoring model defined to assess performance on both clinical quality measures and patient experiences of care

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VBP: Impact on Hospitals

- VBP is an opportunity for hospitals to be rewarded for providing quality care and producing better outcomes
- Potential source of Medicare revenue losses for hospitals if they fail to address the economic consequences of pursuing outcome-based performance reimbursement
- “Value” permeates every hospital patient-care activity and all staff (including physicians) should be educated regarding the impact of VBP on the hospital

VBP: Impact on Hospitals (continued)

- Maximizing opportunity under VBP requires
  - Delivering quality care
  - Diligence in providing complete clinical documentation (i.e., severity)
  - Integrating the recording of quality measures into documentation procedures and accurate coding
- VBP will impact Medicare reimbursement: On/after 10/1/2012, hospital DRG payments will be reduced by 1% to create a VBP payment pool; reduction will increase 0.25% per year to 2% in FY 2017; reductions will be reallocated to hospitals based on their total performance score under VBP measurement criteria
- Certain aspects of the VBP may be adopted by commercial payors and impact all hospital reimbursement as well
Commercial Health Plans’ Response to Medicare VBP:
Performance-Based Reimbursement

- Establish selected baseline metrics and demonstrate improvement
- Develop global payments (technical and professional components)
- Create and implement shared-savings programs
- Demonstrate value for the healthcare delivery system
- Identify opportunities for clinical efficacy and associated ROI

Result: Achievable quality and competitive edge

Hospital VBP Measures

- FY 2013
  - Clinical process-of-care domain (12 measures)
  - Patient experience-of-care domain
    - Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) survey measure
- FY 2014
  - 3 mortality outcome measures
  - 8 Hospital Acquired Conditions (HAC) measures
  - 2 Agency for Healthcare Research and Quality (AHRQ) composite measures
VBP – FY 2013
Quality Measures (examples)

• Clinical process-of-care measures
  – Acute myocardial infarction (AMI)
    • Fibrinolytic therapy within 30 minutes of hospital arrival
    • Primary PCI received within 90 minutes of hospital arrival
  – Heart failure (HF)
    • Discharge instructions

• Patient experience-of-care measures (HCAHPS)
  – Communication with nurses and doctors
  – Pain management
  – Discharge information

VBP – FY 2014
Quality Measures (examples)

• Mortality measures
  – AMI: 30-day mortality rate
  – HF: 30-day mortality rate

• HAC measures
  – Foreign object retained after surgery
  – Air embolism
  – Blood incompatibility

• AHRQ patient safety indicators, inpatient quality indicators and composite measures
  – Complication/patient safety for selected indicators
  – Mortality for selected medical conditions
Hospitals’ Identification of Financial Risks/Impact under VBP: Scoring

- Performance period: 7/1/2011 – 3/31/2012 for FY 2013 payment determination
- Scoring based on achievement and improvement
  - Achievement: Measured on the difference in hospital’s current performance and all other hospitals’ baseline period performance; points awarded based on the hospital’s performance compared to the 50th percentile and benchmark scores for all hospitals
  - Improvement: Assessed based on how much hospital’s current performance changes from its own baseline period performance; points awarded for improvement if hospital’s performance improved from its performance during the baseline period

- Total Performance Score (TPS): Combined greater of achievement or improvement points on each measure to determine a score for each domain, multiplying each domain score by the proposed domain weight and adding weighted scores together (FY 2013: Clinical process-of-care weight is 70%; patient experience-of-care domain is 30%)

- Incentive Payment Calculations: Linear exchange function will be used to calculate the percentage of value-based incentive payment earned by each hospital; hospitals with higher TPS will receive higher incentive payments (notification of estimated amount for FY 2013 60-days prior to 10/1/2012, notification of exact amount on 11/1/2012)

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Strategies to Minimize Hospital VBP Risk

- Education
  - Understand the VBP program
  - Know its economic consequences
- Action plans
  - Know hospital’s scores
  - Focus on improvement
- Response teams
  - Staff collaboration
  - Team accountability

Strategies to Minimize Hospital VBP Risk: Staff Education on VBP

- Prevent/minimize “Adverse Events” (preventable inpatient illness/injury) - $4.4B cost to Medicare
- Decrease hospital readmissions – $26B cost to Medicare
- With Medicare linking payments to quality improvement, hospital must evolve from passive payor of claims to prudent purchaser of healthcare
- Payment reductions starting in 2013, e.g., payment reduction for excess 30-day readmissions for patients with heart attacks, heart failure and pneumonia
- By 2015, portion of Medicare payments linked to meaningful use of IT within the hospital, and additional payment reductions for certain HACs
Strategies to Minimize Hospital VBP Risk: Staff Education on VBP (continued)

- Understand VBP program
  - VBP measures/domains
  - VBP scoring: achievement, improvement
  - Annual changes in VBP program
- Know hospital's specific scores compared to national averages
- Economic consequences: VBP incentive payments are funded by reductions in base operating DRGs
  - 1% reduction in FY 2013
  - Rising to 2% in FY 2017

Strategies to Minimize Hospital VBP Risk: Action Plans

- Examine current hospital clinical care and outcome measures and patient surveys as reported on the Hospital Compare website compared to national averages
  - Review/validate data for accuracy and completeness
- Identify the hospital's clinical care and outcome measures below national averages, and develop action plans for improving each of these measures
- Set goals/objectives for measure improvement
- Use data to reduce variation in clinical processes to improve the delivery and outcomes of care as well as cost effectiveness
- Don’t ignore measures at/above national averages – monitor these to continue improvement
Strategies to Minimize Hospital VBP Risk: Response Teams

- Align providers to prepare for and manage performance outcomes
- Form Response Teams to address measures requiring improvement
- Include physicians and ancillary healthcare providers
- Involve Risk Management Department
- Use IT systems for communication, data collection, reporting and data sharing among providers
- Assign accountabilities to meet goals/objectives

Example: Response Team Addressing Readmission Rates

- Design transition processes from acute inpatient through discharge and aftercare to prevent readmissions
  - Medication management
  - Patient/family discharge/aftercare instructions
  - Resources available
- Strengthen follow-up care processes
  - Follow-up calls to patient/family
  - Communication with patient’s physicians
  - Retrospective review of patient care and outcome
- Utilize full continuum of care as needed
- Reinforce use of best-practice clinical guidelines
- Analyze readmission rates
- Identify most frequent reasons for readmission
- Educate staff (including physicians) regarding reasons for readmission
- Set goals/objectives with staff accountabilities to improve measures
Fostering a Hospital Culture of Patient-Centered Care

- In 2013, 30% of the VBP Total Performance Score is patient experience of care – indicator of importance of patient satisfaction, and need to foster a hospital culture of patient-centered care
- Listen to patients to understand their needs
- Provide clear explanations/instructions (ask patient to repeat information)
- Involve the family/caregivers
- Respect patients and their preferences, i.e., shared decision-making
- Provide care and comfort to patients

Fostering a Hospital Culture of Patient-Centered Care: Staff Engagement

- Hospital culture should foster collaboration and accountability on the part of the hospital staff and physicians to provide patient-centered care
- Leadership is key; lead by example
- Re-orientation of hospital culture to patient-centered care – address managing change, as needed
- Patient satisfaction is part of quality of care
- Partnership between patient and providers in the healing process/encourage patient participation in his/her healing process
- Use patient feedback to improve patient care
Patient Satisfaction and Quality of Care

- Duke University School of Business Study: Comparison of patient satisfaction surveys and clinical performance measures
  - Focus on heart attack, heart failure, pneumonia and 30-day readmission rates
  - Patient satisfaction scores were more closely linked with high-quality hospital care than clinical performance measures
  - Correlation between high patient satisfaction with discharge planning and low readmission rates for these three conditions
  - Patient-level measures are predictive and clinically important in increasing quality of care
- HCAHPS Patient Experience of Care Measure, i.e., communications with nurses, doctors, responsiveness of hospital staff, discharge information

Summary/Recommendations

- The impact, opportunities and consequences of VBP should be communicated and understood throughout the hospital
- The hospital's scores should be known and validated
- The hospital should develop a detailed plan of action to respond to VBP, including specific goals/objectives
- Response Teams should be formed with specific accountabilities regarding performance measures
- IT should provide necessary support to Response Teams
- The hospital's culture should foster clinical improvement and patient satisfaction

Result: Provider accountability and a competitive edge for the hospital and its affiliated physicians and ancillary providers
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