Towards a Value-based Model: Pay for Reporting/Performance Initiatives in the Medicare Program

Barry M. Straube, M.D.

Centers for Medicare & Medicaid Services (CMS)

Pay for Performance Audio Conference: Overview of PFP Initiatives in the Marketplace Today

June 7, 2007

The Healthcare Quality Challenge

- We spend more per capita on healthcare than any other country in the world
- In spite of those expenditures, US Healthcare quality is often inferior to other nations and often doesn't meet expected evidence-based guidelines
- There are significant variations in quality and costs across the nation
- CMS is responsible for the healthcare of a growing number of persons
- CMS, in partnership and collaboration with other healthcare leaders, must demonstrate leadership in addressing these issues

CMS as a Public Health Agency

- Using CMS influence and financial leverage, in partnership with other healthcare stakeholders, to transform American healthcare system
- Focusing on not just Medicare & Medicaid, but also Commercial, uninsured, etc.
- Quality, Value, Efficiency, Cost-effectiveness
- Person-centeredness
- Assisting patients and providers in receiving evidence-based, technologically-advanced care while reducing avoidable complications & unnecessary costs

Congressional & Employer Interests

- Many opportunities for improving the quality of healthcare services, outcomes and efficiency
- Increasing reimbursement for healthcare services leads to:
  - No uniform or widespread improvement in quality
  - Increased utilization of some services
  - Net increase in overall healthcare expenditures
- Congress & employers looking to CMS and healthcare providers to demonstrate ability to improve quality, avoid unnecessary complications and costs
  - Overall Medicare payment reform linked

CMS Quality Roadmap

- **VISION:** *The right care for every person every time*
  - *Make care:*
    - *Safe*
    - *Effective*
    - *Efficient*
    - *Patient-centered*
    - *Timely*
    - *Equitable*

CMS Quality Roadmap: Strategies

1. Work through partnerships to achieve specific quality goals
2. Publish quality measurements and information as a basis for supporting more effective quality improvement efforts
3. Pay in a way that expresses our commitment to quality, and that helps providers and patients to take steps to improve health and avoid unnecessary costs

CMS Quality Roadmap: Strategies for QI

4. Assist practitioners in making care more effective and less costly, especially by promoting the adoption of HIT
5. Bring effective new treatments to patients more rapidly and help develop better evidence so that doctors and patients can use medical technologies and treatments more effectively, improve quality and avoid unnecessary complications and costs

CMS Quality & P4P Initiatives

- Hospitals
- Nursing Homes
- Home Health Agencies
- Dialysis Facilities
- Physician Offices
- More to come…….

- Public reporting not new on CMS Compare website for all of above, will expand
- Cross-setting quality & efficiency focus (care across the continuum) increasingly important

CMS P4P Initiatives (MMA & Before)

- Hospital Quality Initiative (MMA section 501b)
- Premier Hospital Quality Incentive Demo
- Physician Group Practice Demo (BIPA 2000)
- Medicare Care Management Performance Demo (MMA section 649)
- Medicare Health Care Quality Demo (MMA section 646)
- Chronic Care Improvement Program (MMA section 721)

CMS P4P Initiatives (MMA & Before)

- ESRD Disease Management Demo (MMA section 623)
- Disease Management Demo for Severely Chronically Ill Medicare Benficiaries (BIPA 2000)
- Disease Management Demo for Chronically Ill Dual-Eligible Beneficiaries
- Care Management for High-Cost Beneficiaries

CMS & Quality Alliances

- Public-private partnerships seem to be working, albeit with an urgency for faster progress
- Broad National Quality Alliances
  - Hospital Quality Alliance (HQA)
  - Ambulatory Care Quality Alliance (AQA)
  - Pharmacy, ESRD, Cancer Quality Alliances, etc., with more emerging
- Consensus-driven quality & efficiency measures identification, prioritization, development, endorsement, and implementation

Healthcare Transparency Initiative

- Administration's Transparency Initiative
  - Making available quality and price/cost information
  - Allowing consumers, employers, payers to choose the best value healthcare
- Presidential Executive Order
- The Secretary's Initiative Four Cornerstones
  - Information on quality
  - Information on cost/price
  - Promote interoperable HIT systems
  - Incentives for higher-quality, efficient care

Value-Driven Healthcare Initiative

- Community Leaders
  - Early stage community collaboration efforts in healthcare quality
  - Recognized by the Secretary of HHS
- Chartered Value Exchanges (CVEs)
  - Local collaboratives focused on quality improvement and use of aggregated data with public reporting
  - Designated by the Secretary HHS
  - Learning Networks run by AHRQ
  - Medicare data access qualifications by CMS

Value-Driven Healthcare Initiative

- Better Quality Information for Medicare Beneficiaries: BQI Pilots via AQA
  - WI, MN, IN, MA, AZ, CA
- Testing of data aggregation and public reporting of commercial, Medicare, & Medicaid quality data
- Pilot site use of quality data for:
  - Quality improvement
  - Consumer & employer choice of providers
  - Pay-for-Performance and other incentives for higher quality and efficiency

Deficit Reduction Act of 2005

- Medicare Part A
  - Hospital Value-based purchasing plan
  - Demonstration projects in gainsharing
  - Post-acute care payment reform demonstration project
  - Hospital quality reporting: measures set expanded
  - Hospital-acquired infections: Non-payment for 2 conditions
- Medicare Part A and Part B
  - Home Health Agency quality reporting
- Prelude to wider P4P in Federal programs via statute?

Hospital Value-Based Purchasing

- Assumption of implementation in FY 2009W
  - Will require additional statutory authority
- CMS must consider:
  - Measures
  - Data Infrastructure and Validation
  - Incentive Structure
  - Public Reporting
- Must consult relevant stakeholders and consider experience with relevant P4P demonstrations and private-sector programs

Hospital Value-Based Purchasing

- Improve clinical quality
- Address under-use, over-use, and misuse
- Encourage patient-centered care
- Reduce adverse events and improve patient safety
- Avoid unnecessary costs in care
- Stimulate investments in effective information technology and the re-engineering of systems
- Make performance results transparent to and useable by public and other stakeholders
- Avoid creating additional disparities and work to reduce existing disparities

Tax Relief & Healthcare Act of 2006

- Physician Quality Reporting Initiative (PQRI)
  - Physician Voluntary Reporting Program (PVRP) showed again that voluntary reporting doesn't work
  - Establishes a 1.5% bonus payment for physician office submission of quality measures between July 1, 2007 and December 31, 2007
- Will use PVRP measures initially, but CMS must develop an expanded group of consensus-based measures via NQF or AQA or similar groups
  - By August 15, 2007: Publish proposed measures in FR
  - By November 15, 2007: Publish final list of measures

Tax Relief & Healthcare Act of 2006

- 2008 measures to be at least 2-3 per specialty
- 2008 measures to include 2+ structural measures
  - Use of electronic health records (EHRs), for e.g.
  - Use of electronic prescribing, for e.g.
- Will allow for measures reported in registries: STS, for e.g.
- Public comment in 2008 Physician Fee Schedule Proposed Rule
- Sets stage for further Congressional action in 2008 payment structure
- For more information: www.cms.hhs.gov/PQRI

Components of Hospital Quality Initiative

- National Voluntary Hospital Reporting Initiative (NVHRI) public-private initiative
  - Federation of American Hospitals
  - AHA
  - AAMC
  - CMS , JCAHO, others
- Hospital Quality Alliance
- Medicare Modernization Act of 2003: Section 501b – Financial incentive of 0.4%

Hospital Quality Initiative

- "Voluntary" participation went from 10% of hospitals reporting some of 10 measures to over 95%
- Incentive increased from 0.4% to 2% of APU under DRA
- Now 21 hospital quality measures required to qualify for Annual Payment Update
- Current year 95% of hospitals qualified
- Pay-for-Reporting works

Premier Hospital Quality Demonstration

- 260 participating hospitals
  - Wide variation in demographics, funding
- 34 Quality Metrics
  - Acute myocardial infarction (9)
  - Coronary artery bypass graft (8)
  - Heart failure (4)
  - Community acquired pneumonia (7)
  - Hip and knee replacement (6)

Premier Demonstration

- Hospital scores
  - "Rolling up" individual measures into one score for each disease category
  - Each disease category will be categorized by hospital scores by decile
- Public reporting of all data will be available
- Financial awards
  - Hospitals in top 20% will be given bonuses: 2% for top decile, 1% for second decile
  - Top 50% recognized on CMS website

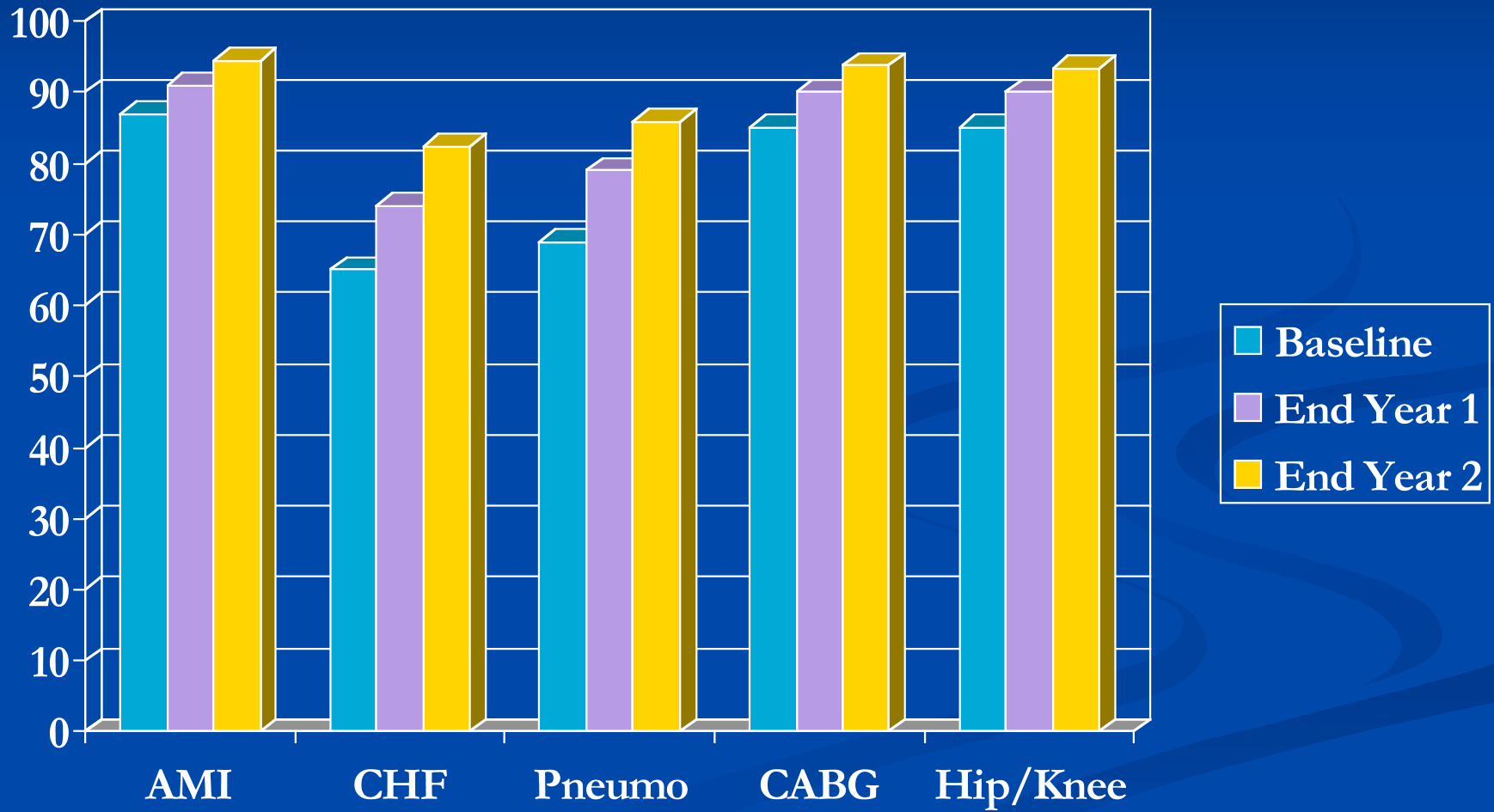
Premier Demonstration

- Improvement over baseline
  - Hospitals that do not improve over demonstration baseline will have adjusted payments
  - Demonstration baseline cut-off will be at level of the 9th and 10th deciles of base year
  - Hospitals below baseline 9th decile will have 1% reduction in DRG reimbursement
  - Hospitals below baseline 10th decile will have 2% reduction in DRG reimbursement

Premier Hospital Demo: Results

- $8.85 million paid in first year
  - AMI – $1.756 million to 49 hospitals
  - CHF – $1.818 million to 57 hospitals
  - Pneumonia – $1.139 million to 52 hospitals
  - CABG – $2.078 million to 27 hospitals
  - Hip & Knee Replacement -$2.061 million to 43 hospitals
- 49 out of 260 participating hospitals received bonuses
- 39 out of 260 have < 100 beds, several with awards
- Awards received by all hospital types
- All five clinical quality areas demonstrably improved

Premier Hospital Results



Premier Hospital Demo: The Business Case for P4P

- Hospitals achieving >75% percentile quality scores
  - Fewer complications
  - Fewer readmissions
  - Significantly lower hospital costs
  - Significantly shorter length of stay
- For coronary artery bypass graft patients
  - Significantly lower mortality rates

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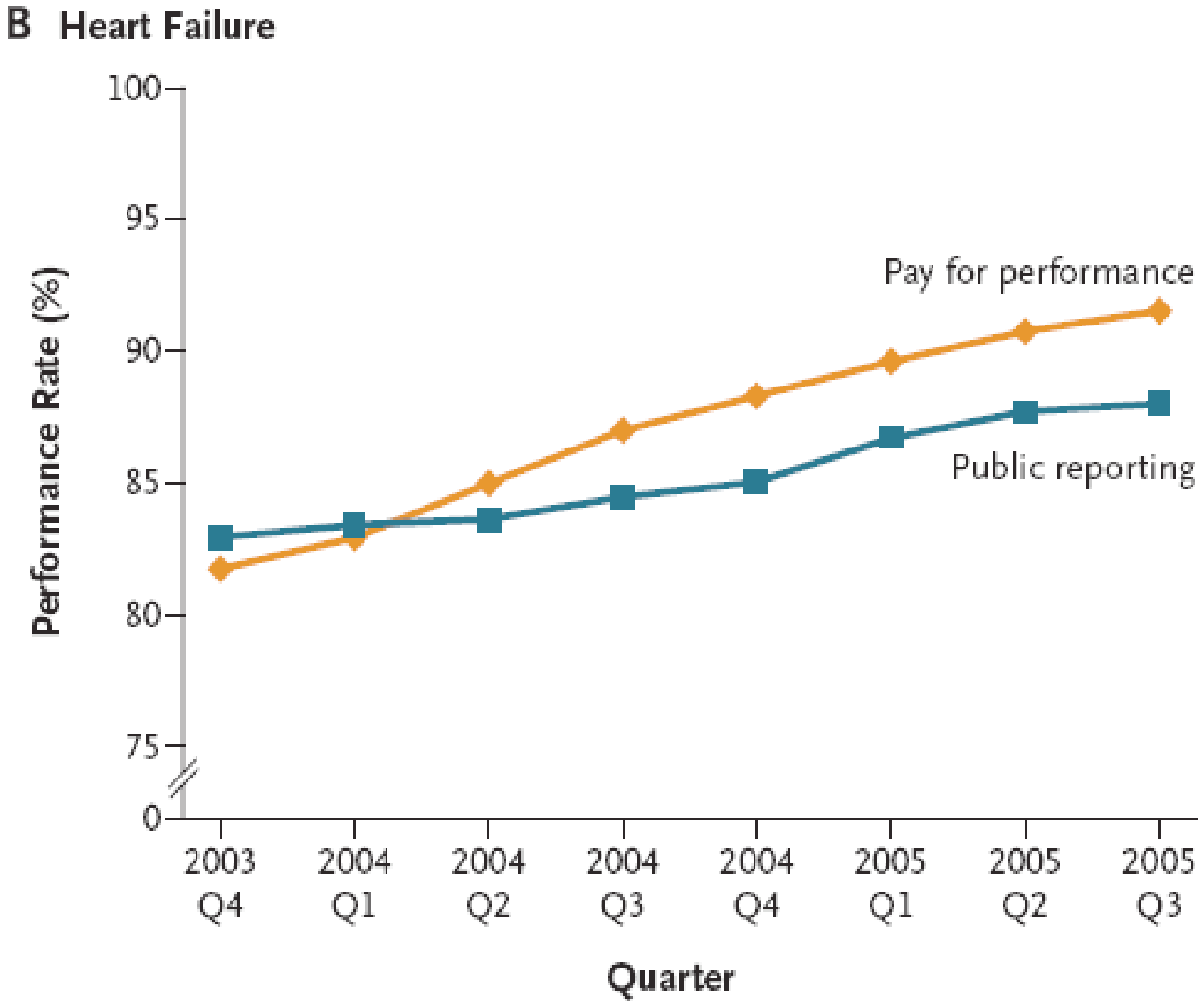
SPECIAL ARTICLE

Public Reporting and Pay for Performance in Hospital Quality Improvement

Peter K. Lindenauer, M.D., M.Sc., Denise Remus, Ph.D., R.N.,
Sheila Roman, M.D., M.P.H., Michael B. Rothberg, M.D., M.P.H.,
Evan M. Benjamin, M.D., Allen Ma, Ph.D., and Dale W. Bratzler, D.O., M.P.H.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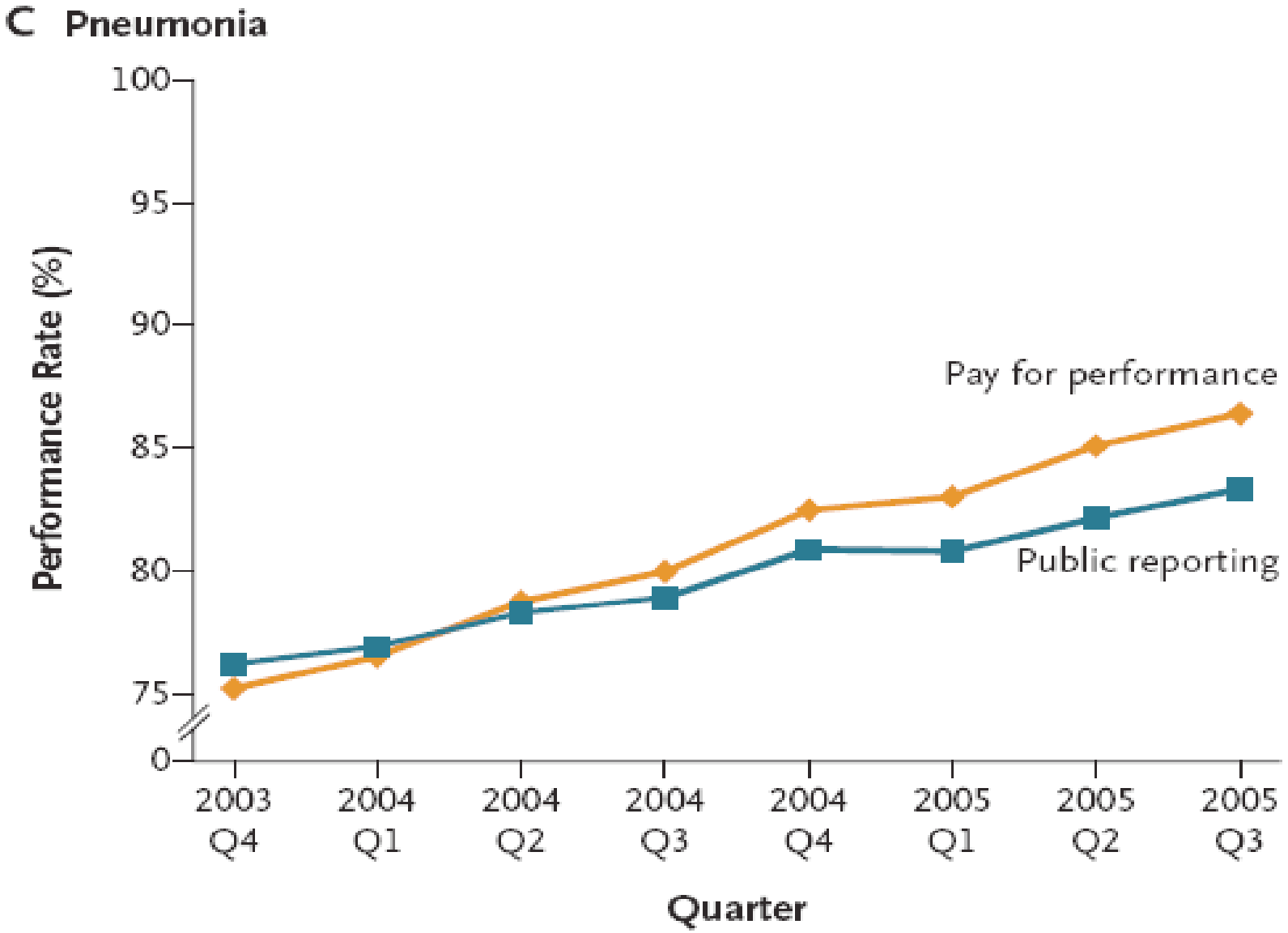
Performance Rate (%)
100
95
90
85
80
75
0
Pay for performance
Public reporting
2003 Q4
2004 Q1
2004 Q2
2004 Q3
2004 Q4
2005 Q1
2005 Q2
2005 Q3
Quarter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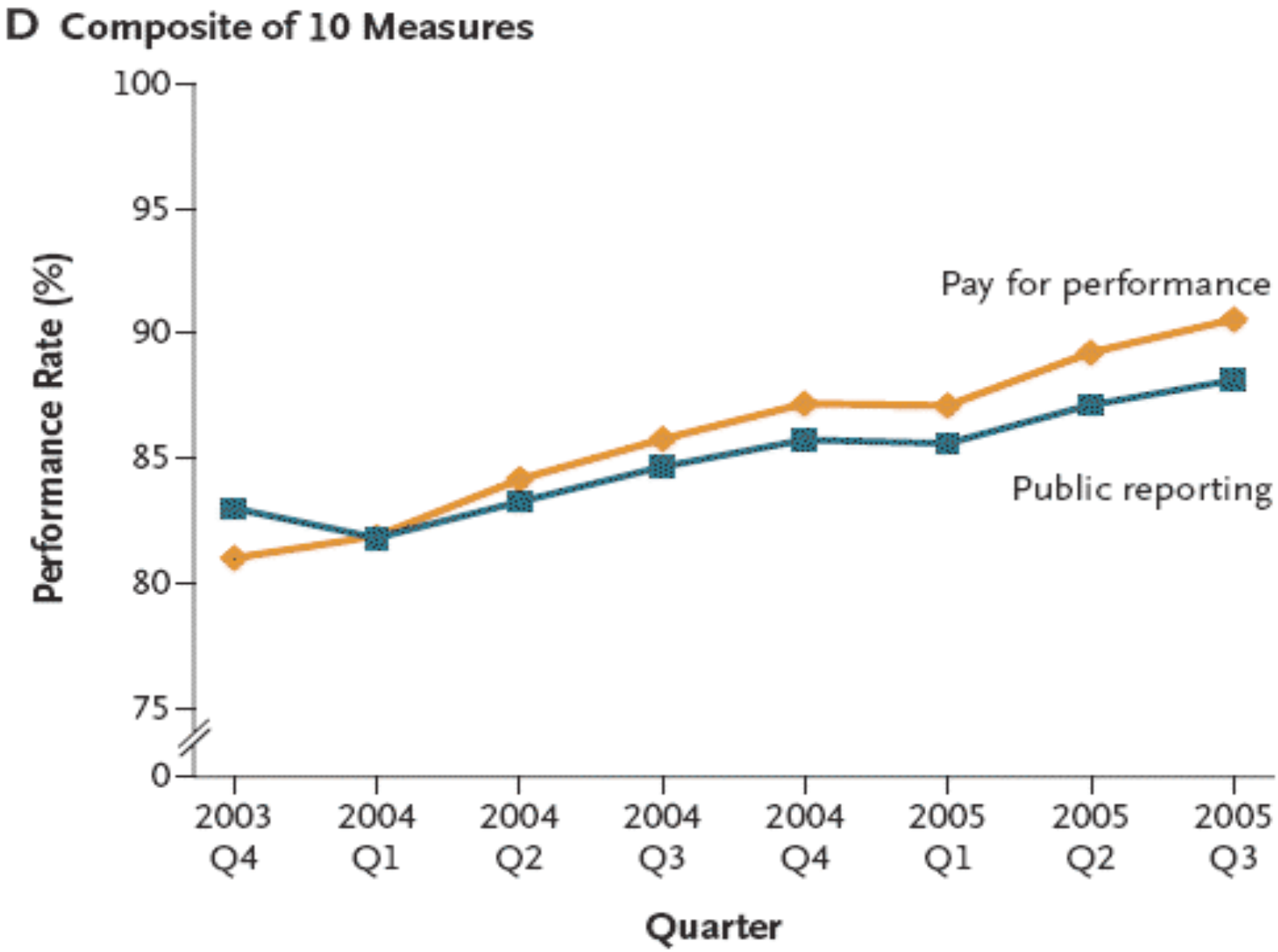
D Composite of 10 Measures
Performance Rate (%)
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Pay for performance
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2003 Q4
2004 Q1
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2004 Q3
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Contact Information

Barry M. Straube, M.D.
CMS Chief Medical Officer &
Director, Office of Clinical Standards & Quality
Centers for Medicare & Medicaid Services
7500 Security Boulevard
Baltimore, MD 21244

Email: Barry.Straube@cms.hhs.gov
Phone: (410) 786-6841