



FACT SHEET

Founded by The Business Roundtable with
Support from The Robert Wood Johnson Foundation

The Leapfrog Hospital Rewards Program (LHRP) is an initiative to provide incentives and rewards for hospitals that are both high quality and provide care efficiently.

Not all hospital care is the same. The Leapfrog Group has developed a way to measure hospitals on their quality and also how efficiently they provide care in five important clinical areas. Leapfrog has also developed an actuarially sound methodology for purchasers (employers and health plans) to reward hospitals financially when they demonstrate sustained high performance or sustained performance improvements.

LHRP Clinical Areas

Hospitals have the opportunity to participate in any of the five clinical areas on which the Leapfrog Hospital Rewards Program focuses:

- coronary artery bypass graft (CABG),
- percutaneous coronary intervention (PCI);
- acute myocardial infarction (AMI);
- community acquired pneumonia (CAP); and,
- deliveries / newborn care.

How the clinical areas were chosen

Clinical areas for the Leapfrog Hospital Rewards Program were chosen based on:

- the opportunity they represent for improvements in quality and cost;
- their total cost in the hospitalized commercial population; and,
- the availability of national measures of hospital quality already being collected.

Taken together, these five clinical areas represent 33% of commercial hospital admissions and 20% of commercial payers' spending on inpatient services.

Not only are they prevalent in the commercial population, these five clinical areas also present a significant opportunity for savings as quality improves. Using a national database of hospital payment information, Towers Perrin calculated potential savings opportunity for each of the clinical areas. These savings are realized from reductions in length of stay due to complications and reductions in re-admission rates as quality improves.

Clinical area	Total Potential Savings Opportunity*
CABG	\$ 62,666,869
PCI	\$ 58,157,873
AMI	\$ 53,616,015
Pneumonia	\$ 29,536,322
Deliveries / Newborn	\$ 23,368,721

*Total Potential Savings Opportunity is calculated using payment and quality information from national data provided by Premier over one year. The savings noted above are realized due to reduced complications and re-admission rates. Source: Towers Perrin

The LHRP Measures

Leapfrog has drawn on measures endorsed by the National Quality Forum (NQF) for each of these five clinical areas. The measure of resource use, developed by Medstat, looks at how long a patient stays in the hospital and at how a frequently patients have to be readmitted to the hospital after being sent home.

All of the quality data for the program already have a collection mechanism in place via the Leapfrog Hospital Quality and Safety Survey and the Joint Commission on the Accreditation of Healthcare Organizations (JCAHO), a national accrediting organization, and

Leapfrog Hospital Rewards Program

therefore represent no additional reporting burden for participating hospitals.

The resource-use data will also be reported by hospitals to the same data vendor that supplies the JCAHO data to Leapfrog.

Medstat, as an independent data aggregator, will score and rank the quality and resource efficiency data it receives from participating hospitals.

How hospitals will be ranked

Hospitals will be ranked into four tiers based on both the quality and resource use measures. Hospital data will be scored and ranked separately for each of the five areas in which hospitals participate. Users of the performance information gleaned from the program will recognize and reward hospitals separately for each of the five clinical areas as well.

How the program is implemented

The hospital rankings provided by the LHRP can be used in the market place in a variety of ways. The data set alone (the scored quality and resource efficiency results) can be used, among other things, to pay rewards to hospitals, to educate consumers and for network management. Alternatively, purchasers and health plans can implement the LHRP as an off-the-shelf hospital incentive and reward program which includes using the actuarially based LHRP methodology for calculating and administering rewards to eligible hospitals. Organizations wishing to use the data or the entire program must license it for a fee from The Leapfrog Group.

Because understanding hospital care in terms of cost in addition to quality and resource-use is important to purchasers, Leapfrog requires that organizations that license the off-the-shelf incentive and reward program supplement the LHRP resource efficiency data with hospital payment information from their own experience. For these licensees, Leapfrog will provide implementation toolkits, technical

assistance for administration of the program and lend its brand to the effort. For more information on what it means to license the LHRP data or the LHRP program, see <https://leapfrog.medstat.com/hrp/index.asp>.

Bridges to Excellence, an employer-sponsored initiative with expertise in administering rewards programs in the ambulatory setting, will also be available to help employers and business coalitions implement the Leapfrog Hospital Rewards Program if they do not have health plan support or internal resources to do so. More information on Bridges to Excellence can be found at www.bridgestoexcellence.org.