THE HEALTHCARE QUALITY COALITION

June 25, 2012

Centers for Medicare & Medicaid Services
Department of Health and Human Services
Attention: CMS-1588-P
Mail Stop C4-26-05
7500 Security Boulevard
Baltimore, MD 21244-1850

Dear Acting Administrator Tavenner,

We write to respond to the request for comments relating to the hospital value-based purchasing (VBP) program described in the Hospital Inpatient Prospective Payment System (IPPS) proposed rule for FY 2013. The Healthcare Quality Coalition (HQC) strongly supports the development of the value-based purchasing initiative at CMS. Our members believe that properly structured incentives to provide high value care will drive appropriate developments in the healthcare delivery system resulting in better care for patients at a lower cost for payers.

As background, the HQC represents healthcare providers throughout the nation dedicated to the concept of value-based care. This philosophy focuses on healthcare practices that promote measurable, high quality care. In short, we believe healthcare entities should be held accountable for the quality and value provided to the patients and communities we serve. The HQC is committed to developing value-based payment initiatives in a way that encourages fair payment to providers and hospitals delivering high value care, i.e., low cost, high quality, care to the patients they serve.

The HQC supports the goals of the hospital VBP program to reward high quality hospitals and to incentivize performance improvement. In general, the strength of the hospital VBP program lies in measurement accuracy with endorsed metrics by entities such as the National Quality Forum (NQF), and alignment with existing hospital and physician quality reporting initiatives. Finally, the weight of the hospital VBP program should be sufficient to drive performance efficiencies, modify outdated volume-based care and promote models that focus on high quality, low cost delivery.

Proposed New Measures for the Hospital VBP Program

In the proposed rule, CMS reiterates its belief that measures for the hospital VBP program should rely on a blend of metrics across different domains. These include a mix of standards, outcome, process of care approaches, and patient-reported measures including care transitions, patient

experience and changes in patient functional status, with an emphasis on measurement as close to the patient-centered outcome of interest as possible.[1] The HQC agrees with these goals and encourages the agency to continue to develop measures that better assess the aspects of healthcare we are trying to improve, using evidence-based and endorsed metrics. Our organizations have experience in other sectors with measures that focus on keeping patients healthy, either by preventing illness or treating chronic diseases at a documented "best practice" level. We believe that such measures drive improvements in our organizations and would encourage CMS to continue on a path toward developing these types of measures in all aspects of its value-based purchasing initiative.

For Fiscal Year 2015, CMS proposes to add a Medicare "efficiency" measure for future iterations of the hospital VBP program.[2] Specifically, the efficiency metric is defined as Medicare spending per beneficiary for parts A and B 3 days prior to a hospital admission through 30 days post discharge. An analysis of this data provided by the Kaiser Family Foundation[3] derived an efficiency index of hospitals nationwide. On this efficiency index, scores above 1.0 indicate that hospitals are spending more per patient than the median amount Medicare spent per patient nationally. Scores below 1.0 mean that Medicare spends less per patient than the median. Most HQC members with hospitals included on this index scored at or below 1.0, indicating that they are spending less than the national median per Medicare beneficiary. This valuable cost information, when combined with other quality measures, helps to paint a valuable picture for patients, purchasers, and policymakers as to where value lies in healthcare delivery. Assuming measure reliability, the HQC supports the inclusion of an "efficiency" measure to the hospital VBP program and urge CMS to adopt this measure in the FY 2015 program year.

In the proposed rule, CMS also proposes modifying measures for the FY 2015 program period. First, CMS proposes to remove SCIP-Inf-10 because of being "topped out" where no statistical performance difference is attributed between the 90th and 75th percentiles. Second, CMS proposes to remove SCIP-VTE-1 because a similar measure is available and will lose NQF endorsement. The HQC supports removing measures that are no longer relevant and/or topped out.

Proposed FY 2015 Scoring Methodology and Domain Weighting

The hospital VBP program offers both achievement and improvement measurements for generating a performance score and subsequent incentive payment. The greater of the achievement or improvement is used in deriving a performance score with achievement as comparison against a national benchmark and improvement compared to each own individual hospital. Representing nationally recognized hospitals and health systems, the HQC supports the

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[1] IPPS Proposed Rule, at 28,078.

[2] IPPS Proposed Rule, at 28,079.

[3] Kaiser Family Foundation, Medicare Spending at Individual Hospitals, *available at* http://www.kaiserhealthnews.org/Stories/2012/May/07/Medicare-efficiency-by-hospital-chart.aspx (accessed June 13, 2012).

improvement and achievement options in the VBP program. We believe that an approach that rewards high achievers and those striving to make improvements in their organizations is appropriate and will continue to drive the creation of value among hospitals.

In brief, the scoring for the hospital VBP program works as follows. Hospitals are given points for achievement and improvement for each measure or dimension (the greater set of points is used). Points are then added across all measures or dimensions to reach the domain score. The domain scores are then weighted and totaled into a Total Performance Score. In the FY 2013 hospital VBP program, 70 percent of the hospital's total performance score was based on clinical process of care measures and 30 percent of the total performance score was based on patient experience of care dimensions. The Total Performance Score is then translated into the incentive payment. With the addition of new domains, including the efficiency domain, CMS proposes a new weighting methodology.

In the proposed rule, CMS states that it does not believe that domains should be weighted equally and that over time, scoring methodologies should be weighted more towards outcomes, patient experience of care and functional status measures.[4] To this end, CMS proposes the following domain weights for the FY 2015 program for hospitals that receive a score on all four domains: (1) clinical process of care weighted at 20 percent; (2) patient experience of care weighted at 30 percent; (3) outcome weighted at 30 percent; and (4) efficiency weighted at 20 percent. Over time, we anticipate that CMS may add measures to the efficiency domain and we believe that this domain may become more significant over time. However, with only one measure in the domain in FY15, the current weighting appears appropriately balanced. The HQC supports the current scoring weights as an appropriate balance between quality and efficiency care domains reflective of measurements that are controlled in the hospital setting.

Conclusion

The HQC appreciates the opportunity to comment on this important proposed rule and support the goals set forth in the hospital VBP program. Representing hospitals, providers, and associations including integrated healthcare systems, we urge CMS to work together with hospitals and physician groups to ensure quality measures included in value-based payment programs are working in tandem to achieve the similar goals of improved quality and lower cost. We look forward to continuing to provide feedback on this important initiative and please feel free to contact us if we may be of any assistance in your policy development process.

Sincerely,

The Healthcare Quality Coalition

The Healthcare Quality Coalition represents healthcare providers throughout the nation dedicated to the concept of value-based care. This philosophy focuses on healthcare practices that promote measurable, high quality care. Healthcare entities should be held accountable for the quality and value provided to the patients and communities we serve. For more information, please visit our website at: **www.qualitycoalition.net** or phone: **800-362-9567 x 51400 / 608-775-1400**.

[4] IPPS Proposed Rule, at 28,087.