

Hospitals will be rewarded for Quality Care

by Ellen Hargett, RN



The Center for Medicare Services (CMS) has finalized a pay for performance program for 3500 acute care hospitals. In an April 2011 news release, The Department of Health and Human Services (HHS) hailed Value Based Purchasing (VBP) as a “new initiative which will reward hospitals for the **quality of care** they provide to people with Medicare and help reduce health care costs.” The measurement period for VBP runs from July 2011 through March 2012.

To understand how VBP works, it’s important to understand some history. In 2005, all inpatient acute care hospitals began “voluntarily” submitting performance data on evidence-based elements of care for certain high-risk populations. Those populations include people with acute myocardial infarction (commonly known as heart attack), heart failure, and pneumonia. By submitting this data, hospitals agreed to have the data publicly reported on the CMS “Hospital Compare” website (www.hospitalcompare.hhs.gov). The website allows consumers to compare up to three hospitals in a geographic area and includes both national and state comparisons. The program is voluntary, although hospitals not participating can wind up forfeiting payment updates, typically 2-4% per year.

Each year, additional measures have been added. As of October 2010, 32 clinical care measures are reported on the Hospital Compare website, with the largest number pertaining to reducing complications of surgery such as infections and blood clot formation. In addition to the clinical care measures, hospitals began submitting results of Patient Hospital Experience surveys. The surveys detail patient’s perceptions of their care including how well the doctors and nurses communicate, management of pain, and cleanliness of the environment. While not all of these measures are considered in VBP, the most challenging ones are.

Beginning in 2013, VBP will incentivize **performance** rather than just **reporting**. Hospitals will “contribute” 1% of their DRG (diagnosis-related group) reimbursement into a pool of money which purportedly will be used to pay higher rates to high-performing hospitals. Incentive formulae are quite complex, with maximum points awarded to hospitals performing at the 95th percentile, and only partial points given for exceeding the national average. With these points, hospitals may “earn back” their dollars contributed. The top hospitals (95th percentile) are at 100% compliance, and the national average score for any measure is typically only 3-4 percentage points below. This leaves the margin for earning VBP points (and dollars) quite narrow.

CMS has announced that measures will be added and retired each year, forcing hospitals to focus their limited resources on the elements of the program, which may not be consistent with the needs of their patient population. In terms of dollars, if a hospital fails to provide (or even just document) compliance with a single measure, they risk forfeiting tens of thousands of dollars for their entire Medicare population.

How can you help? Hospital marketers can identify individuals, within their organizations, who are responsible for developing systems and processes intended to improve performance on these measures. Your communication skills could provide valuable assistance with internal communications to staff and physicians. Additionally, sending the message to patients and families that their satisfaction is a priority can lay the groundwork for better results. Consistent, focused communication is essential for keeping these issues on everyone’s radar.

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