

Inpatient Prospective Payment System (IPPS) Proposed Rule for FY 2019

Summary of Key Issues & Action Steps for PBGH Members

Executive Summary

The recent proposed rule for the Medicare Inpatient Prospective Payment System (IPPS) is the first signal from CMS on how the new Meaningful Measures Initiative will be applied to hospital quality reporting and payment programs. The majority of performance measurement-related proposals in the proposed rule aim to reduce administrative costs of performance reporting by providers by “de-duplicating” measures across CMS’s hospital programs. We do not believe this is an appropriate solution. Our most serious concerns are a loss of incentive for hospitals to report complete and valid performance data and a loss of assurances that CMS will post performance data on Hospital Compare in an intelligible format for public use. Moreover, the current use of measures in multiple CMS payment programs emphasizes the importance of effectively managing readmissions and improving patient safety. De-duplicating measures reduces the financial incentive for hospitals to improve performance on these important aspects of quality.

We have submitted a [comment letter](#) through the Consumer-Purchaser Alliance urging CMS to maintain the current systems for reporting quality measures while investing in technical and/or policy solutions to allow providers to report a measure once for use in multiple programs. Moreover, CMS should not finalize any proposals that would impact the current level, granularity or intelligibility of performance information reported on Hospital Compare. If you would like to learn more or get engaged on these topics, please reach out to us and we will help you make your voice heard on this important issue.

Summary of Medicare Hospital Programs

The IPPS regulations determine payment regulations and other requirements for Medicare Inpatient Programs; PBGH focuses primarily on the following programs:

- **Inpatient Quality Reporting program (IQR)** – Ensures that hospital performance information is available to the public in a unified and easily understandable manner on [Hospital Compare](#); [CMS](#) withholds 1/4th of a hospital’s Annual Payment Update (APU) if hospital fails to meet reporting requirements (e.g., data completeness, validity). In effect, IQR is a “pay-for-reporting” program, and the data is used for the following value-based payment programs as well as Hospital Compare.
- **Hospital Value-Based Purchasing (HVBP) program** – rewards or penalizes hospitals up to 2% of their annual base fee-for-service (FFS) payment based on quality and cost performance, as a budget neutral program designed to promote high-value care
- **Hospital Acquired Condition (HAC) Reduction program** – penalizes the lowest performing quartile of hospitals by withholding up to 1% of the annual base FFS payment.
- **Hospital Readmissions Reduction Program (HRRP)** – penalizes hospitals performing under the average of all hospitals up to 3% of the annual base FFS payment based on their excessive readmission rate.

Summary of Proposed Rule

- CMS is proposing to “de-duplicate” measures that are currently used in multiple hospital payment programs. Based on this rationale, CMS is proposing to remove all HAC measures from the HVBP program, including Catheter-associated Urinary Tract Infection (CAUTI) outcome measure, Central Line-Associated Bloodstream Infection (CLABSI) outcome measure, Harmonized Procedure

Specific Surgical Site Infection (SSI) outcome measure, MRSA bacteremia outcome measure, and *Clostridium difficile* infection outcome measure, and the Patient Safety and Adverse Events Composite (known as PSI-90). These measures would still be used to calculate penalties in the HAC Reduction Program.

- CMS is also proposing to “de-duplicate” measures across CMS’s public reporting program (IQR) and the value-based hospital payment programs, to remove from IQR all measures used in the HVBP, HAC, and HRRP programs. Based on this rationale of removing duplication, CMS is proposing to remove 39 measures from IQR. These measures would still be available in the HAC Reduction Program.
- CMS is proposing to add an additional Measure Removal Criterion –removal factor 8 – which would allow CMS to remove measures from its programs when “the costs associated with a measure outweigh the benefit of its continued use in the program”. Contingent on adoption of removal factor 8, CMS is simultaneously proposing to 19 measures based on removal factor 8.

Likely Impact of Proposals & Critique

This rule represents some of the most significant changes to CMS’s hospital programs since their inception. CMS’s proposed approach to reduce provider reporting burden by streamlining measures across the various hospital programs is short-sighted and overemphasizes provider priorities. This compromises the ability for CMS’s hospital programs to reward high-quality care and threatens the availability of performance information for public use. Our main concern is that patient safety and hospital-acquired conditions will no longer be publicly reported in an easily understandable format and that hospitals will have a significantly reduced incentive to focus on these important aspects of care quality. These types of hospital errors, resulting in patient harm, are expensive and avoidable; and, should always be included in assessments of hospital quality.

- One significant change to these programs is the proposal to remove, from IQR, all measures that are already being used in the HAC, HRRP, and HVBP programs. By statute, IQR is the primary vehicle for ensuring that hospital performance information is available to the public in an easily understandable manner and for incentivizing hospitals to report complete and valid data. If measures are removed from IQR, hospitals would not face a direct financial penalty for failure to report complete or valid data. We are concerned that some hospitals would choose not to report patient safety and hospital harm data given the significantly reduced penalty, resulting in a loss of performance data. Moreover, CMS would have the liberty to post only the data files for the measures rather than in a uniform and easily understandable format as they are currently presented on Hospital Compare. **We do not support the removal of these measures from the IQR program.**
- If the HAC measures are removed from the HVBP program, medium- to high-performing hospitals will have a much smaller incentive to prioritize patient safety in their quality improvement efforts. **We do not believe it is appropriate to remove the HAC measures from the HVBP program.**
- We have significant concerns that the proposed use of factor 8 as a criterion for measure removal does not have a transparent process for the calculation of a measure’s value, to ensure that consumer and purchaser performance information needs are prioritized appropriately. Many of the measures that are simultaneously being proposed for removal are high-value measures for consumers and purchasers. **We do not support the adoption nor the application of factor 8 as a rationale for removing measures until CMS provides greater clarity and transparency around the assessment criteria and calculation of value.**



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