Question: What is the Premier Hospital Quality Incentive Demonstration?

Answers: This is a demonstration project to test if providing financial incentives to hospitals that demonstrate high quality performance in a number of areas of acute inpatient care will improve patient outcomes and reduce overall costs for Medicare. We believe that creating incentives to promote the use of best practices and highest quality of care will stimulate quality improvement in clinical practice and result in cost savings.

Question: Why is Premier, Inc. the only hospital group in the Premier Hospital Quality Incentive Demonstration?

Answers: Premier Inc. submitted an unsolicited proposal for consideration by CMS. Through its Perspective Online database, Premier has the ability to provide data for 30 quality measures for each of its hospitals. This capability to quickly provide such a broad set of quality data makes the Perspective database operationally unique and enables a rapid test of incentives for high quality care.

Question: Are the measures that have been selected for the Hospital Quality Incentive Demonstration risk-adjusted?

Answers: The set of measures includes two mortality outcomes that will be risk adjusted. Inpatient mortality for Acute Myocardial Infarction will be risk adjusted according to Joint Commission on Accreditation of Healthcare Organizations (JCAHO) methodology, while Coronary Artery Bypass Graft mortality and hip and knee 30-day readmission rate will use All Payer Refined – Diagnosis Related Groups (APR-DRG) risk-adjustment methodology. The two patient safety indicators are risk-adjusted using the Agency for Health Research and Quality (AHRQ) methodology. All other measures are process of care indicators and do not need to be risk adjusted. These measures have suitable data adjustments such as inclusion and exclusion criteria.

Question: Will the Premier Hospital Quality Incentive Demonstration be open to other hospitals or hospital groups?

Answers: No, the demonstration with Premier Inc. will be the initial test of the concept. However, CMS is developing proposal to extend the pay-for-performance concept to all hospitals.

Question: How is the Premier Hospital Quality Incentive Demonstration different from the public-private partnership called Hospital Quality Alliance (HQA): Improving Care Through Information.

Answers: The Premier Hospital Quality Incentive Demonstration includes data for 30 quality measures from participating hospitals, while the public-private partnership effort called Hospital Quality Alliance (HQA): Improving Care Through Information will collect data for 10 start-up measures. The Premier demonstration will enable CMS to gain experience in using additional quality measures and methods. Furthermore, in contrast to the public-private partnership effort, hospitals in the Premier demonstration will be provided with financial payment as a reward for their superior performance on these

specific measures of the quality of their care. This includes bonuses to top performing hospitals, as well as payment adjustments in the third year for lower performing hospitals.

Question: When and where will the hospital information be reported for the Premier Hospital Quality Incentive Demonstration?

Answers: Hospital information for the Premier Hospital Quality Incentive Demonstration can be found on the CMS website @ www.cms.hhs.gov/HospitalQualityInits

Question: Why pay a bonus for high quality inpatient care? Shouldn't the hospitals be providing high quality care without a bonus?

Answers: Hospitals already try to provide high quality care to their patients, and evidence shows that some hospitals follow clinical guidelines to improve the quality of care better than others. One obstacle is that developing and implementing quality systems costs money, which competes for the scarce resources for all of the other things that hospitals must do. By providing financial incentives for higher performance on certain measures of quality care, CMS will provide the financial incentive to push hospitals to follow the clinical guidelines to better align the incentives between quality and profits. Also, for those hospitals that will get incentive payments, those incentives will help to pay for the cost of the quality measurement and improvement system.

Question: When did the Premier Hospital Quality Incentive Demonstration begin and how long was it in operation?

Answers: The demonstration operated for three years, October 1, 2003 – September 30, 2006.

Question: Can the Medicare Trust Fund afford this?

Answers: We believe that high quality care will offset incentive bonus costs through fewer readmissions and fewer complications. Here are some examples: · Heart failure patients have a readmission rate of 21% over 30 days, yet research shows that about half of the readmissions are preventable. For example, providing angiotensin-converting enzyme inhibitor (ACEI) drugs to heart failure patients is an example of high quality care, yet ACEI prescriptions are found in only 66% of audited patient records. · Giving beta blocker drugs to patients with acute myocardial infarction (AMI) can reduce rehospitalizations by 22%, but only 21% of eligible AMI patients receive a prescription for a beta blocker. · Pneumonia is a very common cause of hospital admissions for Medicare beneficiaries, but many of these cases could be prevented through pneumococcal and influenza vaccinations. Studies have shown that proper adherence to vaccination protocols can reduce hospitalizations for pneumonia and for influenza by about half, with reduced disease and mortality and huge savings for the Medicare Program.

Question: What are the initial hospital measures that have been selected to determine the quality scores in the Hospital Quality Incentive Demonstration?

Answers: The measures that have been selected are for three common and serious medical conditions and two categories of surgical procedures. They were derived from evidence in the medical literature, and tested extensively in hospital settings. The conditions are Heart Failure (HF), Acute Myocardial Infarction (AMI), Community Acquired Pneumonia (CAP), Coronary Artery Bypass Graft (CABG), and Hip and Knee Replacement (HK).

Question: How will top performing hospitals be determined?

Answers: A composite quality score will be calculated annually for each demonstration hospital with a minimum sample of 30 cases in a measured clinical quality area. Separate scores will be calculated for each clinical condition by "rolling-up" individual process and outcome measures into an overall quality score. CMS will categorize the distribution of hospital quality scores into deciles to identify top performers for each condition. For each condition, all of the hospitals in the top quality 50% of hospitals will be reported as top performers. Those hospitals in the top first or second deciles will be recognized and given a financial bonus.

Question: How will CMS be sure that the measures reported by the hospitals are accurate?

Answers: Samples of data will be audited by CMS and a Quality Improvement Organization (QIO) to make sure that the data being reported by the hospitals are accurate prior to making bonus payments. CMS will, through its QIO, validate the data by reabstracting a sample of medical records.

Question: Will there be any reduction in payment to lower performing hospitals?

Answers: By the end of the demonstration, participating hospitals are expected to show improvement from baseline performance in year one. In year three, hospitals will receive lower DRG payments if they score below performance baselines set in the first year. The demonstration baseline will be clinical thresholds set at the year one cut-off scores for the lower 9th and 10th decile hospitals. Those hospitals that do not perform above these established baselines will receive lower payments for measured clinical conditions. Hospitals will receive 1% lower DRG payment for performance below the 9th decile baseline level and 2% less if they score below the 10th decile baseline level. There will be no reduction in payments to any hospitals in years one or two of the demonstration.

Question: Where is this bonus money for the Premier Hospital Quality Incentive Demonstration going to come from?

Answers: The bonus money will come from the Medicare Health Insurance Trust Fund (Part A). The cost of the bonuses to Medicare is projected to be about $8.9 million each year. CMS projects that the costs for the three-year demonstration will be about $25 million. The bonuses will be based on Medicare patients only, although the quality measurements will include all

patients receiving care in the hospital, with the exception of Hip and Knee Replacement measures.

Question: How will bonuses be paid for the Premier Hospital Quality Incentive Demonstration?

Answers: Hospitals in the demonstration with the highest clinical quality performance on certain measures of quality will be given a financial payment as a reward for the quality of their care. Hospitals in the top decile of hospitals for a given diagnosis will be provided a 2% bonus of their base Medicare DRG payments for the measured condition, while hospitals in the second decile will be paid a 1% bonus.

Question: How will information be collected from hospitals for the Hospital Quality Incentive Demonstration?

Answers: Information will be forwarded to Premier, for processing and reporting, and to the clinical data warehouse maintained under contract for CMS. CMS will use these data to conduct validation studies for quality assurance during the demonstration.

Question: Any plans to add to the number of measures or use 'outcomes' in the Hospital Quality Incentive Demonstration?

Answers: Acute Myocardial Infarction and Coronary Artery Bypass Graft include inpatient mortality outcome as a quality measure, and Hip and Knee Replacement includes the 30-day readmission rate as an outcome measure. Additionally, two patient safety AHRQ indicators, post-operative hemorrhage or hematoma, and post-operative physiologic and metabolic derangement are outcome measures used for CABG and Hip and Knee Replacement.

Question: How do we know the hospital quality measures selected in the Hospital Quality Incentive Demonstration are valid and reliable?

Answers: Most of these measures have gone through extensive testing for validity and reliability by CMS and its Quality Improvement Organizations (QIO), the Joint Commission on Accreditation of Healthcare Organizations (JCAHO), and other researchers. In addition, many have been endorsed by the National Quality Forum (NQF), a national standards setting entity.

Question: Why are the measures within each clinical condition going to be "rolled up" into one score?

Answers: Rolling up the measures for a clinical condition provides an overall picture of the quality care hospitals are providing for that condition. It also provides hospitals with an incentive to improve the quality of care for all measures in the clinical condition, thus enhancing overall quality of care. This project will enable CMS to understand how this method measures quality and will inform our national public reporting work.

Question: How were the specific measures chosen to be the initial group to be reported?

Answers: · The medical conditions and surgical procedures are common and important for Medicare patients. · These measures include many that are endorsed by the National Quality Forum (NQF). · Measures additional to the NQF set are those

that are well tested by CMS, JCAHO, Premier and/or others, and are feasible to be collected and reported now. · These additional measures allow CMS to use this project to continue testing quality measures as the organization works toward a national program of public reporting of hospital quality.

Question: If you find that a hospital doesn't meet the basic standards, will you be able to exclude them from Medicare or Medicaid?

Answers: Only hospitals that already meet Medicare standards are eligible for the demonstration. Any exclusion of hospitals from Medicare would be done through an entirely separate process.

Question: Do the measures that are going to be scored in the Premier Hospital Quality Incentive Demonstration include information about patients' hospital experiences?

Answers: The quality measures used in scoring are clinical 'process of care' and outcomes measures. There are other CMS initiatives that will look at patient perspectives on care measures. A patient perspective on care survey instrument is being developed and tested in a project jointly led by CMS and the Agency for Health Research and Quality (AHRQ).

Question: I understand that the state of Connecticut, among others, requires hospitals to participate in quality reporting programs. Does this program take the place of these state-run programs? Will the hospital need to provide different information than what the state is requiring?

Answers: While the Premier Hospital Quality Incentive Demonstration is independent of other state and federal quality or reporting initiatives, some of the quality measures collected as part of this demonstration and many State efforts are consistent with these other federal efforts. The demonstration project does not take the place of these other quality programs, but instead provides an opportunity to align financial incentives to the public reporting of quality.

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