

## PROFESSION

### CMS incentive plan could worsen care disparities, study finds

There are twice as many black patients at low-quality, high-cost hospitals than at top-performing ones.

By KEVIN B. O'REILLY, amednews staff. Posted Oct. 24, 2011.

The hospital pay-for-performance program that is part of the Patient Protection and Affordable Care Act starts paying in October 2012 and could exacerbate racial and economic health disparities, suggests a study published in the October *Health Affairs*.

Researchers compared how more than 3,200 hospitals fared on quality and cost metrics and identified a subset of hospitals as outliers for high or low performance. The hospitals with the highest costs and lowest quality scores had much higher percentages of black patients and poor patients than the low-cost, high-quality hospitals.

Although 7% of the patients at the 122 "best" hospitals were black, they made up 15% of the inpatients at the 178 "worst" hospitals -- those with low quality and high costs that would be hit hardest by performance incentives. The top-performing hospitals had a 15% Medicaid-patient rate, compared with 23% of the patients at the worst-performing hospitals.

"We're going to be holding people financially accountable for the quality of care they provide, and we're doing it at a time when hospital budgets are going to be squeezed by federal and state budget shortfalls," said Ashish K. Jha, MD, MPH, lead author of the study. "If you have a policy that hurts relatively wealthy, well-to-do people, chances are that those people are going to figure out an alternative solution and navigate the health care system much more successfully than a policy that affects and hurts poor patients."

The Dept. of Health and Human Services estimates that by 2017, as much as 10% of hospitals' pay will be tied to some form of quality-of-cost performance incentive under the value-based purchasing program. The pay-for-performance initiative could make things worse for some patients, experts said.

"The value-based purchasing program has the potential to exacerbate disparities unless it is designed to take disparities into account in its incentives and program design," said Joel S. Weissman, PhD, deputy director and chief scientific officer at the Brigham and Women's Hospital Center for Surgery and Public Health in Boston.

Weissman said the government should reward hospitals for improving quality and reducing disparities.

"A combined ranking method may facilitate setting achievable performance targets, particularly for hospitals that care for a large number of minority and underserved patients," he said.

#### Accounting for race and income

The new research should push policymakers to tweak the hospital incentive program to account for the race and income level of patients, said Nancy Foster, vice president for quality and patient safety policy at the American Hospital Assn.

"The idea of making these adjustments is to ensure that hospitals that treat higher proportions of patients of color or lower socioeconomic status are not put in a position of being on an unfair playing field," Foster said. "The broader societal factors really should be eliminated from the discussion of how you calculate a payment reward."

In July, the government started tracking hospitals' performance on following protocols for heart-attack care, surgical care and preventing hospital infections. Patients' survey responses about their satisfaction with hospital care also are being used to determine pay. The results are risk-adjusted according to patients' age, gender and health status, but race and income levels are not factored.

The Centers for Medicare & Medicaid Services will measure whether a hospital exceeds the 50th percentile of quality performance by all hospitals. If it does, the margin is used to calculate the incentive. If the hospital falls below the 50th-percentile threshold, its improvement on a baseline period of performance is used to determine pay.

Dr. Jha said CMS should fund quality-improvement projects dedicated to helping the worst-performing hospitals get better.

"We should focus on holding people accountable. I'm a fan of that notion, but what we need to know is who are the people who are going to get hurt in this context, and then we need a concerted plan to help the poor-quality performers improve," said Dr. Jha, associate professor of health policy at the Harvard School of Public Health in Boston. "We should be able to do this. We should be able to improve everybody's performance and not worsen disparities."

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**ADDITIONAL INFORMATION:****WEBLINK**

"Low-Quality, High-Cost Hospitals, Mainly in South, Care for Sharply Higher Shares of Elderly Black, Hispanic, and Medicaid Patients," *Health Affairs*, October ([content.healthaffairs.org/content/30/10/1904.abstract](http://content.healthaffairs.org/content/30/10/1904.abstract))

Center for Medicare & Medicaid Services Hospital Quality Initiatives ([www.cms.gov/hospitalqualityinits](http://www.cms.gov/hospitalqualityinits))

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