PAYMENT

Variation in heart failure standardized payment for index hospitalization and post-acute care, by risk-standardized payment quintiles.

In 2015, the Centers for Medicare & Medicaid Services (CMS) began publicly reporting the following payment measure on Hospital Compare: hospital-level risk-standardized payment (RSP) associated with a 30-day episode of care for heart failure [1]. The heart failure payment measure includes admissions for Medicare fee-for-service (FFS) beneficiaries aged 65 or older [2]. The heart failure payment measure captures payments for Medicare patients across multiple care settings, services, and supplies (this includes inpatient, outpatient, skilled nursing facility, home health, hospice, physician/clinical laboratory/ambulance services, and durable medical equipment, prosthetics/orthotics, and supplies) [2]. To isolate payment variation that reflects practice patterns rather than factors unrelated to clinical care, we standardized the payments by removing geographic differences and policy adjustments in payment rates for individual services [2]. Such standardization allows for comparison across hospitals based solely on payments for decisions related to clinical care. However, it's important to note that the heart failure payment measure results alone are not an indication of quality.

FIGURE 1 *Index hospitalization versus post-acute care payments, by quintiles of heart failure RSP ($2013), July 2011-June 2014.*

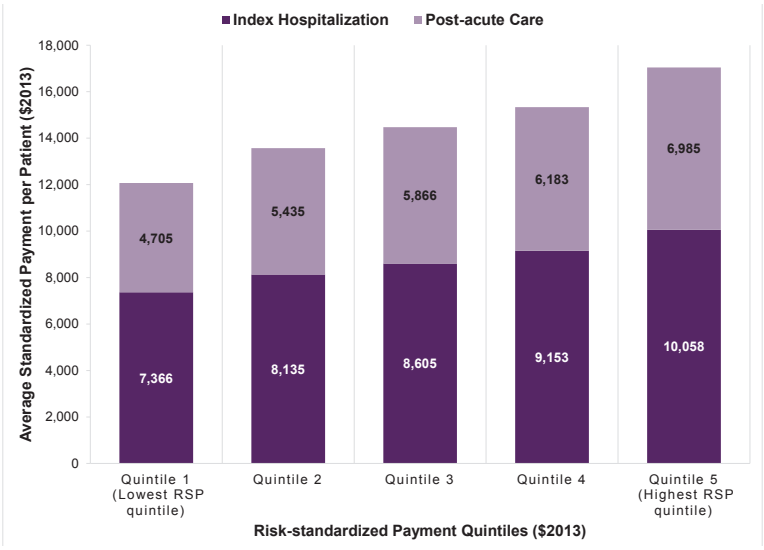
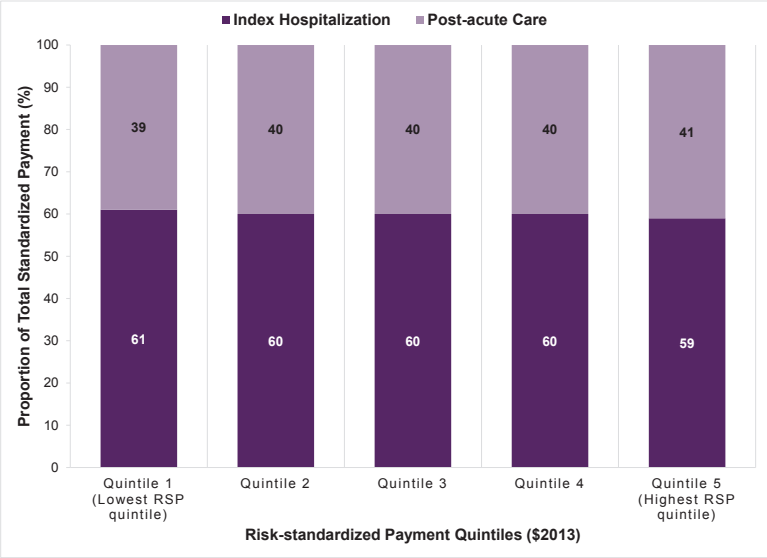


FIGURE 2 *Proportion of the 30-day episode-of-care payment (%) that was for index hospitalization versus post-acute care, by quintiles of heart failure RSP ($2013), July 2011-June 2014.*



In addition to this standardization, to ensure accurate assessment of each hospital, the RSP is calculated using a statistical model to adjust for key differences in patient risk factors that are clinically relevant and that have strong relationships with the payment outcome [2]. Variation in heart failure RSPs reflects differences in care decisions and resource utilization (for example, treatment, supplies, or services) among hospitals for a hospital's patients both at the hospital and after they leave. It is important to understand if the variation in heart failure RSPs is mostly due to variation in payment during the index hospitalization or in post-acute care settings. Therefore, we examined hospital standardized payments for index hospitalization and post-acute care across hospitals with 25 or more qualifying admissions in different RSP quintiles for the July 2011 – June 2014 reporting period. Calculation of the standardized payments for index hospitalization and post-acute care removed geographic and policy adjustments that are unrelated to clinical care decisions, but did not adjust for patient clinical risk factors. Both the RSPs and standardized payments were inflation-adjusted to 2013 dollars. Admissions with total payments in the top 0.5% of all total payments were not included in these analyses.

TABLE I *Index hospitalization versus post-acute care payments by quintiles of heart failure RSP ($2013), July 2011-June 2014.*

	Risk-Standardized Payment ($2013) Quintiles				
	Quintile 1 (lowest RSP quintile); n=741 $2013 (%)	Quintile 2; n=741 $2013 (%)	Quintile 3; n=740 $2013 (%)	Quintile 4; n=741 $2013 (%)	Quintile 5 (highest RSP quintile); n=740 $2013 (%)
Average standardized payment for Index Hospitalization	7,366 (61)	8,135 (60)	8,605 (60)	9,153 (60)	10,058 (59)
Average standardized payment for Post-acute Care	4,705 (39)	5,435 (40)	5,866 (40)	6,183 (40)	6,985 (41)

Hospitals in the quintiles with higher RSPs made care decisions that resulted in higher resource utilization, on average, per patient than hospitals in the quintiles with lower RSPs. In the lowest quintile (RSP ranging from $0 -$14,010), the average standardized payment across hospitals for index hospitalization was $7,366, and the average standardized payment across hospitals for post-acute care was $4,705 (Figure 1; Table 1). In the highest quintile (RSP ranging from $16,511-$21,867), the average standardized payment across hospitals for index hospitalization was $10,058, and the average standardized payment across hospitals for post-acute care was $6,985 (Figure 1; Table 1). For the lowest quintile, 61% of the total standardized payment was accounted for by the index hospitalization, and 39% was accounted for post-acute care (Figure 2; Table 1). For the highest quintile, 59% of the total standardized payment was accounted for by the index hospitalization, and 41% was accounted for by post-acute care (Figure 2; Table 1).

High payment hospitals had higher payments in both the index and post-acute settings. Variation in payments across hospitals occurred in both the index and post-acute settings. For high payment hospitals, a higher proportion of payments were incurred in post-acute care settings (41% vs. 39%).

1. "Hospital Inpatient Prospective Payment Systems for Acute Care Hospitals, Final Rule." Federal Register / 22 August 2014; http://federalregister.gov/a/2014-18545. Accessed 16 June 2015.

2. Kim N, Ott L, Hsieh A, et al. 2015 Condition-Specific Measure Updates and Specifications Report Hospital-Level 30-Day Risk-Standardized Payment Measures: Acute Myocardial Infarction – Version 4.0, Heart Failure – Version 2.0, Pneumonia – Version 2.0; https://www.qualitynet.org/dcs/ContentServer?c=Page&pagename=Qnet-Public%2FPage%2FQnetTier4&cid=1228774267858. Accessed 26 June 2015.