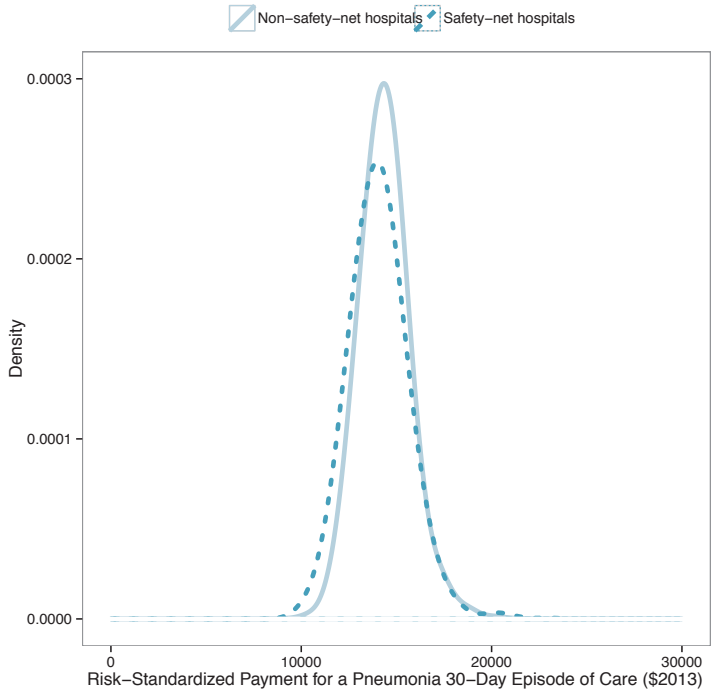
Results from the pneumonia payment measure by hospital characteristics: **safety-net status, teaching status, and urban or rural location.**

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 pneumonia [1]. The pneumonia payment measure includes admissions for Medicare fee-for-service (FFS) beneficiaries aged 65 or older [2]. The pneumonia payment measure captures payments 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, geographic differences and policy adjustments in payment rates for individual services are removed from the total payment for that service [2]. Standardizing the payment allows for comparison across hospitals based solely on payments for decisions related to clinical care. However, it's important to note that the pneumonia payment measure results alone are not an indication of quality.

FIGURE I *Distributions of hospital RSPs ($2013) for pneumonia by safety-net status, July 2011-June 2014.*



Variation in pneumonia 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. To understand the impact of hospital safety-net status, teaching status, and urban or rural location, we examined payments among hospitals with these characteristics with 25 or more qualifying admissions. Therefore, we evaluated the RSPs for a 30-day episode of pneumonia care for a total of 4,128 hospitals by comparing 1,189 safety net hospitals against 2,939 non-safety-net hospitals, 1,121 teaching hospitals against 3,007 non-teaching hospitals, and 3,145 urban hospitals against 983 rural hospitals.

Safety-net hospitals are defined as those committed to caring for populations without stable access to care, specifically public hospitals or private hospitals with a Medicaid caseload greater than one standard deviation above their respective state's mean private hospital Medicaid caseload [3]. Teaching Hospitals provide post-graduate education for physicians completing residency and fellowship [3].

To ensure accurate assessment of each hospital, the pneumonia payment measure uses a statistical model to adjust for key differences in patient risk factors that are clinically relevant and that have a strong relationship with the payment outcome [2]. Additionally, all payments were inflation-adjusted to 2013 dollars.

FIGURE 2 *Distributions of hospital RSPs ($2013) for pneumonia by teaching status, July 2011-June 2014.*

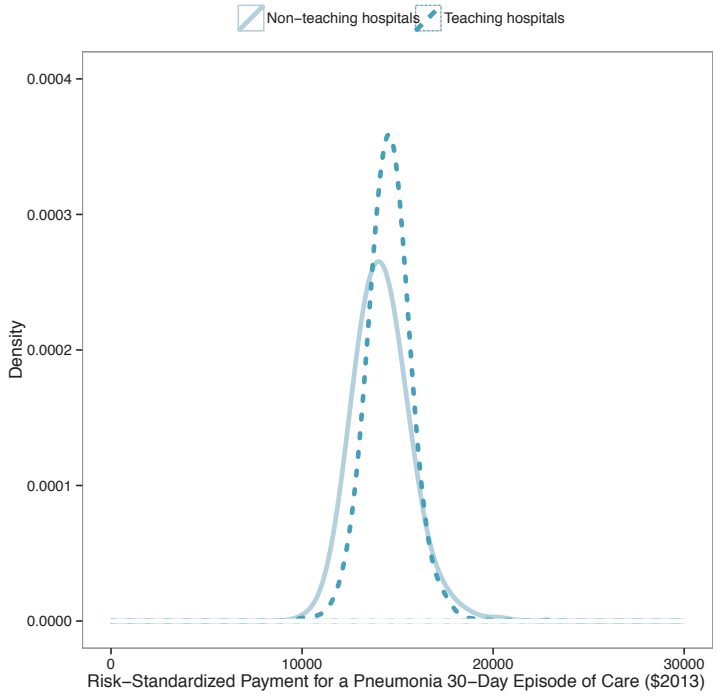
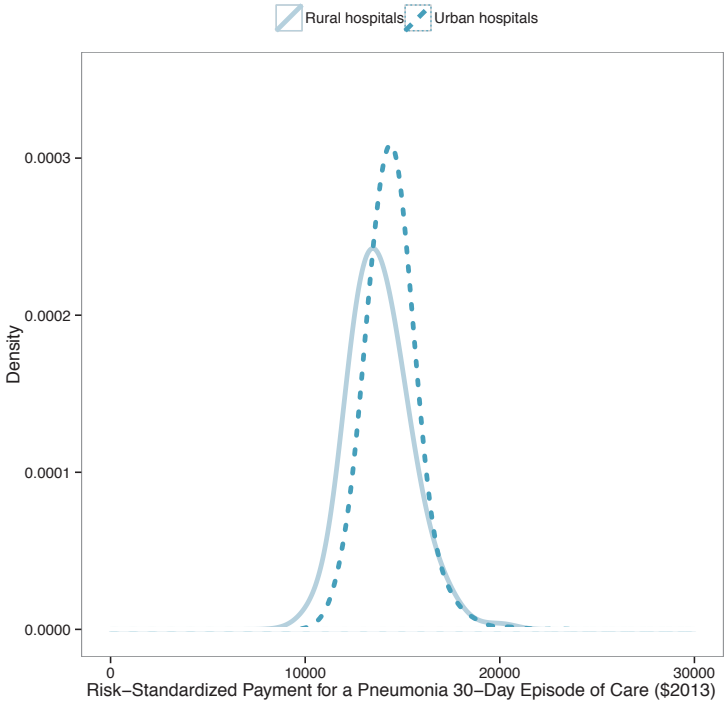


TABLE I *Distributions of hospital RSPs ($2013) for pneumonia overall, by safety-net status, teaching status, and urban or rural location, July 2011-June 2014.*

	Pneumonia RSP ($2013)						
	Overall; n=4128	Safety-net hospitals; n=1189	Non-safety-net hospitals; n=2939	Teaching hospitals; n=1121	Non-teaching hospitals; n=3007	Urban hospitals; n=3145	Rural hospitals; n=983
Maximum	22,999	22,999	21,095	22,999	21,308	22,999	20,594
90%	15,997	15,942	16,010	15,896	16,042	16,009	15,887
75%	15,124	14,953	15,171	15,215	15,069	15,197	14,808
Median (50%)	14,251	14,003	14,346	14,523	14,092	14,380	13,704
25%	13,350	13,011	13,483	13,845	13,152	13,547	12,758
10%	12,541	12,151	12,719	13,215	12,377	12,826	12,045
Minimum	8,977	9,807	8,977	9,942	8,977	10,485	8,977

The median pneumonia RSP for all hospitals was $14,251 (interquartile range [IQR]: $13,350-$15,124; Table 1). The median pneumonia RSP for safety-net hospitals was $14,003 (IQR: $13,011-$14,953) and for non-safety-net hospitals was $14,346 (IQR: $13,483-$15,171; Figure 1 and Table 1). The median pneumonia RSP for teaching hospitals was $14,523 (IQR: $13,845-$15,215) and for non-teaching hospitals was $14,092 (IQR: $13,152-$15,069; Figure 2 and Table 1). The median pneumonia RSP for urban hospitals was $14,380 (IQR: $13,547-$15,197) and for rural hospitals was $13,704 (IQR: $12,758-$14,808; Figure 3 and Table 1).

FIGURE 3 *Distributions of hospital RSPs ($2013) for pneumonia by urban or rural location, July 2011-June 2014.*



Safety-net hospitals had a median pneumonia RSP that was $343 less than non-safety-net hospitals, teaching hospitals had a median pneumonia RSP that was $431 greater than non-teaching hospitals, and urban hospitals had a median pneumonia RSP that was $676 greater than rural hospitals. Payment results alone are not an indication of quality.

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=QnetPublic%2FPage%2FQnetTier4&cid=1228774267858. Accessed 26 June 2015.

3. AHA Annual Survey Database Fiscal Year 2013; http://www.ahadataviewer.com/book-cd-products/aha-survey/. Accessed 26 June 2015.