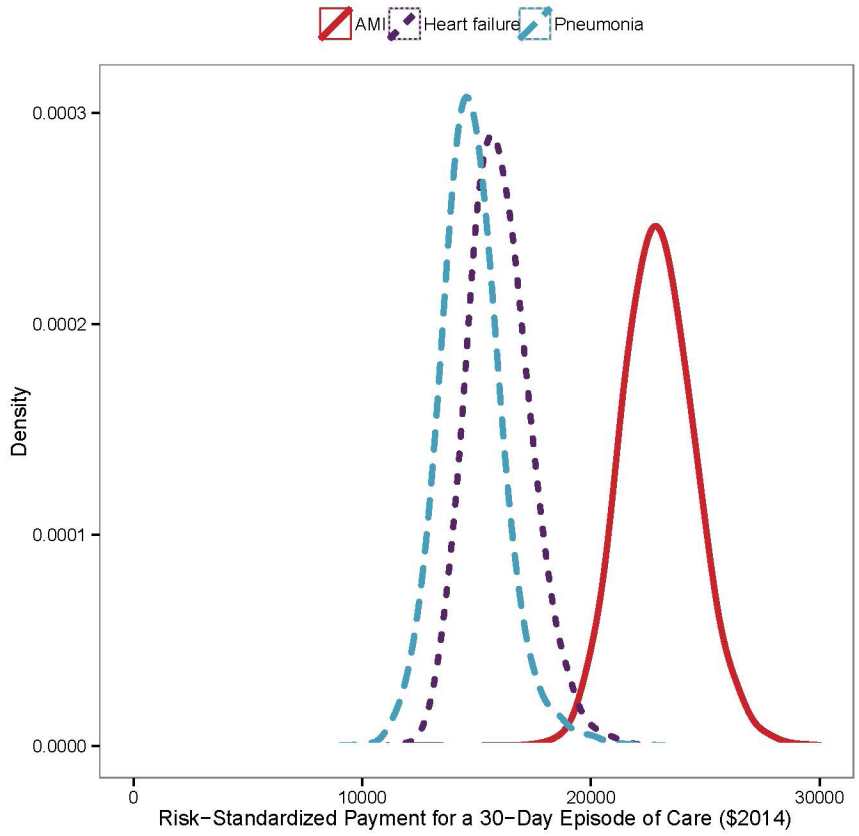
PAYMENT

▶ Variation in risk-standardized payments across hospitals for a 30-day episode of care following admission for acute myocardial infarction, heart failure, and pneumonia.

The Centers for Medicare & Medicaid Services (CMS) periodically provides a comprehensive overview of national results on measures of episode-of-care payments associated with hospital admissions for specific medical conditions [1]. The payment measures assess 30-day episode-of-care payments that begin with an index admission for acute myocardial infarction (AMI), heart failure, and pneumonia. The measures include admissions for Medicare fee-for-service (FFS) beneficiaries aged 65 or older [2]. CMS began publicly reporting risk-standardized payments (RSPs) associated with a 30-day episode of care for AMI in 2014; and for heart failure and pneumonia in 2015 [3]. Publicly reported measure results are updated annually on the *Hospital Compare* website. These measures capture payments across multiple care settings, services, and supplies (this includes inpatient, outpatient, skilled nursing facility, home health, hospice, physician/clinical laboratory/ambulance services, 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 in this way allows for comparison across hospitals based solely on payments for decisions related to clinical care. However, it's important to note that the AMI, heart failure, and pneumonia payment measure results alone are not indicators of quality. For 2016 public reporting, the pneumonia payment measure does not reflect the cohort change of the pneumonia mortality and readmission measures [2].

FIGURE I. *Distributions of hospital RSPs ($2014) for AMI, heart failure, and pneumonia, July 2012-June 2015.*



Variation in RSPs reflects different patterns 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. Wider distributions suggest more variation in payments, and narrower distributions suggest less variation in payments. To determine the extent of variation present in these measures, we examined hospital RSPs for the July 2012 – June 2015 reporting period. To ensure accurate assessment of each hospital, the measures use 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]. Additionally, for this reporting period, all payments were inflation-adjusted to 2014 dollars.

TABLE I. *Distributions of hospital RSPs ($2014) for AMI, heart failure, and pneumonia, July 2012-June 2015.*

	Distribution of RSPs ($2014)		
	AMI	Heart Failure	Pneumonia
Maximum	30,334	22,416	22,737
90%	25,008	17,840	16,514
75%	23,981	16,853	15,594
Median (50%)	22,905	15,903	14,700
25%	21,872	15,045	13,883
10%	21,001	14,319	13,118
Minimum	12,814	11,648	9,502

Hospital RSPs for AMI, heart failure, and pneumonia were normally distributed and centered at $22,905, $15,903, and $14,700, respectively (Figure 1 and Table 1). Additionally, hospital RSPs were distributed over an interquartile range (IQR) of $2,109, $1,808, and $1,711, respectively (Table 1).

For the AMI, heart failure, and pneumonia payment measures, half of the hospitals have RSPs within $2,109, $1,808, and $1,711 of the median hospital RSP for each measure. Additionally, the range in RSPs for the AMI, heart failure, and pneumonia payment measures was $17,520, $10,768, and $13,235, respectively. This demonstrates that there are variations in payment for AMI, heart failure, and pneumonia episodes of care.

1. 2015 Medicare Hospital Quality Chartbook. Prepared by Yale New Haven Health Services Corporation Center for Outcomes Research and Evaluation for the Centers for Medicare and Medicaid Services. https://www.cms.gov/medicare/quality-initiatives-patient-assessment-instruments/hospitalqualityinits/outcomemeasures.html. Accessed March 1, 2016.

2. Lesli S. Ott, Nancy Kim, Angela Hsieh, et al. 2016 Measure Updates and Specifications Report Hospital-Level Risk-Standardized Payment Measures: Acute Myocardial Infarction – Version 5.0, Heart Failure – Version 3.0, Pneumonia – Version 3.0, Elective Primary Total Hip Arthroplasty (THA) and/or Total Knee Arthroplasty (TKA) – Version 2.0; https://www.qualitynet.org/dcs/ContentServer?c=Page&pagename=QnetPublic%2FPage%2FQnetTier4&cid=1228774267858. Accessed May 9, 2016.

3. Hospital Inpatient Quality Reporting (IQR) Program Overview. QualityNet website. https://www.qualitynet.org/dcs/ContentServer?c=Page&pagename=QnetPublic%2FPage%2FQnetTier2&cid=1138115987129. Accessed March 1, 2016.