

Improving Quality and Efficiency: State Opportunities through Payment Reform and Transparency



**Healthcare Transparency &
Patient Advocacy Conference
Lexington, KY
November 19, 2010**

Jill Rosenthal

NATIONAL ACADEMY
for STATE HEALTH POLICY

NASHP

- National Academy for State Health Policy
 - Working across states, agencies, and branches of government
 - Helping states to advance and implement workable solutions for major health policy challenges

Nonpayment Policies: Making the Case

- ❑ There is a wide gap between the quality of health care services Americans receive and the care they should receive.
- ❑ Patient safety shortcomings, including preventable adverse events and health care-associated infections, occur too frequently.
- ❑ States can improve patient safety and safeguard the public.
- ❑ Health care purchasers can use their leverage to improve patient safety.

State Roles Related to Quality

- ❑ Purchase health care services
- ❑ Define benefits
- ❑ Regulate professionals and facilities
- ❑ Collect and report data
- ❑ Set standards and measure performance
- ❑ Inform consumers
- ❑ Educate and train healthcare professionals
- ❑ Convene stakeholders

Background

- NASHP conducted an environmental scan and convened state and national leaders to discuss:
 - issues related to nonpayment of adverse events
 - priority issues for future state/federal dialogue
- NASHP synthesized background information and meeting discussion

Supported by the Commonwealth Fund

The Status of Nonpayment Policies

- HealthPartners (MN)
 - first U.S. policy related to nonpayment for preventable conditions
- Centers for Medicare and Medicaid Services (CMS) Medicare program
 - Catalyst other public and private payers
 - State Medicaid Director Letter
- State agencies in twelve states (CO, KS, ME, MD, MA, MN, MO, NJ, NY, OR, PA, WA)

State Payers with Policies that Prohibit Payment for Certain Preventable Conditions (as of Dec. 2009)

State	Payer(s) Affected by Policy
Colorado	Medicaid
Kansas	Medicaid
Maine	All payers
Maryland*	All payers
Massachusetts	Medicaid, Health Safety Net, Commonwealth Connector, Group Insurance Commission, Department of Correction
Minnesota	Medicaid, General Assistance Medical Care, and Minnesota Care
Missouri	Medicaid
New Jersey	All payers
New York	Medicaid
Oregon	Public Employee Benefits Board, Educators Benefit Board
Pennsylvania	Medicaid
Washington	Medicaid

*Maryland's uses an adjusted payment as opposed to nonpayment for identified conditions

State Rationales for Nonpayment policies

- Alignment with Medicare
- Building on broader quality improvement agendas
- Sending a visible message about intentions to address poor quality care
- Move toward value-based purchasing
 - Medicaid's responsibility to ensure payment only for medically necessary services

Crosswalk of Policies

- Program
- Events Denied Payment
- Effective Date (Authorization)
- Facilities Targeted
- Event Identification
- Claim Determination
- Prohibition on Patient Billing

Analysis of Nonpayment Policies

- ❑ No state or federal policies prior to 2008
- ❑ Events denied payment often correspond with those identified by Medicare or the National Quality Forum
- ❑ Most frequently apply to hospitals
- ❑ Prohibit billing of patients for services denied payment
- ❑ Events most often identified through present on admission coding

Patient Impact

- ❑ Expressly prohibit billing or balance-billing of patients for services related to preventable events and conditions
- ❑ Massachusetts requires that patients be informed of events that are part of their care for which payment is denied

Key Lessons From State and Federal Purchasers

- Nonpayment is an initial, relatively easy, visible, noncontroversial step to purchase quality care.
 - Providers should not be paid for harming patients
- Alignment is occurring around a consistent message that the current state of patient safety is unacceptable.
- Purchasers adopt nonpayment policies as a quality improvement tool, not for cost savings
 - Opportunity for purchasers to drive system improvement

Key Lessons (con't)

- Purchasers encounter complicated implementation issues
 - Definition of events or conditions denied payment
 - Preventability of events
 - Payment system and identification of events
 - Care transitions
- Nonpayment policies build momentum toward broader system change.
 - Safety is one area of focus within a broader quality agenda
- Alignment of state and federal policies should not stifle innovation

**The Affordable Care Act:
Support for State Efforts to
Improve Quality and Efficiency,
Including Nonpayment for
Preventable Events and Conditions**

Partnering for Success

- Given complexity and fragmentation of the current health care system, states must collaborate across agencies and branches of government, as well as with the private sector to improve system performance.

State Activities and Strategies to Improve Quality & Efficiency

Strategic coordination & alignment of activities

.....
Data collection, aggregation, & standardization
for performance measurement

.....
Public reporting and transparency of cost & quality data

.....
Payment reform & alignment of financial incentives
to encourage value-based purchasing

.....
Consumer engagement to drive policy change &
encourage care self-management

.....
Provider engagement in policy making &
transforming care delivery

Payment Reform & Alignment of Financial Incentives to Encourage Value-based Purchasing





Payment Reform & Alignment of Financial Incentives: State Opportunities in ACA

- Innovative payment reform models
- Medicare Participation
- Multi-payer payment models
- Incentives to reduce hospital-acquired conditions
 - Reduction of Medicare payments related to preventable readmissions
 - Medicaid payments denied for health care-acquired conditions

Payment Adjustment in the ACA

- ❑ Sec. 2702 Payment Adjustment for Health Care-Acquired Conditions
- ❑ HHS Secretary to identify state practices that prohibit payment for health care-acquired conditions and incorporate the practices (....) into the Medicaid program in regulations (July 1, 2011)
- ❑ HHS to track hospital-acquired conditions at each hospital and reduce Medicare payments by 1% for top quartile (Oct 2014)

Public Reporting and Transparency of Cost & Quality Data





Public Reporting & Transparency of Cost & Quality Data: **State Challenges**

- Identification of useful information
 - Complexity of issues
 - Consumer confusion
- Fed-state alignment of measures/ data linkages





Public Reporting & Transparency of Cost & Quality Data: State Opportunities in ACA

- States can build on, align, and link with currently available data
 - New kinds of information on the quality of physician and hospital care
 - Help to expand publicly reported data beyond acute care facilities
 - State exchanges provide opportunities for newly reported information and quality reporting

Capitalizing on State Opportunities in ACA

- Develop coordinated strategies to publicly report various sources of data in a meaningful way
 - Statewide metrics
 - Statewide online dashboards-- a single site for consumers to obtain information on health care value (both cost and quality metrics)

For more information

- Email: jrosenthal@nashp.org
- NASHP Patient Safety Toolbox: <http://www.nashp.org/pst-welcome>
- NASHP State Quality Improvement Partnership Toolbox: <http://www.nashp.org/sqipt-welcome>
- NASHP website: www.nashp.org
- State Refor(u)m: www.staterforum.org

For more information

- *Nonpayment for Preventable Events and Conditions: Aligning State and Federal Policies To Drive Health System Improvement:*
<http://www.nashp.org/sites/default/files/PatientSafety.pdf>
- *State Strategies to Improve Quality and Efficiency: Making the Most of Opportunities in National Health Reform (Nov/Dec 2010)*