

**SHM Statement for the Senate Finance Committee's Roundtable
on the Centers for Medicare and Medicaid Services (CMS) Hospital Value-based
Purchasing (VBP) Program Implementation Plan**

March 6, 2008

Chairman Baucus and Ranking Member Grassley, on behalf of the Society of Hospital Medicine, I would like to thank you for the opportunity to participate in today's roundtable discussion on CMS's hospital value-based purchasing implementation plan. SHM represents the nation's 20,000 hospitalists, physicians whose primary professional focus is the general medical care of hospitalized patients.

I am Russell Holman, MD, President of SHM and the chief operating officer of Cogent Healthcare, which provides comprehensive hospitalist programs to hospitals across the country. Hospitalists serve in key leadership roles that directly influence quality improvement and patient safety in our nation's hospitals. We lead hospital quality improvement projects, develop innovative programs such as inpatient palliative care programs and rapid response teams, and spearhead implementation of inpatient electronic health records and medication reconciliation programs. We promote best practices and lead disease specific interventions to reduce complications such as venous thromboemboli (VTEs) and health-care acquired infections. Hospitalists are also pioneering innovative discharge planning protocols to ensure smooth transitions to necessary post-acute services and reduce rehospitalizations.

The Society of Hospital Medicine shares your commitment to improving the efficiency and the quality of our health care system. Reforms that align Medicare payments more closely with the quality of care provided, rather than reward volume of services as the current system does, are urgently needed. America's hospitalists stand ready to work with you in achieving this important objective.

If projected increases in the growth of hospital medicine hold, by 2010 over 5.6 million Medicare beneficiaries, or about 43% of Medicare medical hospital discharges, will be under the care of hospitalists. Increasingly, it falls to hospitalists to help their institutions meet quality requirements mandated by Congress for inpatient hospital services. As experts in inpatient medicine, hospitalists play a crucial role, for example, in helping hospitals report on specific clinical performance measures under the Reporting Hospital

Quality Data for Annual Payment Update (RHQDAPU) Program, established by the Medicare Prescription Drug, Improvement and Modernization Act of 2003. RHQDAPU ties a portion of the Annual Payment Update under the Inpatient Prospective Payment System (IPPS) to a hospital's meeting certain requirements, including reporting on a defined set of inpatient quality measures. Hospitalists directly impact diagnoses included in the RHQDAPU program such as heart failure, pneumonia, and acute myocardial infarction. Likewise, hospitalists are also actively engaged in inpatient measure development and reporting on the Part B side through the Physician Quality Reporting Initiative (PQRI).

SHM supports CMS's efforts to implement policies designed to promote the delivery of care that is safe, effective, timely, patient centered, efficient, and equitable. We are pleased to offer you our comments on the following key elements of the agency's value-based purchasing proposal for hospitals.

Quality Measures

Building on the foundation of RHQDAPU, CMS recommends replacing the current quality reporting program with a new program that would include both public reporting and financial incentives for better performance as tools to drive improvements in clinical quality, patient-centeredness, and efficiency. SHM supports CMS's plan to build upon the existing set of measures used in the current hospital quality data reporting program to select measures for the Medicare hospital VBP program.

Regarding measure selection and design, SHM supports selecting measures for the Medicare VBP program that have been endorsed by the National Quality Forum and selected by the Hospital Quality Alliance. CMS suggests requiring hospitals to report for performance assessment a subset of measures for VBP that hospitals currently report. The proposed measures for acute myocardial infarction, heart failure, and pneumonia are all influenced directly by hospitalists. As such, we support the initial clinical quality process of care measures outlined in CMS's implementation plan.

Care Transitions

SHM also is strongly interested in seeing measures involving coordination of care as part of a hospital value-based purchasing plan and is pleased that CMS has identified this area for future consideration. There is growing awareness among policymakers that improving the coordination of care among the various care settings could improve patient safety, quality of care, and health outcomes. Payment systems should be modified in order to align incentives to encourage improvements in care coordination and movement towards a payment system based on pay-for-performance presents an opportunity for such modifications.

Improving transitions of care is a key priority for SHM, and we are involved in several initiatives that could form the basis for better reporting of discharge processes and outcomes. For example, as a member of the American Board of Internal Medicine

(ABIM) Foundation Stepping Up to the Plate Initiative (SUTTP), SHM is helping to develop principles of and standards for safe and effective transitions. In addition, we also co-chaired a Transitions of Care Conference that focused specifically on issues that arise as patients transfer in and out of the hospital.

Finally, through support from the John A. Hartford Foundation, SHM is developing a toolkit to optimize the hospital discharge process and facilitate a smooth transition for older patients from the hospital to home. We hope to disseminate this toolkit across the U.S. and assist hospitals with implementation through a mentorship program. We strongly believe that hospitalists can and will take a prominent role to improve the hospital discharge process so that patients have a better understanding of their medical condition and self-care instructions and a seamless communication path is created between inpatient and outpatient physicians. We are confident that, ultimately, these system changes will reduce rehospitalization rates and adverse events and improve overall medical care.

Through the AMA's Physician Consortium for Performance Improvement (PCPI), SHM is pursuing the development of related care transitions performance measures that could be incorporated into a future iteration of CMS's Physician Quality Reporting Initiative (PQRI). We have encouraged our members to participate in the PQRI and thank both of you for your strong support of this program. The PQRI has accelerated the development of evidence-based clinical quality measures by the medical profession to the benefit of the patients we serve.

Measure Harmonization

In order to contain healthcare costs and improve quality, it will be essential that physicians and hospitals are held to quality standards that are defined, measured and adjudicated in a consistent fashion. SHM strongly favors an approach that harmonizes both existing and future individual physician-level measures with hospital system-level measures. This would foster partnerships between hospitals and their medical staffs and reduce the administrative burden on hospitalists and other inpatient physicians who also report quality measures under Part B. Failure to harmonize measures may cause physicians and hospitals to work to achieve discordant performance outcomes, which may fail to reduce healthcare costs and improve quality of care.

Incentive Alignment

SHM also supports linking hospital and physician financial incentives as part of a value-based purchasing plan. Encouraging physicians and hospitals to work together towards improving quality of care is crucial to the success of the program. Federal law should foster, not inhibit, hospital-physician arrangements that provide incentives for care improvement.

Performance Standards

SHM strongly supports CMS' proposal to reward hospitals based upon performance improvement and attainment of a minimal quality threshold. This approach will encourage the participation of hospitals starting from different quality baselines, helping both high-performing and improving hospitals.

Implementation

In the transition from the current pay-for-reporting system, SHM favors phasing in any new system. Hospitals will rely heavily on their clinicians, many of them hospitalists, to help achieve good performance on the candidate measures, and a phased approach would promote a more successful transition for all parties. In addition, we believe that savings achieved by hospital value-based purchasing through quality gains should be reinvested in hospitals participating in the program.

In conclusion, SHM appreciates the opportunity to offer its comments on value-based purchasing for hospitals. We commend the Finance Committee's leadership in this important area and look forward to working closely with you as you develop legislation to implement CMS's proposal and identify other approaches that create incentives to increase quality and better coordinate the care provided to our nation's seniors.