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Patients

New CMS star ratings ignore socio-economic factors

By Maria Castellucci

Hospitals with a high percentage of dual-eligible stays do worse than other hospitals in the readmissions category of the CMS star ratings, hurting their overall star rating, according to a Modern Healthcare analysis of CMS data.

In the latest preview of the CMS star ratings that will be released on Hospital Compare in February, the agency didn't risk-adjust hospitals by peer groups based on their dual-eligible population as it currently does in the Hospital Readmissions Reduction Program. As a result, hospitals in peer groups four and five of that program—or those with the largest percentage of dual-eligible stays—fared worse on average than other hospitals in the readmissions category of the star ratings, an analysis of the data by consulting firm SullivanCotter and Modern Healthcare found.

The readmissions category can influence a hospital's overall star rating because it's one of the four most heavily weighted groups considered in the star rating, accounting for 22% of a hospital's total score.

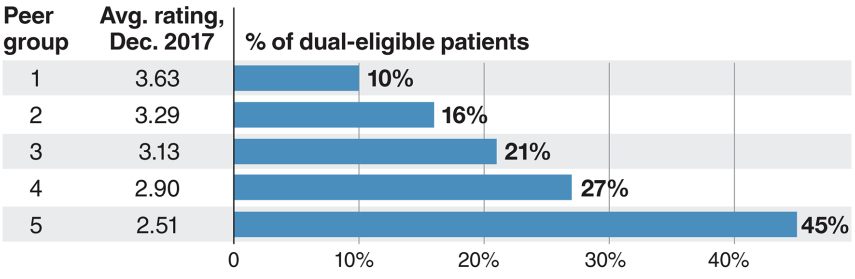
According to SullivanCotter's analysis, hospitals with the highest percentage of dual-eligible stays from fiscal 2019 in the readmissions program—those in peer group five—on average did worse on all nine measures the CMS uses to determine performance in the readmissions category. For hospitals in peer group four, they did worse than the national average on five of the measures. Of the nine measures, the hospitalwide all-cause unplanned 30-day readmission rate measure is by far the most influential in the readmissions category.

In the most recent methodology update, the all-cause readmissions measure was assigned a loading coefficient of 0.99, meaning it's the most important metric in that domain that drives the total score. According to the analysis, hospitals in peer group five had an average hospitalwide all-cause unplanned 30-day readmission rate of 15.71%, which is higher than the 15.3% national average for that measure in the February 2019 preview of the CMS star ratings.

Furthermore, SullivanCotter found that in December 2017—the last time for which data for individual hospitals' star ratings are publicly available on Hospital Compare—

Hospitals with more dual-eligibles had lower star ratings in December 2017

On average, CMS peer groups with higher percentages of dual-eligible patients had lower star ratings in the most recent public release of the data on Hospital Compare



Source: CMS data, Sullivan Cotter

hospitals in peer group five in the readmissions program had an average star rating of 2.51. That's lower than the 3.63-star rating hospitals in peer group one.

In response, a CMS spokesperson said the methodology used in the Hospital Readmissions Reduction Program is required by the 21st Century Cures Act and "only applies to payment adjustment. This methodology is not a measure-level risk adjustment and is therefore not part of the overall hospital quality star ratings."

The CMS will come out with new star ratings on Hospital Compare in February after a 14-month delay. The agency is supposed to update the star ratings every December and July but hasn't done so since December 2017 because of criticism that the methodology is flawed. The agency faced immense criticism earlier this year when some hospitals saw a big change in their star ratings because the model evaluated the safety measures differently than in the past.

Experts and hospital stakeholders say the decision by the CMS not to include the same risk adjustment from the readmissions program in the star ratings is unfair to hospitals who treat a high percentage of low-income, complex patients.

Maryellen Guinan, a senior policy analyst with America's Essential Hospitals, said, "We're concerned the overall star-rating methodology still does not account for hospitals like ours, which serve patients who face severe socio-demographic challenges and which perform many complex surgeries." She hoped the CMS would respond to concerns raised earlier this year about the preview reports.

Dual-eligibles are the roughly 9 million people who are covered both by Medicare and Medicaid. Policymakers have targeted the population as a way to cut costs for the CMS. Dual-eligibles are more likely to report poor health status, low-income and less education compared to patients in fee-for-service Medicare. They also account for a significant percentage of Medicare spending. Although they were 18% of the Medicare population in 2013, they represented 32% of spending, according to the Medicare Payment Advisory Commission.

"We hope the CMS re-evaluates its methodology given strong evidence of a link between outcomes and social determinants and risk-adjustment changes adopted in hospital quality reporting programs," such as the Hospital Readmissions Reduction Program, Guinan said.

Others said the difference in how readmissions are measured can be confusing to providers who use both programs for performance improvement work. The ratings are intended to guide consumers' healthcare decisions, but they can also provide guidance to hospitals looking to improve.

"Aligning the CMS' programs would help to standardize peer groups and eliminate the noise in the data so organizations can create programs that improve the overall quality of care," said Dr. Mark Rumans, chief medical officer of SullivanCotter, who wasn't involved in the analysis.

"I think continually changing things in material ways and having things that are often at odds with one another, that is not a good way of engaging in meaningful measurement," said Rita Numerof, a St. Louis-based healthcare consultant.

The decision not to apply socio-economic risk stratification in the star ratings is even more perplexing as the CMS embraces the connection between social determinants of health and hospital performance, said Dr. Karen Joynt Maddox, assistant professor of medicine at Washington University School of Medicine.

"I think there has been a real shift over the last couple of years that socio-economics matter," she said. "Continuing to say they don't make a difference just doesn't make sense. The star ratings are fundamentally comparing hospitals to each other, that is the whole point; so if you want to fairly compare hospitals to each other, you have to give consumers accurate information."