

Summary of Value-Based Purchasing Recommendations October 2008

As CMS continues exploration of value-based purchasing (VBP), the RUPRI Health Panel suggests consideration of the following recommendations from its response to *Report to Congress: Plan to Implement a Medicare Hospital Value-Based Purchasing Program*. Rural hospitals should be included in VBP, quality improvement, technical assistance, and other quality improvement programs. The CMS Report and the RUPRI response refer to prospective payment hospitals only. RUPRI will discuss VBP and CAHs in a separate document.

- Develop a VBP plan that is sensitive to unique rural situations and carefully considers potential unintended program consequences.
- Emphasize domains with greatest reliability, then validity when applying weighting to domains.
- Include measures of clinical processes of care typically delivered by rural hospitals.
- Proceed cautiously before applying mortality outcomes in a VBP program, especially to rural hospital performance.
- Emphasize *improvement* over benchmark-based performance.
- Recognize the higher relative cost of quality improvement infrastructure in rural hospitals compared to urban.
- Develop and test a system to measure and reward quality when multiple providers care for a single patient during an episode of care.
- Ensure that VBP does not unintentionally risk rural hospital service reductions or closures that could negatively impact rural beneficiary access.
- Distribute all unearned withholds as local/regional quality improvement technical assistance.
- Withhold the same percentage of total Medicare revenue in rural and urban hospitals.
- Mandate sophisticated statistical analysis to ensure that low volumes do not significantly reduce measure reliability.
- Risk-adjust measures for unique rural demographic factors.
- Select measures and analyze VBP with input from rural health experts including clinicians and rural health researchers.
- Coordinate VBP with programs that provide important technical assistance to rural hospitals.
- Support rural health information technology development as a prerequisite for VBP.
- Recommend strategies to reduce geographic disparities continued or worsened by VBP.
- Expand quality improvement technical assistance to rural hospitals through Quality Improvement Organizations and resources available in the Medicare Rural Hospital Flexibility Grant Program.