

October 9, 2006

Honorable Mark B. McClellan, MD, PhD  
Administrator  
Centers for Medicare and Medicaid Services  
Department of Health and Human Services  
Room 443-G  
Hubert H. Humphrey Building  
200 Independence Avenue, SW  
Washington, D.C. 20201

REF: CMS-4125-P



RE: Medicare Program; Hospital Outpatient Prospective Payment System and CY 2007 Payment Rates; CY 2007 Update to the Ambulatory Surgical Center Covered Procedures List; Ambulatory Surgical Center Payment System and CY 2008 Payment Rates; Medicare Administrative Contractors; and Reporting Hospital Quality Data for FY 2008 Inpatient Prospective Payment System Annual payment Update Program - HCAHPS® Survey, SCIP, and Mortality; Proposed Rule

Dear Dr. McClellan:

The Catholic Health Association of the United States (CHA) is pleased to submit the following comments on the "Reporting Hospital Quality Data for FY 2008 Inpatient Prospective Payment System Annual Payment Update - HCAHPS® Survey, SCIP and Mortality"—Section XXIII of the above noted notice of proposed rulemaking (NPRM) which was published in the *Federal Register* (Vol. 71, No. 163, pages 49506-49977) on August 23, 2006. Today, through separate correspondence, we are submitting other comments for the non-hospital quality reporting proposals in the above NPRM. In addition, we will submit our comments on the NPRM for the Ambulatory Surgical Center Payment System and CY 2008 Payment Rates in separate correspondence.

### Hospital Quality Data

CMS proposes to implement an OPSS Reporting Hospital Quality Data for Annual Payment Update (RHQDAPU) program effective for payments beginning on January 1, 2007. As an initial step, CMS proposes to link the CY 2007 OPSS payment update to hospital reporting of quality measures in effect under the existing inpatient prospective payment system (IPPS) RHQDAPU program. For CY 2007, hospitals would only receive the full update to the conversion factor used to determine CY 2007 OPSS payments if they meet the IPPS RHQDAPU requirements for FY 2007. Hospitals that do not meet the IPPS RHQDAPU requirements for FY 2007 would receive an update to the CY 2007 OPSS conversion factor that is reduced by 2.0 percentage points (i.e., 1.4 percent instead of the full 3.4 percent update.) A reduction applied in one year would not affect a hospital's OPSS update in a subsequent year.

Medicare's pursuit of this concept involves the collection and submission of performance data and the public reporting of comparative information about hospital performance. CMS believes this will provide strong incentives to encourage hospital accountability in general and quality improvement in particular.

The RHQDAPU program, first implemented in FY 2005, requires hospitals to submit certain quality data in order to receive a full annual payment rate update. The current program uses 10 quality measures; however, beginning in FY 2007 the program will expand to include 21 quality measures. In linking OPSS payment to the IPPS quality measures, CMS argues that the 21 specific IPPS quality measures in use for FY 2007 reasonably reflect the quality of care provided by hospital outpatient departments.

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CMS also discusses the applicability to OPSS of the additional IPPS quality measures proposed for FY 2008. These measures involve a patient survey, additional surgical care measures, and mortality within 30 days of hospital admission. Again, in each case, CMS concludes these measures reasonably reflect care in hospital outpatient departments and indicates its intention to adopt the full set of proposed FY 2008 IPPS quality measures to the CY 2008 OPSS RHQDAPU program. The proposal will be formalized next year in the proposed rule for CY 2008 OPSS payment.

Linking IPPS quality measures to the OPSS is planned as an interim step. CMS intends to begin work, in collaboration with stakeholders, on a set of quality and cost of care measures specific to hospital outpatient departments for implementation at the earliest possible date. Reporting of a more fully developed, outpatient-specific set of quality and cost of care measures may be used for purposes of determining the update as early as CY 2009 following development and announcement of the measures; consideration of comments from the hospital community, patient advocates, and other stakeholders; establishment of the requisite mechanisms for reporting; and initiation of actual reporting of the measures by hospitals.

**CHA's Comments:**

1. CHA strongly supports the goal of promoting higher quality health care services. Accordingly, we also support the appropriate application of "value-base purchasing" as a viable strategy to this end.
2. While CHA is concerned about the use of the IPPS quality measures as proxy measures for hospital outpatient services, we agree with CMS that there is some correlation between outpatient care and inpatient care for those specific diagnoses. An interim methodology could be modification of some of the current inpatient measures to include outpatients and report on them separately. For instance, if a patient arrives at the emergency department with a suspected AMI but is observed and discharged, that patient is treated up front using the same clinical protocols as the patient that is admitted. However, the cases that are discharged from the emergency department are excluded from the current inpatient measures. This would help align some of the quality measures between inpatient and outpatient to address the problem that the inpatient measures don't directly relate to outpatient care. However, we do not believe there should be a rush to put outpatient measures into place without prior review of such modifications by all stakeholders.
3. We agree as to the need for ambulatory measures, however, we are also very concerned about the additional administrative and financial burden such measures will place on hospitals. For instance, we don't know whether our members' vendors can manage this additional demand. If they cannot, hospitals will need to retain additional vendors. The operational costs to implement a new or expanded set of measurements needs to be considered. Hospitals are already struggling to collect the inpatient data for the required measures which have expanded for 2007 and will expand more in 2008. And, the quality departments (which generally do the data collection) are not typically staffed to add outpatient records to their case load.

In closing, thank you for the opportunity to review and comment on the proposed Reporting Hospital Quality Data for FY 2008 Inpatient Prospective Payment System Annual Payment Update hospital outpatient PPS rule for CY 2007.

Sincerely,

A handwritten signature in black ink that reads "Michael Rodgers" with a long horizontal flourish extending to the right.

Michael Rodgers  
Senior Vice President, Public Policy and Advocacy