Financial Incentives to Improve Quality Skating to the Puck or Avoiding the Penalty Box?

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(Medical Xpress)—In a Viewpoint published in the March issue of *JAMA*, Researcher Jeremiah Brown of The Dartmouth Institute for Health Policy & Clinical Practice and colleagues, Hal Sox and David Goodman, question whether the Centers for Medicare & Medicaid Services' use of financial penalties is the right tack for changing the behavior of hospitals.

The researchers examine the pros and cons of the hospital readmissions reduction policy in the Affordable Care Act as an example of similar CMS initiatives.

"Using financial incentives to change practice is a tried-and-true CMS strategy," the researchers said. And the penalties worked – more than half of U.S. hospitals reduced their early readmission penalty in less than a year.

There may be a downside, however. They say hospitals have not taken the aphorism of hockey great Wayne Gretsky to heart in skating "to where the puck is going to be, not where it has been." Instead hospitals have adopted the strategy to be "more focused on playing to the puck to avoid financial penalties."

In reallocating resources to avoid a specific penalty, hospitals and CMS may neglect "the more important goal" of improved population health

and high value health care, which both CMS and accountable care organizations are trying to promote.

The larger question may be, the researchers posit, whether early readmissions is part of a more general problem of health care that is in excess of and not well matched to the patient's needs.

Important causes of readmissions to address are:

- Errors in hospital and transition care;
- Low threshold for admission and readmission;
- Premature discharge because of pressure to vacate hospital beds.

All of these causes are important to scrutinize, the authors say, and recommend three suggestions, using the early readmissions penalties as an example of targeting the performance of one medical care service that can change a behavior affecting the performance of other services.

First, CMS should encourage hospitals to invest in broader goals and reward success. Broadening the scope of the readmissions program to include admissions would be a small step in the right direction, they said, because many of the behaviors that stem from unnecessary admissions also lead to readmissions.

Second, CMS should study possible adverse consequences of lost revenue from penalties or averted readmissions. And hospitals should monitor unintended consequences from targeted interventions, and ensure that quality improvement efforts in patient care are not neglected.

The authors give CMS credit for studying one area of potential unintended consequences in penalizing high 30-day readmission rates – high mortality. It is measuring both use of resources and survival for acute myocardial infarction, heart failure and pneumonia. In FY2014,

CMS will hold a hospital accountable if its 30-day readmission rate declines while its 30-day mortality increases.

Third, CMS should move beyond penalties for specific outcomes to create broader incentives to improve overall hospital performance. But, the authors said, because hospitals respond to the threat of penalties, CMS may be tempted to expand the program.

"Alternately, CMS could use its power to direct hospitals toward the end goal of improved population health," the authors said. They suggested the 33 measures of accountable care organizations as a good place to start "to move the puck toward the goal of healthy populations."

More information: To view the Perspective in *JAMA*, click here.

Provided by The Geisel School of Medicine at Dartmouth

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