

# Pay-for-performance programs may only exacerbate pre-existing disparities, analysis finds

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Racial and ethnic minorities in the United States experience higher rates of chronic disease and premature death compared to their white

counterparts. For example, Black individuals in the U.S. experience worse health outcomes for acute medical conditions, in part because the care of Black adults is highly concentrated at a limited set of U.S. hospitals, which tend to be under-resourced and operate on thin financial margins.

In a [study](#) in *Health Affairs*, investigators at Beth Israel Deaconess Medical Center (BIDMC) found that a [federal policy](#) that aims to improve [quality of care](#) at US hospitals may be unintentionally widening disparities in health outcomes.

Led by corresponding author Rishi K. Wadhera, MD, MPP, MPhil, the team evaluated the impact of a federal policy intended to incentivize improvements in care quality for [heart attack](#), [heart failure](#) and pneumonia at U.S. hospitals through financial penalties or rewards based on 30-day mortality rates for those conditions.

"Although we found that disparities in outcomes neither worsened or improved for Medicare beneficiaries with the targeted conditions at hospitals caring for high proportions of Black patients compared with other hospitals, gaps in outcomes did widen in the subgroup of Black adults with pneumonia under the program, highlighting potential unintended effects," said Wadhera, who is Section Head of Health Policy and Equity at the Richard A. and Susan F. Smith Center for Outcomes Research at BIDMC and associate professor of medicine at Harvard Medical School.

"For many years, clinicians and health system leaders have raised concern about the fact that national pay-for-performance programs disproportionately penalize hospitals caring for high proportions of Black adults. Our findings highlight the equity implications of taking resources away from already resource-constrained hospitals over the long-term, which in some circumstances, has widened disparities," said

first author Ashley Kyalwazi BS, a Joan and Marcel Zimetbaum Research Fellow at the Smith Center and student at Harvard Medical School.

The Medicare Hospital Value-Based Purchasing Program (VPB) was implemented in 2011 by the Centers for Medicare & Medicaid Services—the federal agency that provides health coverage to more than 160 million Americans and works in partnership with the entire health care community to improve quality, equity and outcomes in the health care system.

Wadhera and colleagues analyzed Medicare claims for beneficiaries ages 65 and older who were hospitalized for the three target conditions at the 2,908 hospitals participating in the VBP program from 2008-2018, and identified those that care for high proportions of Black adults. Their findings bolster early short-term evaluations of the program which found that VBP did not meaningfully improve 30-day mortality for the targeted conditions and more recent studies which have shown that the program has disproportionately penalized hospitals caring for high proportions of Black adults.

"A large body of evidence has shown that pay-for-performance programs have not led to meaningful improvements in care delivery and outcomes for cardiovascular conditions, and, in fact, have often been regressive," Wadhera said. "The evidence to date overwhelmingly suggests that federal programs need to move beyond a 'carrot and stick' approach to improve quality and outcomes."

To narrow the [racial gap](#) in patient outcomes, CMS and other policymakers are beginning to look upstream at social determinants of health, including housing instability and food insecurity. CMS will soon require hospitals to collect data on these health-related social needs and future studies are needed to evaluate how emerging CMS initiatives

affect care delivery and outcomes.

Co-authors included Prihatha Narasimmaraj, Jiaman Xu and Yang Song of BIDMC; and Ashley N. Kyalwazi of Harvard University.

**More information:** Ashley N. Kyalwazi et al, Medicare's Value-Based Purchasing And 30-Day Mortality At Hospitals Caring For High Proportions Of Black Adults, *Health Affairs* (2024). [DOI: 10.1377/hlthaff.2023.00740](https://doi.org/10.1377/hlthaff.2023.00740)

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