RUPRI Health Panel
Keith J. Mueller, PhD, Chair
www.rupri.org/ruralhealth ● (402) 559-5260 ● kmueller@unmc.edu

Value-Based Purchasing and Critical Access Hospitals: Summary of Recommendations

This summary is from the Panel's report, *CMS Value-Based Purchasing Program and Critical Access Hospitals.* The recommendations address the unique characteristics of the critical access hospital (CAH) and the implications of value-based purchasing (VBP) for the cost-based reimbursement that CAHs receive.

- The Centers for Medicare & Medicaid Services (CMS) should continue to explore payment alternatives designed to improve the quality of hospital care—including VBP.
- CMS should include all CAHs in VBP, quality improvement technical assistance, and other quality improvement programs.
- While CMS should continue to develop a VBP program (as mandated by Congress in the Deficit Reduction Act of 2005), it should be sensitive to unique rural situations and carefully consider potential unintended program consequences.
- Quality improvement capacity building, targeting small rural hospitals including CAHs, should be a fundamental component of any VBP program to ensure that all hospitals, regardless of size, type, or geographic location, can successfully participate in the program and have an equal opportunity to improve performance.
- Assisting CAHs with the development and acquisition of appropriately scaled quality-enhancing knowledge, skills, and health information technology should be a priority.
- If any funds remain following VBP bonus distribution, those funds should be strategically distributed to established quality improvement programs.
- Any hospital, regardless of size, type, or geographic location, should be evaluated only on services that it regularly provides.
- A CAH VBP program should include measurement of services commonly provided by CAHs, including outpatient care.
- CMS should mandate appropriate measure selection and sophisticated statistical analysis to ensure that low volumes do not significantly reduce measure reliability.

(over)

- CMS should immediately begin to identify obstacles to CAH performance reporting and then provide adequate resources to ensure universal and accurate CAH performance reporting.
- VBP success is contingent on adequate technical assistance, and CMS should reverse its decision to defund a rural priority for Quality Improvement Organization work and should collaborate with other offices within the Department of Health and Human Services to identify and expand technical assistance resources such as the Rural Hospital Flexibility (Flex) grant program and the Small Rural Hospital Improvement grant program.
- CMS should implement a hold harmless VBP phase-in period (there is precedence in other payment systems such as outpatient PPS and the ambulance fee schedule) and provide CAHs the resources (for example, through targeted Flex program funding) to effectively report quality performance and improve clinical quality.
- Any CAH VBP payment plan requires careful financial scoring and assessment of potential unintended consequences prior to implementation.
- As CAH reimbursement risk increases, CMS should ensure that essential hospital services remain accessible to rural beneficiaries by providing quality improvement resources to CAHs, with concomitant expectations for measurable improvement.
- Support for quality improvement capacity building should begin now in preparation for a VBP program that incentivizes and recognizes the value and quality CAHs bring to rural Medicare beneficiaries.