

TO: NQF Board of Directors
FR: Helen Burstin, Chief Scientific Officer
RE: Update on the Risk-Adjustment for Sociodemographic Status (SDS) Factors Trial Period
DA: March 25, 2016

BACKGROUND

In April 2015, NQF began a two-year trial period during which sociodemographic status (SDS) factors could be considered in the risk-adjustment approach of measures submitted to NQF. Prior to this, NQF criteria and policy prohibited the inclusion of such factors in the risk adjustment approach and only allowed for inclusion of a patient's clinical factors present at the start of care. To determine if adjustment is appropriate, measures must demonstrate both a conceptual basis for a link between the outcome of interest and SDS factors and empirical data analyses that demonstrate that the SDS variable is associated with the outcome. At the conclusion of the trial in April 2017, NQF will determine whether to make this policy change permanent.

All measures submitted to NQF after April 2015 are considered part of the trial period. This includes new measures submitted for possible endorsement, endorsed measures undergoing maintenance, and measures endorsed with the condition that they enter the trial period (including three cost and resource use measures and 17 readmission measures). Additionally, a potential need for SDS adjustment can serve as the basis for an ad hoc review.

During the trial period, NQF Standing Committees are asked to consider the risk adjustment approach proposed by the measure developer. In particular, the committees review the evidence for the conceptual basis for SDS adjustment, as well as the risk adjustment models.

Additionally, NQF has convened a Disparities Standing Committee that will review implementation of the revised NQF policy and provide input on the evaluation of the trial period. They will also provide guidance on issues that arise from the trial period. The Disparities Standing Committee will also develop a roadmap for reducing disparities through measurement.

RESULTS TO DATE

Project	Total # of Measures	# Risk Adjusted Measures	# with SDS Conceptual Analysis	Variables Examined	Number of Measures Endorsed with SDS Factors
Pediatrics	24	11	1	Child/caregiver gender, age, race/ethnicity, English proficiency, and educational attainment	1-Caregiver education included in Family Experience with Coordination of Care (#2842

Project	Total # of Measures	# Risk Adjusted Measures	# with SDS Conceptual Analysis	Variables Examined	Number of Measures Endorsed with SDS Factors
Cardiovascular Phase 3	27	10	4	Race, dual-eligibility status, AHRQ composite index	0
Cost and Resource Use (2014)	3	3	3	Race, dual-eligibility status	0
Admissions/ Readmissions (2014)	17	17	16	Empirical review is still ongoing. Variables examined to date: Race/ethnicity, payor, AHRQ composite index, zip code median income and education	TBD-Process still ongoing

CHALLENGES IDENTIFIED

The trial period has served as an important learning opportunity for both NQF and the field. To date, the trial period has helped to identify a number of key challenges related to adjusting performance measures for SDS status.

First, the trial period has highlighted the limited availability of patient-level data. Both measure developers and committee members have noted the difficulty of linking available SDS data to available claims data. Additionally, available proxies such as five-digit zip code may not be granular enough to identify meaningful differences or may otherwise not be adequate. For CMS measures, 9-digit zip code or census block data have not been easily accessible.

Second, risk models using currently available SDS adjustors are not demonstrating an empirical association for measures even with a clear conceptual basis for SDS adjustment. This discrepancy may be caused by the lack of adequate data and adjustors as noted above. Some stakeholders have questioned whether SDS factors should be added to the risk-adjustment models of some measures for face validity even if it does not change the rankings of the entities being measured. Given the ongoing penalties associated with the Hospital Readmission Reduction Program and the clear conceptual basis between SDS and readmissions in the literature, the absence of significant data findings has been a source of frustration to NQF's hospital members. Noting the absence of new SDS variables in most analyses, some have questioned the commitment of NQF and CMS to the trial period.

Third, concerns have been raised about the factors that measure developers are selecting and analyzing for their risk-adjustment models. As discussed above, committee members and other stakeholders have raised concerns that data available at the five-digit zip code may not be specific enough to detect differences. A number of developers have examined dual eligibility status but this factor may not be granular enough to show meaningful differences. Developers working on behalf of CMS have noted difficulty in accessing nine-digit zip code or census block data linked to CMS data. In contrast, developers in the private sector and some states (e.g., Vermont) have developed innovative approaches.

Finally, some stakeholders have called on NQF to take a more proscriptive approach to appropriate risk adjustment methods in the trial period. Measure developers are responsible for the selection of the

variables included in the model and for defending the selection of those variables to the standing committees. This approach applies to both the selection of clinical and sociodemographic factors. For example, though NQF has clearly stated that race should not be used as a proxy for socioeconomic status, some developers have included race in their risk models. To further the trial period, some stakeholders have asked whether NQF should establish guidelines for what SDS factors should be considered. Stakeholders have also questioned if NQF should be more directive in its guidelines around the empirical methods developers used to select variables and test their risk-adjustment models.

NEXT STEPS

Though very few measures have been adjusted for SDS in the first year of the trial period, NQF's work has revealed that appropriate variables for adjustment are not readily available. NQF has an opportunity to catalyze the widespread availability of better SDS variables and translate the challenges of SDS adjustment to a broader audience. NQF is working to identify and share innovative approaches to risk adjustment.

NQF will host a special session at the NQF Annual Meeting to update the membership on these developments. The co-chair of the Disparities Standing Committee, Marshall Chin, will join me at this session. The Disparities Committee will meet in April to review the progress to date and provide guidance on the challenges of data availability, variable selection, and insights on a path forward to improve the availability of SDS variables. Additionally, NQF should continue to clarify that SDS adjustment is an evolving issue and that developers will be expected to update risk-adjustment models for measures with a conceptual basis at the first annual update if approved without adjustment.