

# Cost and Resource Use

## Evaluating the Relationship between SDS Factors and Payment Outcomes

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# Overview of Sociodemographic Status (SDS) Adjustment Trial Period

- The 2-year SDS trial period began in January 2015
- During this time period:
  - SDS factors should be considered as potential factors in the risk model, if there is a conceptual reason for doing so;
  - Empirical analysis should be done on those SDS factors that have a conceptual relationship to determine their contribution to the risk adjustment model
  - Measure developers will present their final risk adjustment model, and Standing Committees will evaluate the validity of the risk adjustment approach

# SDS Trial Period includes 3 Cost Measures

- The NQF Board of Directors ratified the CSAC's recommendations to endorse these 3 cost/resource use measures:
  - #2431: Hospital-level, risk-standardized payment associated with a 30-day episode-of-care for Acute Myocardial Infarction (AMI) (CMS/Yale);
  - #2436: Hospital-level, risk-standardized payment associated with a 30-day episode-of-care for Heart Failure (HF) (CMS/Yale);
  - #2579: Hospital-level, risk-standardized payment associated with a 30-day episode of care pneumonia (CMS/Yale).
- With the following conditions:
  - Consideration for the SDS trial period; and
  - Further examination of the approaches to attribution (Project Launch 10/26/15).

# Reviewing the Cost Measures during the Trial Period

- The (3) endorsed CMS/Yale measures were considered under the new SDS guidance during the trial period
- Developers were asked to submit additional analysis in a two-phased approach:
  - Webinar #1: Review of Conceptual Analyses
  - Webinar #2: Review of Empirical Analyses
- These two webinars will be followed by:
  - Public and member commenting period (14 calendar days)
  - CSAC Review
  - BOD review
  - Appeals (30 calendar days)

# Summary of Conceptual Analysis

During webinar #1, the Cost/Resource Use Standing Committee was asked to:

- Review of conceptual analysis of selected variables
  - Educational attainment or income (from census data using patient zip code)
  - Medicaid status (proxy for low income and insurance coverage)
  - Black or white race
- Determine whether further empirical analysis is warranted
- Identify the variables to be pursued in empirical analysis
- Provide input on the plan or approach to empirical analysis

# Summary of Committee Recommendations for Conceptual Analysis

1. Broaden the conceptual model
2. Additional literature review (within and between hospital effects of SDS on hospital performance)
3. There is a conceptual relationship between the SDS variables and payment outcomes

# Summary of Committee Recommendations for Conceptual Analysis

## Recommendations on Variables:

### ■ Race:

- Further review the literature of the relationship of race on cost, utilization outcomes (within and between hospital differences)
- Consider other race variables beyond black

### ■ Income and educational attainment:

- 5-digit ZIP Code as a proxy variable is inadequate
- Analyze the impact the 9-digit ZIP Code data when the developers have access

### ■ Insurance Status and Income:

- Analyze the impact of Medicaid status, but only in combination with the Low Income Subsidy (LIS) data

# Empirical Analysis: Committee Charge

During webinar #2, the Cost/Resource Use Standing Committee was asked to:

- Review the empirical analysis of the risk adjustment approach
- Review the developer's decision to include or not include SDS adjustment in the risk adjustment model based on the empirical analysis provided; and
- Vote on Validity Criterion
- Make an endorsement recommendation:
  - Recommend [continued] endorsement of the measure (as specified by the developer)
  - Recommend to de-endorse the measure



# Summary of Empirical Analyses Discussion

The results of the empirical analysis completed by the measure developer demonstrated minimal impact of SDS variables on the three cost measures

- The Standing Committee discussed several key issues:
  - Understanding measurement of hospital payments
  - The differences in empirical analyses results among the measures
  - Relationship of SDS factors to clinical adjustment
  - Considerations for community-level adjustment

The Standing Committee recommended continued endorsement for the three measures without SDS adjustment

# Next Steps

- Disparities Committee
  - Monitoring and tracking SDS Trial data points
- Communications Planning
  - Across Committees
  - External Stakeholders
- Remaining project milestones
  - Public and Member Commenting : **Nov 17-Nov 30**
  - CSAC Review: **November 17-18 & January 12**
  - BOD Executive Committee Review: **Jan 2016 TBD**
  - Appeals : **Jan-Feb 2016 TBD**