TAB 2

TO: Executive Committee

FR: Helen Burstin, Chief Scientific Officer

Marcia Wilson, Senior Vice President, Quality Measurement

RE: Ratification of Measures for the Cost and Resource Use Standing Committee Ad Hoc Review of the Conceptual and Empirical Analysis of Sociodemographic Variables and Payment Outcomes

DA: February 2, 2016

ACTION REQUIRED

The Executive Committee is asked to ratify the Consensus Standards Approval Committee's (CSAC) recommendation to continue endorsement of the following three 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 for pneumonia (CMS/Yale)

BACKGROUND

In early 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 if there is a conceptual and empirical rationale for doing so. 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.

Because the evaluation of the three measures listed above began and ended prior to the start of the SDS trial period, the Cost and Resource Use Standing Committee did not consider SDS factors as part of the risk-adjustment approach during their initial evaluation. When the NQF Board of Directors Executive Committee ratified the CSAC's approval to endorse the measures, it did so with the condition that these measures enter the SDS trial period because of the questions raised throughout the project about the potential impact of SDS on payment outcomes and the impending start of the SDS trial period.

To meet this condition for endorsement, the Cost and Resource Use Standing Committee reviewed the conceptual and empirical relationship between sociodemographic factors and payment outcomes. The measure developers were asked to submit additional analysis in a two-phased approach:

- Webinar #1: Examine the conceptual relationship between SDS factors and the outcome
- Webinar #2: Examine the empirical relationship between SDS factors and the outcome

During the first webinar, the Standing Committee reviewed the conceptual analysis of selected SDS variables provided by the measure developer and determined that further empirical analysis was warranted. The Committee reviewed the proposed variables to be pursued in the empirical analysis by the measure developer and provided input on the approach to empirical analysis.

During the second webinar, the Standing Committee reviewed the empirical analysis of the impact of SDS variables in the risk model and the measure score. The Standing Committee evaluated the validity of the developer's decision to not include SDS adjustment in the risk adjustment model based on the empirical analysis provided. The Committee ultimately decided to recommend continued endorsement for the three measures without SDS adjustment.

Measure Review Summary

Standing Committee Evaluation: These measures estimate hospital-level, risk-standardized episode-of-care payment starting with inpatient admission to a short term acute-care facility and extending 30 days post-admission for Medicare fee-for-service (FFS) patients who are 65 years of age or older with a principal discharge diagnosis of AMI, HF or pneumonia.

The developers explored the impact of race categorized as Black and Non-Black and Medicaid enrollment/Dual Status (as a proxy for low income) categorized as Medicaid and Non-Medicaid on the risk adjustment model as these variables were often cited in the literature for these outcomes and other similar outcomes. The developer and the Committee generally agreed that there was sufficient conceptual rationale for an exploration of these variables for consideration in the risk adjustment approach. Based on the results of the empirical analysis, the developers chose **NOT** to include the variables in the model as the empirical results do not suggest that accounting for Black versus non-Black and Medicaid dual-eligibility status is needed when estimating facility-level episode-of-care payments for AMI, HF, or pneumonia. The developers cited the nominal impact of the SDS variables on the risk model performance and payment outcomes as their rationale not to change the measures. Ultimately the Committee voted to continue endorsement of the measures without inclusion of SDS factors in the risk-adjustment approach.

CSAC Review: CSAC recommended continuing endorsement of the three measures as recommended by the Cost and Resource Use Standing Committee. The CSAC noted the minimal impact that including the SDS variables had on the results of the measures. CSAC members raised concerns about the SDS variables selected by the developers and the limited data available for analysis. The CSAC encouraged the measure developers to continue to explore additional data sets and other SDS variables in future updates to the measure. CSAC recommended a progress report on the consideration of other SDS factors at the next annual update of the measure.