

Overview/Summary

NAS Committee on Accounting for Socioeconomic Status is Medicare Value-Based Payment Programs Reports

*Focus on Report #3 (June 2016) -
Accounting for Social Risk Factors in
Medicare Payment: Criteria, Factors and
Methods*

Prepared by Deborah Paone for SNP Alliance Fall Meeting, October 2016

Third in a series of 5 reports:

- **Report 1:** Conceptual framework and literature search linking social risk factors and health literacy to health-related outcomes of importance for Medicare quality measurement and payment
- **Report 2:** Review of: performance of providers disproportionately serving socially at-risk populations, drivers of variations in performance, six selected practices of promise
- **Report 3:** *Guidance on what factors to consider for Medicare purposes; criteria to identify these factors, and methods to do so in ways that can improve care and promote greater health equity for socially at-risk patients*
- **Report 4:** (forthcoming) – How to gather data that can be used to account for SES in Medicare VBP
- **Report 5:** (forthcoming) – Compilation, synthesis, conclusions

Committee's goals in accounting for social risk factors in Medicare quality and value-based payment programs:

1. Reduce disparities in access, quality, and outcomes;
2. Quality improvement and efficient care delivery for all patients
3. Fair and accurate public reporting
4. Compensating providers fairly

Foundational Principles and Committee Statements:

- Methods – understand type of incentive design to evaluate potential benefits and challenges of various accounting methods; balance these (p. 10)
- Consider potential harms of status quo as compared to alternate methods accounting for social risk factors (p. 11)
- Consider a combination of reporting and accounting in both measures and payment (p. 14)
- Strategies for measures of cost efficiency may differ from those for quality improvement/measurement (p.14)
- Approaches require continuous monitoring (p.14)

Criteria for selecting social risk factors

The social risk factor:

- is related to the outcome,
- precedes care delivery and is not a consequence of the quality of care, and
- is not something the provider (or plan) can manipulate.

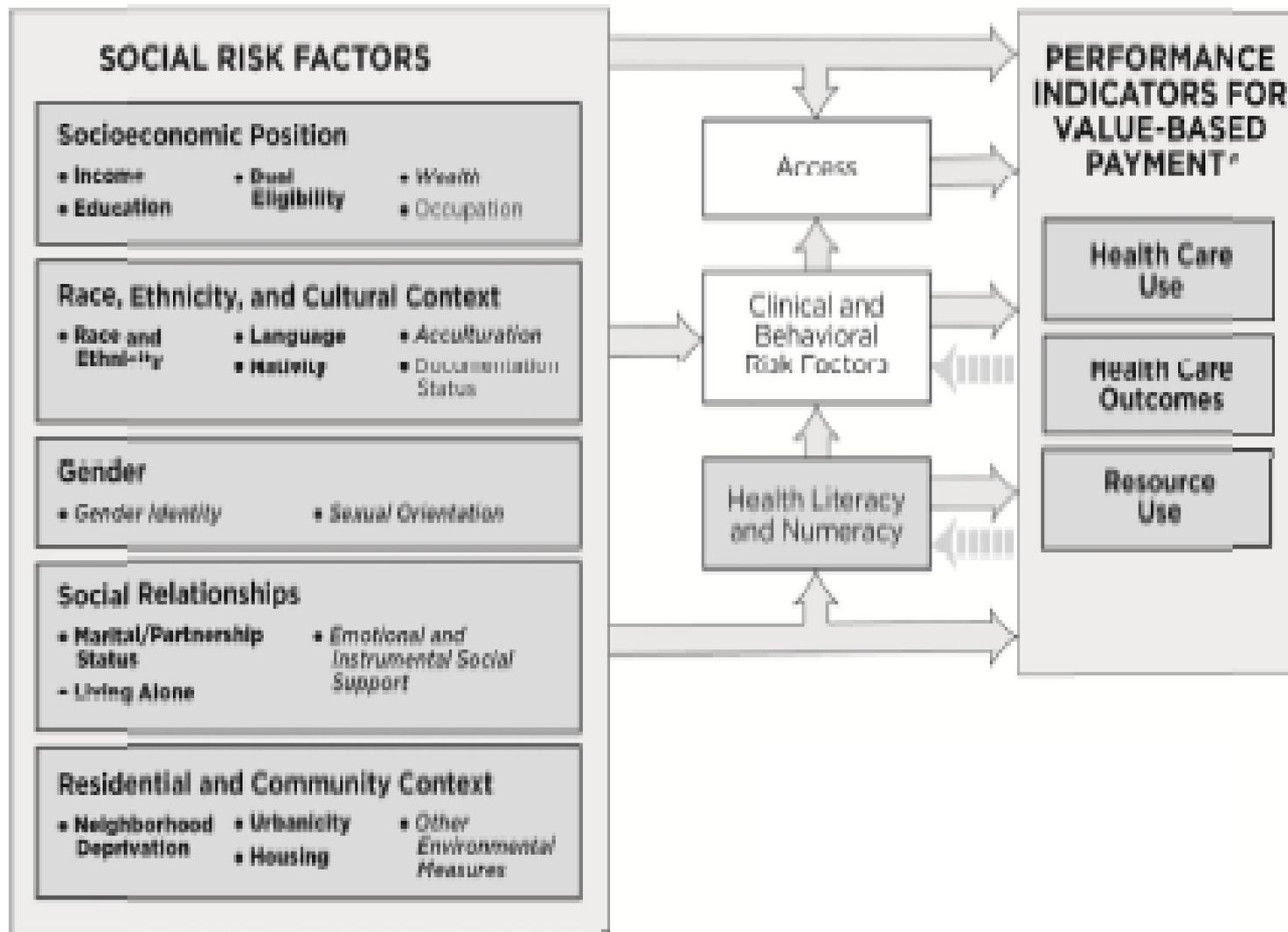


FIGURE S-1 Conceptual framework of social risk factors and performance indicators for value-based payment (VRP)

Guidance on Using the Criteria

- Transparent rationale for selecting factors
- Consider practical issues in application including lack of data
- Consider how a set of indicators perform together
- Common measures across outcomes are preferred
- Stakeholders must have an opportunity to weigh in on measures
- Monitor application, protect against gaming, and ensure incentives move toward improved quality and reduction in health disparities

After applying criteria, the Committee arrived at these conclusions:

- The following measureable social risk factors could be accounted for in Medicare value-based payment programs in the *short-term*:
 - Income, education, dual status
 - Race, ethnicity, language, and nativity
 - Martial/partnership status and living alone
 - Neighborhood deprivation, urbanicity, housing
- The following indicators of social risk factors are worth attention and may be included in the *longer term*:
 - Wealth/poverty
 - Acculturation
 - Gender, sexual orientation
 - Emotional and social support
 - Environmental measures of residential and community context

Methods for VBP

- Committee reviewed current VBP methods (pp. 74-80)
- Committee discusses weighing harms of adjusting measures/methods and of not adjusting measures/methods of VBP for social risk factors, noting the status quo of unadjusted measures/methods has disincentives for serving patients with social risk factors and underpayment to those who disproportionately serve socially at-risk populations is noted (p.82)

Conclusion #5: Methods for VBP

- Characteristics for public reporting and payment systems include:
 - Transparency and accountability for overall performance and performance with respect to socially at-risk populations
 - Accurate performance measurement—with high reliability and without bias (systematic error) related to differences in populations served
 - Incentives for improvement overall and for socially at-risk groups, both within reporting units (i.e., the health plan being evaluated) and between reporting units

For more information see NAS website to download this and other reports:

<http://nationalacademies.org/hmd/Activities/Quality/Accounting-SES-in-Medicare-Payment-Programs.aspx>