



**National  
Business  
Group on  
Health**

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*Creative Health Benefits Solutions for Today, Strong Policy for Tomorrow*

March 8, 2011

The Honorable Donald Berwick, M.D.  
Administrator  
Room 314 G  
Centers for Medicare & Medicaid Services (CMS)  
U.S. Department of Health and Human Services  
**Attention: CMS-3239-P**  
7500 Security Boulevard  
Baltimore, MD 21244-1850

Dear Dr. Berwick.

The National Business Group on Health writes in strong support of your efforts to advance patient-centered, evidence-based medicine and improve the quality of health care for all beneficiaries and improve the efficiency of the Medicare program through the Hospital Inpatient Value Based Purchasing Program (VBP). With implementation of the hospital VBP program, CMS is taking the next step towards moving from being primarily a **passive payer** for health care to an **active purchaser** for health care by using its enormous power to buy the best possible care for millions of beneficiaries. Medicare is not only protecting and helping its beneficiaries, but it will also make the health care delivery system in the U.S. better and safer for all Americans, all of whom will be beneficiaries once they turn 65 or become disabled. With the full implementation of the Patient Protection and Affordable Care Act (ACA) there will be millions more Americans affected by CMS' payment policies. These actions will also help secure a sounder, more sustainable financial future for Medicare.

The National Business Group on Health (Business Group) represents approximately 319, primarily large, employers (including 66 of the Fortune 100) who voluntarily provide health care benefits and other health programs to over 55 million American employees, retirees, and their families.

The National Business Group on Health agrees with CMS' plan to *initially* adopt 17 clinical process of care measures in Fiscal Year (FY) 2013 from those already adopted for the existing Medicare Hospital Inpatient Quality Reporting Program (Hospital IQR program), formerly known as the Reporting Hospital Quality Data for the Annual Payment Update Program (RHQDAPU), and the 8 measures from the Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) survey that documents patients' experience of care. The VBP program will reward hospitals that either meet (attain) or exceed the performance standards based on actual performance, rather than only requiring hospitals to report these measures. While the Business Group supported

CMS' original recommendation to use 2 to 5 percent of hospital payments to promote adherence to the quality measures, we agree with the Medicare Payment Advisory Committee (MedPAC) to *initially* set aside a small portion of these base payments at the ACA's rate of 1% in FY 2013. However, we also encourage CMS to consider increasing the 2% set aside in FY 2017 at an earlier date if you believe that hospitals have already achieved success in meeting or exceeding these and any additional patient safety and outcome-based measures.

We also agree with CMS' proposal to add 9 patient safety and inpatient quality indicators developed by the Agency for Healthcare Research and Quality (AHRQ) and 8 hospital acquired condition measures (HACs) in FY 2014. As you know, these are the same measures included in the current inpatient prospective payment system (IPPS) which eliminates hospitals' contention that CMS could penalize them twice because they should already be meeting these initial standards to protect beneficiaries from egregious harm.

We also support CMS' efforts to add additional measures from AHRQ's list of 20 total Hospital-level Patient Safety Indicators (PSIs) and outcome measures in the future as long as CMS (1) provides hospitals with adequate notice about the set of measures and performance thresholds and benchmarks to be used for the financial incentive payment; (2) accrues baseline performance data on all VBP measures required for determining improvement scores; and (3) establishes benchmarks and thresholds for computing attainment scores.

We agree with you that CMS must adopt measures directed toward improving patient safety to the VBP program as quickly as possible. Accordingly, we encourage you to work with the Congress to allow you to add additional measures that would clearly improve patient care, reduce unnecessary costs and save lives without having to post the measures on the *Hospital Compare* Web site for at least one year prior to the beginning of the performance period as currently required under the Hospital IQR program and the ACA.

The National Business Group on Health also supports the Department of Health and Human Services' (HHS) National Patient Safety Initiative to link \$70 billion in Medicare funds across 10 years or 6% of hospitals' Medicare payments, increasing to 9% by 2015, to reporting errors and meeting safety measures. Finally, we support CMS' additional efforts to improve patient safety by prohibiting federal payments to states for Medicaid services related to HACs (2011); reducing unnecessary hospital readmissions (2012); and payments for the 25% of hospitals with the highest HAC rates (2015) as long as providers do not shift the costs for this substandard care onto beneficiaries and their families, retirees, employers or private payers.

We are grateful that the Administration is moving ahead with a strong patient protection program to ensure safe, high quality care for all of its beneficiaries. Whatever Medicare and Medicaid do in terms of safety will have a valuable spillover effect. Private sector employers are working independently and individually to improve the safety of health care for all of their employees and dependents. We look forward to continuing our work

with you to transition our nation's health care system to one based on transparency, value, quality and efficiency. Please contact me or Steven Wojcik, the National Business Group on Health's Vice President of Public Policy, at (202) 558-3012, if you would like to discuss our comments in more detail.

Sincerely,

A handwritten signature in black ink that reads "Helen Darling". The signature is written in a cursive style with a large, looped initial "H".

Helen Darling  
President

cc:  
Allison Lee, Project Manager, CMS