Value-based payments disproportionately impact safety-net hospitals

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A new study led by researchers at Boston Medical Center, in collaboration with Harvard Pilgrim Health Care Institute, shows that value-based incentive programs aimed at reducing health care-associated infections did not improve infection rates in either safety-net or non-safety-net hospitals. Published in *JAMA Network Open*, these results also demonstrate persistent disparities between infection rates at safety-net and non-safety net hospitals, with higher rates of health care-associated infections in safety-net hospitals.

"While these value-based programs intend to use financial incentives and penalties to encourage hospitals to improve patient outcomes, our data demonstrate that the programs aren't actually resulting in any benefits for patients. In addition, because infection rates remain higher at safety-net hospitals compared to non-safety net hospitals, more safety-net hospitals are required to pay financial penalties," said Heather Hsu, MD, MPH, the study's first author who is a pediatrician at Boston Medical Center. "This may have unintended consequences on the financial stability of safety-net hospitals and health care systems, and the services they are able to provide for their patients."

In 2001, safety-net hospitals were defined by the Institute of Medicine as hospitals that provide care to a large share of uninsured or Medicaid patients, regardless of their ability to pay. As a result, many safety-net hospitals are under more financial stress than non-safety-net hospitals and rely on supplemental funding from both the state and the federal government to remain operational. According to America's Essential Hospitals, the average operating margin for its national membership of safety-net hospitals was 1.6 percent in 2017; for all hospitals nationwide, that rate was 7.8 percent.

Reducing health care-associated infections is a main target of quality improvement efforts across all health care systems. The Affordable Care Act established two value-based incentive programs to target health care-associated infections that were put in place in 2014: the Hospital Value-Based Purchasing (HVBP) program, which rewards or penalizes the highest and lowest performing hospitals by up to two percent of total inpatient payments received, and the Health Care-Acquired Conditions Reduction Program (HACRP), which reduces payments by up to one percent for the lowest performing hospitals. These programs compare hospital performance for specific health care-associated infections based on data that hospitals and health care systems publicly report to the Centers for Disease Control and Prevention National Healthcare Safety Network against national benchmarks.

For this study, the researchers analyzed data from 618 acute care facilities (including 145 safety-net hospitals) across the country that reported data to the National Healthcare Safety Network and had implemented HACRP and HBVP between 2013 and 2018. The specific health care-associated infections investigated in this study were: central line-associated bloodstream infections; catheter-associated urinary tract infections; and surgical site infections after colon surgery and abdominal hysterectomy.

The results showed that neither safety-net nor non-safety-net hospitals showed improvements in the four infections analyzed during the study period, including after the value-based programs were implemented. Safety-net hospitals had higher rates of central line-associated bloodstream infections, catheter-associated urinary tract infections and surgical site infections after colon surgery compared with non-safety-net hospitals both before and after value-based program implementation.

Insurance coverage provided through Medicaid and Medicare, while critical, does not typically cover the actual cost of care. This results in safety-net hospitals relying on supplemental government funding to continue to provide necessary health care services to patients. At the present time, the availability of these uncompensated care funds is decreasing, and could be eliminated, which would have a detrimental impact on safety-net hospitals and other health care systems.

"Right now, the programs are not leading to any meaningful improvements in patient safety and are contributing to inequity in our health care system by disproportionately penalizing safety-net hospitals," added Hsu, assistant professor of pediatrics at Boston University School of Medicine. "We hope that these results can serve as a starting point to re-evaluate and re-design value-based incentive programs."

The researchers note that adding in a social risk factor adjustment before assessing penalties based on reported outcomes data may help avoid systematic penalization of safety-net hospitals without setting lower quality standards in these institutions.

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