CMS Will Not Pay Hospitals for 'Preventable' Events

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In a continuing effort to link payments to quality, Medicare will soon stop paying hospitals for certain conditions and infections acquired after admission.

The change was mandated by Congress under the Deficit Reduction Act and will go into effect in October 2008. Starting this October, hospitals will be required to report on secondary diagnoses that are present at the time of admission.

Officials at the Centers for Medicare and Medicaid Services have identified eight "reasonably preventable" events that can be avoided in most cases by engaging in good medical practice. Hospitals will not receive additional payments for these secondary diagnoses if they develop after admission:

- An object left in the patient during surgery.
- Air embolism.
- Blood incompatibility.
- Catheter-associated urinary tract infections.
- Pressure ulcers.
- Vascular catheter–associated infections.
- Mediastinitis after coronary artery bypass graft surgery.
- Falls.

CMS officials will consider adding three other hospital-acquired conditions next year:

- Ventilator-associated pneumonia.
- *Staphylococcus aureus* septicemia.
- Deep vein thrombosis/pulmonary embolism.

Under the new policy, the costs cannot be passed along to patients. However, hospitals will not bear the total financial risk of these cases because the payment policy will not affect Medicare's high-cost outlier policy. CMS will continue to use the hospital's total charges for all inpatient services provided during a patient's stay when determining whether the case qualifies for an outlier payment.

The hospital-acquired conditions policy was issued as part of the Medicare acute care hospital inpatient prospective payment system final rule, which was published in the Federal Register on Aug. 22.

The move was applauded by payers and quality advocates, but hospitals and physicians raised some red flags about the change.

In a June 12 letter to CMS, the American Medical Association voiced concerns that the policy could have "significant unintended consequences for patients."

"The concept of not paying for complications that are often a biological inevitability regardless of safe practice is discriminatory and could be punitive to those patients at the greatest risk," wrote Dr. Michael D. Maves, executive vice president and CEO of the AMA. "Certain patients, including those that are older, have medical comorbidities, or have otherwise compromised immune systems, are more susceptible to infection and other complications."

These types of patients already have difficulty accessing care, and the CMS policy could increase the barriers, Dr. Maves wrote.

The American Hospital Association supports the inclusion of only three of the conditions outlined by CMS (an object left in during surgery, air embolism, and blood incompatibility). However, there are concerns about whether the other conditions are always or even usually preventable, even with excellent care, said David Allen, an AHA spokesman. Preexisting conditions also are of concern, he said.

But the Medicare policy shift was welcomed by health plans and some quality advocates.

The announcement by CMS is consistent with the move to pay for quality, said Susan Pisano, a spokesperson for America's Health Insurance Plans. The new policy provides an incentive for hospitals to develop processes to avoid these conditions, she said.

Officials at the National Committee for Quality Assurance (NCQA) also favor the policy change, a spokesperson said. ■