

Oregon receives full Medicare funding for hospitals

By Dawn Weinberger

Acumentra Health, a Portland-based non-profit organization that monitors hospital quality and healthcare effectiveness, announced last month that for the second year in a row all 32 acute care Oregon hospitals in the in-patient prospective payment system (PPS) will qualify for full Medicare payment for fiscal year 2008.

Conducted by the Centers for Medicare and Medicaid Services (also known as CMS, a division of the United States Department of Health and Human Services), the evaluation is referred to as an "annual payment update" (APU). The APU ensures that hospitals are meeting regulations set forth in the Deficit Reduction Act of 2005.

Hospitals that meet the regulations receive full payment. All others are hit with a 2 percent penalty. Twenty-five additional Oregon hospitals, most considered "critical care" and located in rural areas, are evaluated differently and do not participate in the APU.

According to Jean Schnadig, project manager with Acumentra, having all hospitals in one state meet the criteria for full payment is a challenging feat that few states achieve. "We are one of only 10 states that had all of [its] PPS hospitals

qualify," Schnadig said. The other states on the list include Delaware, Idaho, Indiana, Kentucky, Maine, New Hampshire, Rhode Island, Vermont and Wyoming. Schnadig said it is difficult to meet the criteria because hospitals are evaluated based on three different intense categories, and failing just a small portion in one category results in failure overall. One of those categories involves meeting standards for 27 quality measures. The 27 measures are divided into six sub-categories—heart at-

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tack, heart failure, pneumonia, surgical care improvement, heart attack 30-day mortality, heart failure 30-day mortality and patients' experience of care. Throughout the APU process, CMS looks at how successful the hospitals are in dealing with situations related to those six categories.

Hospitals also must undergo a medical record validation audit, passing with a score of at least 80 percent (this year, records from the first three quarters of fiscal year 2006 were considered.) The audit, Schnadig says, involves scrutinizing the results of the 27 aforementioned measures. Finally, the hospital must agree to post the results of the data at www.hospitalcompare.hhs.gov, a web site that allows the public to see how well hospitals are performing.

"CMS is trying to make [hospital] quality transparent," Schnadig said. "This is one way [the division] is providing info to consumers." Initially, three Oregon hospitals didn't make the grade. However, CMS does have an appeal process for the APU. It is Acumentra's job to assist with this appeals process and to "help resolve issues related to reporting and validating."

"[We] are responsible for helping the hospital [navigate] this APU system," Schnadig said, explaining that the organization helps hospitals that want to appeal their scores.

"We are the overseers of the process. We want our hospitals to succeed."

Ultimately their assistance helped these hospitals achieve passing grades. Schnadig did not disclose which hospitals went through the appeals process, but she did explain that the failure to pass was the result of the hospitals' misunderstanding and misinterpreting some of the APU guidelines, and hospitals in other states reported experiencing the exact same issue.

Acumentra challenged the affected scores in Oregon, and their final results were changed. "It all boils down to how hospitals do on all the [27 measures]," Schnadig said.

Though the CMS currently uses this process to evaluate inpatient hospitals only, Schnadig said this will likely change in the near future.