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Quality Initiatives In Health Care Reform

Law360, New York (May 24, 2010) -- All health care stakeholders should take note of the impact of quality initiatives in the reform legislation in order to anticipate potential outcomes related to quality.

Few concepts are as integral to the foundations of health care reform as quality of care concerns and related initiatives designed to measure, track and impose incentives or restrictions on health care facilities, physicians and insurers based on quality results.

The Patient Protection and Affordable Care Act (PPACA), as amended by the Health Care and Education Reconciliation Act of 2010, contemplates the establishment and ongoing maintenance of quality-related initiatives and metrics in almost every aspect of health care.

What's Quality Got to Do With It?

In a word: everything. The PPACA requires health plans and insurers (§§2717-2718), insurance exchanges (§1311), Medicaid and Medicare programs (§2701, 3§001), hospitals and other health care facilities (e.g., §3001), and physicians (§3002) to compile, report and receive payment adjustments related to quality metrics.

Concerns regarding the quality of health care provided in the United States have been cited as a key driver of health care reform, and the manner in which quality initiatives and impact have been interwoven into the PPACA bears this out.

Quality Initiatives Within Health Care Reform Legislation Affect All Stakeholders: Examples in the PPACA

Health Plans and Insurers

Health plans and insurers will be required to participate in quality reporting based on requirements that shall focus on improvement of health outcomes; implementation of activities to prevent hospital readmissions, improve patient safety and reduce medical errors; and implementation of wellness and health promotion activities.

Under the PPACA, insurers must also report the percentage of total premium revenue expended to pay for activities that improve health care quality (§§2717-2718).

Insurance Exchanges

Insurance exchanges have the potential to receive market-based incentives linked to quality performance and improved health outcomes related to the implementation of quality reporting, effective case management, care

coordination, chronic disease management, and medical and care compliance initiatives. Relationships with patient safety evaluation systems as part of quality improvement efforts are encouraged (§1311).

Medicaid Programs

Core health quality measures for adults and children covered by Medicaid are included in the PPACA. Additional state-specific measures may also be implemented (§2701).

Medicaid payment adjustments would also be implemented based on quality measures, including health-care-acquired infections (§2702).

Medicare Programs and "Value-Based" Purchasing of Health Care Services

Hospitals (and eventually other types of health care facilities) will see payments tied to value-based purchasing programs under which facilities will receive payments based on the achievement of particular performance standards on a year-to-year basis.

Measures for the program would include a minimum of five indicators, including acute myocardial infarction, heart failure, pneumonia, certain surgical procedures and health-care-associated infections.

Variations in standards would be implemented each fiscal year, with 60 days' notice before each performance period would begin (§3001).

Physicians and Physician Groups

Physician quality reporting is to be expanded under the PPACA to affect payment rates for physician providers, with incentive to make quality reports in order to obtain favorable reimbursement (§3002).

National Quality "Strategy"

The PPACA contemplates the establishment of a national strategy to improve the delivery of health care services, patient health outcomes and population health. The data-driven strategy would also identify "gaps" in quality and report strategic plans for health care quality improvement on a health care quality website accessible to the public (§3011).

Working group activities to align efforts in this regard are expected to begin reporting to Congress by Dec. 31, 2010 (§3012).

Quality's Role in New Patient Care Models

Health reform legislation includes formation of a Center for Medicare and Medicaid Innovation to test innovative payment and service delivery models with the goal of reducing program expenditures while preserving or enhancing the quality of care furnished to Medicare and Medicaid beneficiaries (§3021).

The PPCA also anticipates the development of a Center for Quality Improvement and Patient Safety of the Agency for Healthcare Research and Quality to use research from a variety of disciplines to help establish best practices for quality improvement in the delivery of health care services; propose changes to the processes of care and redesign of systems to improve patient safety and reduce medical errors; identify high-performing providers across the health care spectrum; and create strategies for quality improvement through tools, methodologies and interventions (§3501).

Health Professional Education

The PPACA includes provision for grants to fund a demonstration program to integrate quality improvement and patient safety training into the clinical education of health care professionals, including medicine, nursing, pharmacy, social work, health care administrators and other health professional programs (§3508).

Next Steps for Stakeholders

Stakeholders should assess the impact of PPACA provisions on existing quality processes and determine where additional risks may arise once the legislation is fully implemented.

The establishment of quality measures and criteria referenced in the PPACA will be a significant undertaking for the federal government, and will serve to both clarify the extent of the impact of quality on the health care system and better identify the potential burdens and benefits of the legislation for the key players in the health care marketplace.

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