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EMAIL ALERT

HHS Report Describes Value-Based Purchasing Program for ASCs

On April, 18, 2011, Secretary Kathleen Sebelius of the U.S. Department of Health and Human Services (“HHS”) delivered a written report to Congress describing how a value-based purchasing (“VBP”) program may be implemented for ASCs.

The report may be viewed at:

http://www.cms.gov/ASCPayment/downloads/C_ASC_RTC%202011.pdf.

HHS has implemented, or plans to implement, VBP for several provider types including hospitals, skilled nursing facilities, ESRD facilities, and home health agencies. The VBP initiatives represent one of the federal government’s attempts to inject quality performance and cost-control incentives into the Medicare payment systems. Typically, the VBP initiatives will put at risk a few percent of the provider’s Medicare payments through quality-based incentives, penalties, or a combination of incentives and penalties. HHS has been laying the groundwork for VBP for several years, commissioning issue papers from outside consultants and holding public forums since 2007.

The Affordable Care Act (the “ACA”), passed by Congress and signed by the President during March 2010, authorized implementation of VBP for certain provider types, but not ASCs. Instead, the ACA required HHS to report to Congress its proposed plan for implementation of VBP for ASCs. The report sets out a roadmap for implementation of VBP for ASCs, but currently HHS does not have the authority to implement such a program without new legislation from Congress.

In developing its report, the ACA required the Secretary to consider the following issues:

- The ongoing development, selection, and modification process for measures of all dimensions of quality and efficiency in ASCs;
- The reporting, collection and validation of quality data;
- The structure of VPB payment adjustments, including the determination of thresholds or improvements in quality that would substantiate a payment adjustment, the size of such payments, and the sources of funding for value-based bonus payments; and

- Methods for the public disclosure of information on the performance of ASCs.

In the report, HHS states that adoption of any VBP payment measures that promote high-quality care would be highly desirable. According to the report, ASCs have rapidly become “a critical component of the United States healthcare system” and are the fastest growing type of hospital- and/or physician-owned facility that participates in Medicare. During 2008, for example, more than three million Medicare beneficiaries received surgical procedures in ASCs. HHS also concludes in its report that an increasing incidence of healthcare-associated infections in ASCs signals the need to expand industry oversight in order to improve the quality of care.

The report also states that, if Congress authorizes the implementation of VBP for ASCs, HHS will be mindful of the challenges and length of time involved in developing new quality measures, soliciting stakeholder input, seeking consensus endorsement, releasing a proposed and final rule, and accounting for differences in payment systems. In addition, the report acknowledges that HHS must give further consideration for when, as a practical matter, quality data could begin to be collected and displayed to the public, the proposed performance period for VBP, and when value-based payments could begin.

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