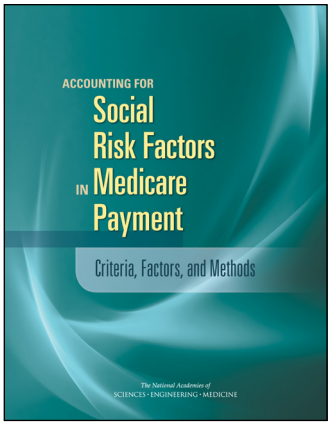
Accounting for Social Risk Factors in Medicare Payment

Criteria, Factors, and Methods



The Centers for Medicare & Medicaid Services (CMS) are moving steadily away from paying for volume (fee-for-service payments) and toward paying for quality, outcomes, and cost (also called value-based payment, or VBP). Concerns have been raised that current Medicare quality measurement and payment programs—and VBP programs in particular—that do not account for social risk factors like socioeconomic position (SEP) may underestimate the quality of care provided by health systems that disproportionately serve socially at-risk populations.

Because health care providers that mostly serve vulnerable populations are likely to have fewer resources to begin with, and because they care for patients who require more resources to achieve some measured health care outcomes, these providers may be more likely to fare poorly on quality rankings. This dynamic, in turn, may potentially increase disparities.

In response to concerns about health equity and accuracy in publicly reported performance measures, the Department of Health and Human Services (HHS), acting through the Office of the Assistant Secretary for Planning and Evaluation (ASPE), asked the National Academies of Sciences, Engineering, and Medicine to convene an expert committee to identify criteria for selecting social risk factors, specific social risk factors Medicare could use, and methods of accounting for those factors in Medicare quality measurement and payment applications. In this report—the third in a series of five brief reports that aim to inform ASPE analyses that account for social risk factors in Medicare payment programs—the committee provides guidance on which factors could be considered for Medicare accounting purposes, criteria to identify these factors, and methods to do so in ways that can promote greater health equity and improve care for all patients.

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CRITERIA FOR SELECTING SOCIAL RISK FACTORS

The primary goal of the committee's criteria is to guide the selection of social risk factors that could be accounted for in VBP so that providers or health plans are rewarded for delivering quality care and value, independent of whether they serve patients with relatively low or high levels of social risk factors. The criteria should guide identification of social risk factors to promote accuracy in reporting; in other words, to minimize the effect of factors outside the provider's control (such as social risk factors) in assessing the provider's performance.

The committee concludes that three overarching considerations, encompassing five criteria, could be used to determine whether a social risk factor should be accounted for in performance indicators used in Medicare VBP programs (see Box at right).

APPLYING THE CRITERIA TO SOCIAL RISK FACTORS

In its first report, the committee presented a conceptual framework that illustrates primary hypothesized conceptual relationships between five social risk factors (SEP; race, ethnicity, and cultural context; gender; social relationships; and residential and community context) as well as health literacy and health-related measures of importance to Medicare beneficiaries. The committee also identified specific indicators that correspond to the five social risk factors. These indicators represent ways to measure the social risk factors and are distinct from specific measures. For example, education is an indicator of SEP that can be measured in multiple ways (e.g., highest degree attained, years of education). The figure presents a modified version of the committee's original framework, expanded to include indicators of each social risk factor.

The committee applied the selection criteria to the five social risk factors (and their indicators) as well as health literacy. In so doing, the committee identifies measureable social risk factors that could be accounted for in Medicare VBP programs in the short term. Indicators (denoted in the figure in bold lettering) include:

- Income, education, and dual eligibility;
- Race, ethnicity, language, and nativity;
- Marital/partnership status and living alone; and
- Neighborhood deprivation, urbanicity, and housing.

The committee also identified additional indicators (shown in italics in the figure) that currently present practical measurement challenges but could be considered as measures become available. These include:

- Wealth,
- Gender identity and sexual orientation,
- Emotional and instrumental social support, and
- Environmental measures of residential and community context.

In the figure, plain lettering denotes indicators that present considerable measurement challenges.

CRITERIA FOR SELECTING SOCIAL RISK FACTORS

A. The social risk factor is related to the outcome.

1. The social risk factor has a conceptual relationship with the outcome of interest.
2. The social risk factor has an empirical association with the outcome of interest.

B. The social risk factor precedes care delivery and is not a consequence of the quality of care.

3. The social risk factor is present at the start of care.
4. The social risk factor is not modifiable through provider actions.

C. The social risk factor is not something the provider can manipulate.

5. The social risk factor is resistant to manipulation or gaming.

METHODS TO ACCOUNT FOR SOCIAL RISK FACTORS IN VBP

CMS payment models cover a spectrum of approaches, from traditional fee-for-service to population-based payment models like VBP. Given that the Medicare VBP landscape is evolving and CMS is moving toward more comprehensive population-based models, the committee identified methods that could apply to any VBP program, not just the existing ones.

The committee notes that the status quo, which does not account for social risk factors, has disadvantages. These include incentives for providers and insurers to avoid serving patients with social risk factors, underpayment to providers who disproportionately serve socially at-risk populations, and underinvestment in quality of care. It is possible to improve on the status quo. Yet there are also some potential ways in which accounting for social risk factors could incrementally introduce new harms; for example, some approaches that adjust for social risk factors could actually dilute the incentives to improve the quality of care for patients with those factors. The committee thus concludes that it is important to

minimize potential harms to patients with social risk factors and to monitor the effect of any specific approach to accounting for social risk factors to ensure the absence of any unanticipated adverse effects on health disparities.

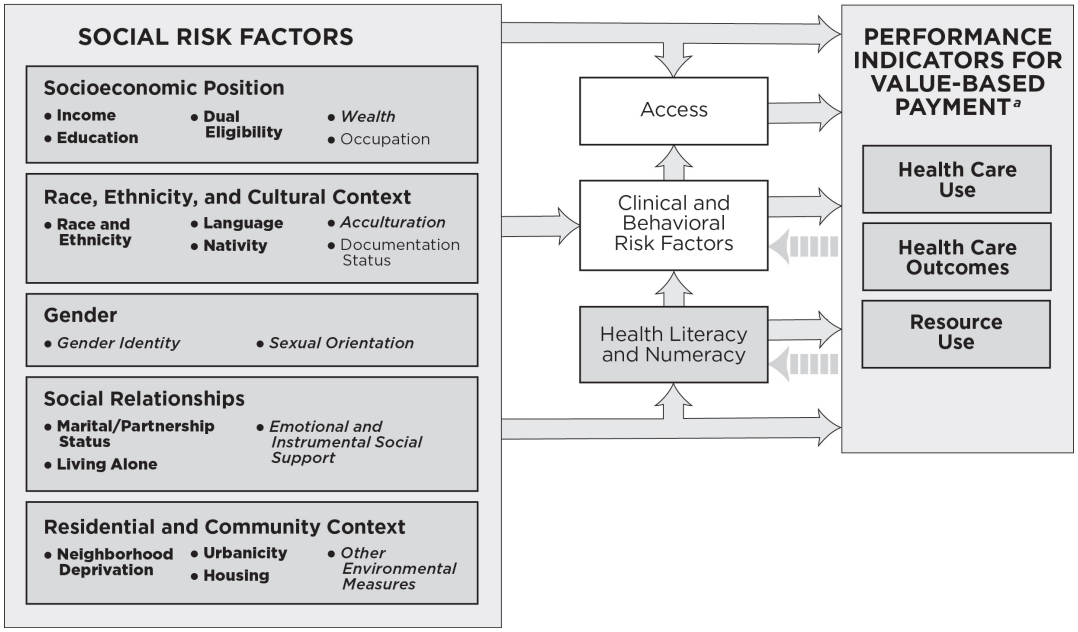
The committee concludes that the characteristics of a public reporting and payment system that could accomplish the committee's four policy goals of reducing disparities in access, quality, and outcomes; quality improvement and efficient care delivery for all patients; fair and accurate public reporting; and compensating providers fairly include: (a) transparency and accountability for overall performance and performance with respect to socially at-risk members of the population; (b) accurate performance measurement—with high reliability and without bias (systematic error) related to differences in populations served; and (c) incentives for improvement overall and for socially at-risk groups, both within reporting units (i.e., the provider setting that is being evaluated—hospitals, health plans, etc.) and between reporting units.

The committee identified four categories encompassing ten methods to account for social risk factors that could be used to address the committee's four policy goals. Those categories include:

1. stratified public reporting, which seeks to make overall quality visible to consumers, providers, payers, and regulators;
2. adjustment of performance measure scores, which accounts for social risk factors statistically in an effort to more accurately measure true performance;
3. direct adjustment of payments, which explicitly uses measures of social risk factors in payment but by itself does not affect performance measure scores; and
4. restructuring payment incentive design, which implicitly accounts for social risk factors in payment.

Considerations around the trade-offs of various methods of accounting for social risk factors are different for cost-related performance compared to quality performance.

Conceptual Framework of Social Risk Factors and Performance Indicators for Value-Based Payment



[a]As described in the conceptual framework outlining primary hypothesized conceptual relationships between social risk factors and outcomes used in value-based payment presented in the committee's first report, health care use captures measures of utilization and clinical processes of care; health care outcomes capture measures of patient safety, patient experience, and health outcomes; and resource use captures cost measures.

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Lower cost is not always better (for example, when it reflects unmet need), but higher quality is always better. Thus, the committee concludes that strategies to account for social risk factors for measures of cost and efficiency may differ from strategies for quality measurement.

Finally, both the status quo and any new approach to accounting for social risk factors will have uncertain tradeoffs in terms of the committee's four policy goals. The committee notes that any specific approach to accounting for social risk factors in Medicare quality and payment programs also requires continuous monitoring for potential unintended adverse effects on these policy goals.

CONCLUSION

The committee notes that it is not within its statement of task to recommend whether social risk factors should be accounted for in VPB or how. The committee hopes that the conclusions in this report help CMS and the Secretary of HHS make that important decision. In the next report, the committee tackles the question of how to gather the data that could be used to account for social risk factors in Medicare VBP.♦♦♦

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