February 1, 2019

The Honorable Seema Verma
Administrator
Centers for Medicare & Medicaid Services
7500 Security Boulevard
Baltimore, MD 21244

Dear Administrator Verma:

The undersigned organizations representing America's hospitals and health systems are writing to request that the Centers for Medicare & Medicaid Services (CMS) postpone the February 2019 publication of the Overall Hospital Quality Star Ratings on the *Hospital Compare* website. We also urge CMS to suspend the display of overall star ratings on *Hospital Compare* while the agency continues its important work of enhancing the validity and meaningfulness of star ratings.

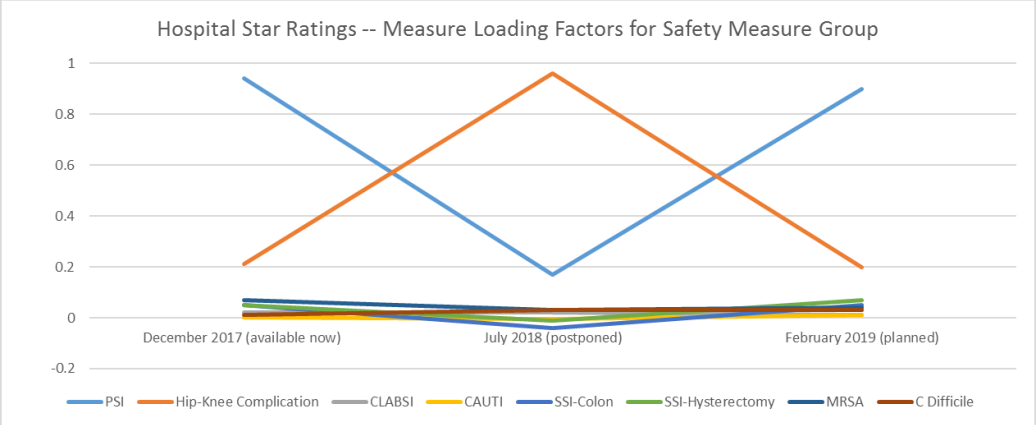
Patients, families and communities deserve valid, clear and meaningful quality information to help them make important health care decisions. That is why America's hospitals have long supported transparency on quality. We continue to strongly support one of the foundational goals of star ratings – that is, to make the data on *Hospital Compare* easier for consumers to use and understand.

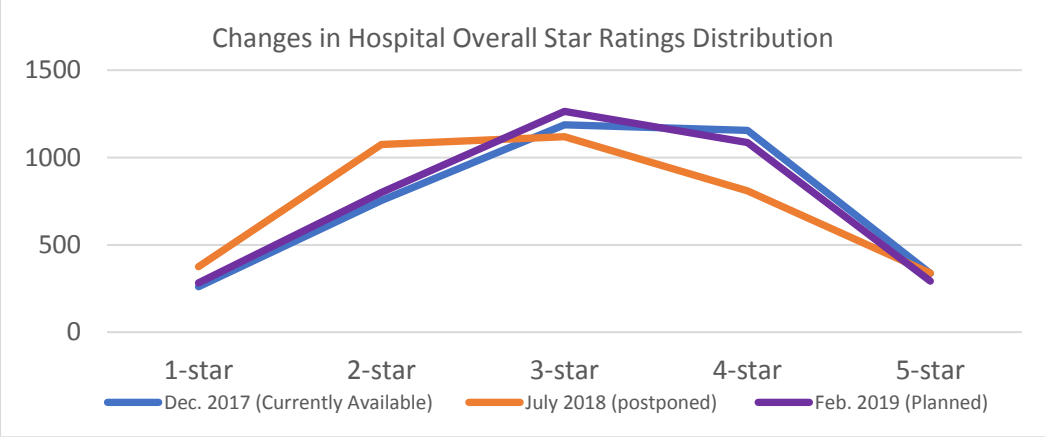
However, we remain extremely concerned that this laudable goal is supported by a star ratings approach that does not provide an accurate picture of hospital quality performance. Since CMS began work on overall star ratings in 2015, our organizations have repeatedly shared our concerns about the star ratings methodology in writing and in conversations with agency staff and leadership. The key concerns we have identified include, but are not limited to, the following:

- <u>The ratings may not provide patients with information relevant to their needs.</u> Star ratings are intended to reflect a hospital's overall quality performance. Yet, each individual patient's diagnosis and circumstances are different. Patients may seek care for services and treatments that simply are not reflected in the available star ratings data. For example, the heart attack mortality and readmission measures in star ratings likely would be irrelevant to a patient deciding where to seek cancer care. Because each patient's circumstances differ, so, too, will the measures that matter to them. A hospital's single,

simplified rating might fail to capture its expertise in an area of care most important to a given patient.

- Ratings are driven by methodology rather than actual hospital performance. The heart of the star ratings methodology is a complex statistical technique known as a "latent variable model," or LVM. CMS uses this approach to calculate a numerical "loading factor" for each star ratings measure. The higher a measure's factor loading, the more it drives performance within a particular measure group. As shown in the graphs below, the loading factors for the two measures that dominate the scoring of the safety group – the patient safety indicator (PSI) and hip and knee complications – have varied significantly over the past year. This appears to have led to significant changes in overall star ratings. However, to date, the reasons for these swings are not clear. It is especially mystifying since national performance on the hip/knee complication measure changed so little.





- Ratings can be disproportionately driven by narrow aspects of care. In theory, star ratings should reflect a balanced view of hospital quality. In reality, as shown in the graphs above, a hospital's rating could hinge on measures that reflect only narrow aspects of hospital care (for example, hip/knee replacements). And, critically important quality measures, such as the infection measures, have almost no importance in determining the star rating. **In fact, the negative**

loading factors for certain infection measures in the postponed July 2018 release meant that good performance on measures led to small decreases in the total score that determined the hospital's star rating.

- Star ratings fail to account for social risk factor differences across hospitals. Two-thirds of a hospital's star rating is based on its readmissions, mortality and patient experience performance. There is significant peer-reviewed literature – well summarized by the National Academy of Medicine's series of reports in 2016 and 2017 – showing that hospital performance on these outcomes can be affected by factors outside the control of the hospital (e.g., housing, food insecurity, social support, and transportation). **Without adjustment, star ratings will put hospitals caring for poor communities at an unfair disadvantage, and mislead the consumer.** CMS already has implemented a congressionally-mandated social risk factor adjustment in the hospital readmissions penalty program. And CMS has used its discretion to account for the impact of social risk factors in some of its other measurement programs such as Medicare Advantage star ratings, and the Merit-based Incentive Payment System (MIPS). Yet, hospital star ratings continue to lack any adjustment for social risk factors.

Taken together, CMS's choices of measures and methodology introduce some biases into the star ratings. For example, the use of and heavy weighting applied to readmissions and mortality measures can make it hard for a small hospital to achieve anything beyond a 3-star score on the star ratings. This is because the measures use a technique (called hierarchical linear modeling) that blends a hospital's own performance with the national average. This approach is intended to improve measure reliability. However, in practical terms, it also means that the less volume a hospital has, the more its score is determined by the national average. Furthermore, the use of measures that are sensitive to patients' sociodemographic status – but without application of any sociodemographic adjustment – means that those hospital serving large numbers of poor patients are much more likely to receive a one or two star rating than other hospitals.

We have appreciated CMS's efforts to solicit feedback on how to improve star ratings from all stakeholders, and have applauded the agency's willingness to act when it is clear there are problems with the ratings. In 2017, CMS postponed a planned update of star ratings when it found issues with how the methodology was being calculated. It then made important updates to the methodology, and re-posted the ratings in December 2017. Similarly, CMS postponed the July 2018 update because of the difficulty in explaining shifts in ratings, and has indicated it is pursuing further improvements to the methodology. Unfortunately, none of the issues articulated above will be addressed for the February 2019 update.

We recognize CMS's desire to make the data in star ratings more current. However, until the above issues are addressed, the star ratings will continue to inaccurately portray hospital quality performance. For this reason, we urge CMS to postpone the February 2019 update, remove the reports of previous and now

no longer relevant star ratings on *Hospital Compare,* and allow for the important work of improving the ratings to continue. The hospital community stands ready to work with CMS to ensure star ratings achieve the goals of meaningfulness, validity and transparency that we all share.

Thank you for considering our request. We look forward to hearing from you soon.

Sincerely,

American Hospital Association
Association of American Medical Colleges
America's Essential Hospitals
Federation of American Hospitals

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