BECKER'S
HOSPITAL REVIEW

The effects of CMS' star ratings: 5 things hospital leaders should know

Three experts — including the chief clinical officer of Houston-based Memorial Hermann Health System — gauge the ratings' repercussions and observations on their aftermath.

In late July, CMS unveiled the Overall Hospital Quality Star Ratings on its Hospital Compare website. The rating system combines 64 public measures into a single, one-to-five star rating.

CMS rated 3,617 hospitals on the star scale. Only 102 hospitals received five stars, the highest rating, while 129 hospitals received one star, the lowest rating. The others fell somewhere in between.

Shortly after the star ratings went public, *Becker's Hospital Review* talked to experts to gauge repercussions of the ratings and observations on their aftermath. Here are five takeaways from M. Michael Shabot, MD, chief clinical officer of Houston-based Memorial Hermann Health System along with George Whetsell, FACHE, managing partner with Chicago-based Prism Healthcare Partners, and Doug Monroe, MD, a physician with Prism and formerly the system director of quality and patient safety at Memorial Hermann.

1. Top performers score high consistently, even when metrics change, because they've mastered continuous improvement — not just processes. "We don't do things for the star rating. We do things to ensure high quality care for our patients," says Dr. Shabot. Throughout the past nine years, Memorial Hermann has pursued true high reliability in healthcare, which means zero incidence of avoidable harm and 100 percent adherence to process measures like hand-washing and infection prevention measures. "That is our primary pursuit, not just as a slogan," says Dr. Shabot.

Five of Memorial Hermann's nine acute care hospitals secured five-star ratings, and most of the remaining have four stars. "The attitude of most top performers focuses on improvement no matter what," notes Dr. Monroe. "Two of the critical factors that enable this change? Leadership's commitment to constant change and improvement, and an aligned structure and reporting processes." Other critical success factors include data availability and analysis, performance improvement methodology, and physician and clinician engagement, Dr. Monroe noted.

"It doesn't happen without serious support from the top," noted Mr. Whetsell. "But the activity in these hospitals and systems doesn't stop with leadership. It's an organizationwide commitment to improvement, and it requires a fairly complex and aligned architecture to be functional. It can seem confusing at first, but it is actually quite systematic and cyclical." And — crucially — reproducible, he added.

"It's not magic, although when you look at places like Memorial Hermann, it can often feel that way," added Dr. Monroe, who reiterated that others can achieve similar performance with the right mix of critical success factors, structure and processes.

2. Star ratings may impact the way you are perceived locally and nationally. "I think the ratings are going to impact the industry in new ways," says Dr. Monroe. "They don't reflect new data, but they allow consumers to easily understand the quality of care like never before."

"Previously, you almost had to be a trained healthcare professional to make sense of the volume of data and metrics," says Mr. Whetsell. "Now patients have a convenient and data-backed rating at their disposal that resembles the same interfaces they experience on JD Powers, Yelp, Amazon and dozens of other well-known apps and websites."

The star ratings may begin to impact

other, less evidence-based ranking systems, says Dr. Monroe. "Currently some major publications rank hospitals by criteria that may have more to do with reputation and perception than actual clinical performance. You begin to wonder if the star rating, which is based on actual clinical data, will begin to impact those other ranking systems," he added. "If you're ranked in the top 10, but you've only got two stars based on clinical outcomes, what does that say about the ranking system?"

3. Stars can impact financial value. Current Value Based Purchasing incentives, as well as penalties, are based upon the same metrics that contribute to star ratings. Hospitals and health systems can count on commercial payers taking stock of organizations' CMS results, and perhaps having their own proprietary method of comparing provider performance. This is especially applicable in highly competitive markets.

"If your competitor has more stars, you may lose market share and reimbursement," says Mr. Whetsell. "Hospitals with five stars will get a bonus, hospitals with much lower star ratings — if they get a contract at all — won't see as high reimbursement rates, and may even be subject to penalties similar to the current readmission penalties."

On the plus side, hospitals with high ratings have an advantage. "It makes sense that a high-performing hospital or system — one that provides better outcomes for less cost – would expect a payer to value their effort in tangible ways," said Mr. Whetsell. "This is a new way for hospitals to relate to payers. If they mitigate clinical risk, there is a financial reward — and the chance to become a preferred provider."

4. Remaining competitive requires immediate action so you don't fall behind — and you may need to work in new ways. Many top performers have been focused on clinical metric improvement for a while. "The star ratings are derivative of all the quality metrics we've been reporting to CMS for years," says Dr. Shabot. "There really shouldn't be any surprise."

"We don't have a feel for how long hospitals with five stars have been working to improve their performance. It wasn't luck, wasn't six months," says Mr. Whetsell. "Some have been working at this for years. The payoff may have been 4 to 6 years down the road. Hospitals that need to improve should start their efforts immediately."

Dr. Shabot mentioned that a key to Memorial Hermann's success has been handing decision rights to physicians, clinicians and other experts, and then holding them accountable for improvement. "We really handed them the keys in terms of identifying and driving change, and then made sure we could track the outcomes. The effort doesn't work if the culture isn't supported by everyone at the bedside. They have to own it just as much as leadership."

That attitude toward shared decision making — influencing and not controlling — is a feature of many effective leaders. "So many clinicians spend time complaining about how things could be better," said Dr. Monroe. "If the response is to give them the structure and resources they need to resolve that complaint, help remove barriers, track the outcomes of the effort, and reward them for good performance, then you have gone a long way to changing culture — and your own metrics. If that happens over and over again, you've really got something."

5. Stars are just a measure of things that are much more important — and every provider can and should pursue clinical improvement. "Look, we used to view these things — infections, mortality, events of patient harm — like acts of God, unpreventable," said Dr. Shabot. "Now we've proven that with enough dedication, expertise and discipline, we can prevent them altogether. We think that way about airlines, and with good reason. We should think that way about our hospitals as well. It's definitely how we think about ourselves."

Regardless of whether a hospital received one star or five, leadership teams must make peace with the fact that improvement efforts will fall short if framed as a project. "When we change a process to eliminate a source of error or a problem, it isn't like a project that runs for three months. We change our work standard to avoid problems indefinitely," says Dr. Shabot. "We've implemented countless processes — hundreds if not thousands — to prevent adverse events. We talk about it at every board meeting and every medical staff meeting."

Mr. Whetsell is quick to point out that there are techniques any healthcare provider can use to begin the journey to excellence. "There's a lot of research out there about performance improvement techniques and initiatives, and they're great for tackling one challenge at a time. But how do you set up a system that works across the entirety of your organization when you don't have a lot of time? What does the structure look like? What are the roles and responsibilities? How do I handle data? How do I get my physicians to participate? Those are really tough questions that need to be answered."

"The good news is that others have done it, and so can you," said Dr. Monroe. ■