

Perspective

[Happy Patients Can Mean Bonus Payments For Hospitals](#)

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Hospital payments will be tied in part to patient satisfaction

The Issue

Hospitals increasingly have a new focus – keeping patients happy. The *Wall Street Journal*, recently reported that Medicare plans to reduce its payments to hospitals by 1% — or nearly \$1 billion — in 2013. It will then distribute that money to hospitals based in part on patient satisfaction — determined by a 27-question government survey administered to patients. Hospitals with high scores will receive a bonus payment; those with low scores will lose money. By 2017, the “withholding amount” will increase to 2%.

The program is part of a much broader pay-for-performance system built into the health-care overhaul. The Obama administration is seeking to work-within-the —existing-system to improve health care by including financial incentives that allow health care providers to get paid when they perform but penalizes them when they don't.

By Way Of Background

Since 2006, the Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) has surveyed patients on their hospital experience using a standard questionnaire. The surveys were initially designed as a comparison tool that prospective patients could use to select a hospital. However, the survey scores did not determine how much the government paid hospitals.

In July of 2011 — for the first time — survey results from approximately 3,500 hospitals were used to calculate new payment rates that took effect in October of 2012. Hospitals must complete at least 100 patient surveys over a year; larger hospitals are expected to do more. Hospitals are audited to ensure they don't cherry-pick respondents and the survey is not restricted to Medicare beneficiaries.

How It Works

The new payment rate combines hospitals' patient satisfaction scores with a measure of whether hospitals follow approximately 12 procedural metrics for treating such things as heart ailments and pneumonia. As an example, if hospitals don't immediately provide patients with medication during a heart attack, they can get “marked down”.

The procedural metrics account for 70% of the score with the satisfaction surveys comprising the remaining 30% of the score.

The satisfaction survey primarily measures communication; select questions are focused on:

- Physicians communicating with — and listening to — patients
- Patients being given information about what to do during their recovery at home
- Nurses communicating with — and listening to — patients
- Effectiveness of pain relief measures
- Hospital staff explaining medication prior to giving it to patients
- A patients room and bathroom always being clean; the area around their room always being quiet at night
- Patients being helped as soon as they request assistance
- Whether a patients stay deserved an overall rating of 9 or 10 on a scale of 0 to 10

Surveys are sent to a patient's home following his/her hospital stay. Scores are based on the higher of achievement of national median performance or improvement from the hospital's past performance for that measure.

Early Feedback From Hospitals And Medical Professionals

Medical professionals have voiced concern at the questionnaires and suggested that they are unfair — and that certain questions are in conflict with other hospital goals. Older hospitals in inner cities, or facilities that tend to accept a greater share of uninsured and low-income patients through busy emergency rooms, were particularly vocal stating that their scores automatically suffered through no fault of their own. Other hospitals expressed disappointment with the early survey score results Medicare provided to them in the summer of 2012 — but have already upgraded (or are in the process of upgrading) their services to please patients.

Early Feedback From Medicare Officials

Federal government executives say that the scoring system is a reliable indicator of whether hospitals provide good care. Medicare officials confirm that the survey scores are adjusted for demographic and health differences between hospitals. Further, they state that lower scoring facilities may earn points for survey score improvements. In addition, since the majority of survey measures have to do with communication, officials opine that it is something universal regardless of the state of a hospital. Finally, executives feel that since their questionnaire has been enhanced and refined since 2006, it is the most accurate measurement of the patient experience available.

Why High (or Improved) Scores Are Important To Hospitals

Hospitals admit the money they could potentially receive from Medicare as a bonus payment — although a small part of their P&L — is still significant since many are operating on very thin profit margins.

In addition, although the survey scores are the smaller (30%) piece of the metric, the patient happiness factor is much harder to control.

What Hospitals, Physicians and Nurses Are Doing

Following prodding from Medicare, which will now tie payments in part to how patients feel they were treated, **hospitals are.....**

- recruiting executives with experience in the hospitality industry,
- tying manager's compensation to the satisfaction-survey scores,
- hiring "patience experience" consultants and "service" coaches,
- providing doctors, nurses and other employees with customer-service training,
- designating staff ombudsmen to handle patient complaints,
- developing "strategy maps" to help staffers understand how they can support "performance excellence",
- opening "observation units" in their emergency rooms to keep an eye on patients who show up with complaints that can't be quickly or conclusively diagnosed,
- upgrading their televisions to flat screens, doubling the number of channels and adding ESPN,
- offering a wider variety of breakfast, lunch and dinner menu options,
- opening "healing gardens",
- placing mini waterfalls in patients rooms, and
- adding daily newspaper delivery

The Cleveland Clinic has helped form a new Association For Patient Experience and hosted its third annual Empathy and Innovation Summit.

Physicians Are.....

- adopting a better bedside manner, including not interrupting patients when they are speaking,
- being instructed to stop talking to patients while standing over them, but instead pulling up a chair so they are at eye level, and
- selectively providing access to the notes they write about their patients – to their patients

Nurses Are.....

- making rounds to patients' rooms every hour, instead of every two hours, to help patients use the bathroom or reposition them to prevent bedsores,
- reducing the number of loud carts pushed along corridors and providing patients with "quiet kits" containing ear plugs and relaxation-inducing lotion,
- receiving hand-held phones to allow patients to instantly reach them, and
- being requested to call patients after they are discharged to remind them about follow-up appointments and to respond to medication questions

Summary

Patient satisfaction surveys are important in assisting hospital's gather and analyze data, better understanding a patient's perception of the care being rendered and then making necessary improvements, Better patient experiences have been linked to better

outcomes, lower 30-day readmission rates, and better mortality rates — and that’s all positive.

On the other hand, surveys are not perfect tools — they are entirely subjective. Questions have been raised about survey sample size and potential geographic, cultural, and racial differences among patient respondents. In addition, physicians, in an effort to secure a higher rating for a hospital, may over-treat — over-prescribe and/or over-test to “satisfy” patients who may not be qualified to judge their care.

Finally, it has been reported that many of the most favorably rated hospitals have the least desirable patient outcomes, and vice versa.

Hospitals have long needed to raise the bar regarding patient satisfaction. We can only hope the “carrot-and-stick” approach being implemented by the federal government improves health care — and patient outcomes — in a meaningful way. If not, the decisions resulting from potentially flawed survey methods could very well translate into additional healthcare waste and inefficiency.

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