

Aligning OB/GYNs: Improving Care & Maximizing Reimbursement

The Centers for Medicare and Medicaid Services (CMS) will finalize the rule to establish a “Birthing-Friendly” hospital designation in fall 2023. While the motivation for the designation comes from the White House Blueprint for Addressing the Maternal Health Crisis, it gives hospitals the opportunity to experience a more favorable payor mix in their OB/GYN and laborist programs by improving the quality of care. As a result, we will see hospitals build strategies around incentivizing physicians to help them hit quality targets.

Improving Care

The new designation will be awarded to hospitals that answer “Yes” to both parts of the Maternal Morbidity Structural Measure question. The question focuses on two key points:

1. The use of quality metrics to measure program performance.
2. The implementation of safety protocols is based on the performance results compared to the quality metrics [1].

With a maternal morbidity rate that increased to 32.9 deaths per 100,000 live births in 2021, it is no surprise that women are conscious about safety and quality when considering where they will give birth [2].

According to a 2018 report, a large majority of mothers used quality care information to help compare facilities and providers when creating their care plans [3]. Additionally, several websites advise the top things to look for when selecting a birthing facility. These sites list many important factors to consider such as the hospital’s quality of care, C-section rates, clinical excellence in labor and delivery, pain relief choices, NICU and emergency capabilities, high-risk services, and the length of stay after birth [4,5,6,7]. These repeated recommendations to evaluate hospitals based on these topics and their overall quality of care demonstrates that mothers want the best care possible for themselves and their children when giving birth. This data shows that when given the choice women are most likely to select a facility recognized for its maternal and fetal safety.

Maximizing Reimbursement

Obtaining a “Birthing Friendly” designation will draw in both mothers and better-contracted rates. According to a Kaiser Family Foundation study, “private insurers pay nearly double Medicare rates for all hospital services, ranging from 141% to 259% of Medicare rates” [8]. Attracting more patients with private insurers is a step toward increasing collections, which is a welcome strategy as many hospitals experienced significant losses in 2022 [9]. In the eyes of patients with commercial payors, hospitals that obtain a designation for high-quality birthing services can cause them to become ideal birthing destinations. In addition, the “Birthing-Friendly” hospital designation provides hospitals the opportunity to increase the value of their services for their patients while taking a financially viable action. The “Birthing-Friendly” hospital designation allows for an intersection between the quality of care and financial motivations. While seeking the designation might allow hospitals to assist their bottom line, it will also provide access to medical care that prioritizes the safety of the mother and child.

The designation will inevitably motivate hospitals to integrate value-based metrics into their physician compensation structures. While value-based care arrangements do not make up most arrangements in the healthcare industry, they are continuing to rise in prevalence. According to a Deloitte survey, 41% of provider organizations’ overall revenue was tied to value-based models, up from 38% in 2020 [10]. Additionally, a 2022 MGMA survey showed that 81.45% of the single specialty physician practices surveyed participated in

Birthing Friendly Designation Maternal Morbidity Structural Measure Question

Does your hospital or health system participate in a Statewide and/or National Perinatal Quality Improvement Collaborative Program aimed at improving maternal outcomes during inpatient labor, delivery, and postpartum care?

If yes, has the program implemented patient safety practices or bundles related to maternal morbidity to address complications, including, but not limited to, hemorrhage, severe hypertension/preeclampsia, or sepsis?

commercial value-based programs and 85.80% participated in government value-based programs [11]. The increasing push for value-based payment structures is supported by CMS' goal to have 100% of Original Medicare beneficiaries, and the majority of Medicaid beneficiaries, in accountable care programs by 2030. The Birthing Safe Hospital designation program provides an opportunity for hospitals to develop strong value-based arrangements in their laborist programs by using the designation's requirements as a guideline.

Selecting Quality Metrics

When considering a value-based compensation arrangement with their physicians, it is important that hospitals ensure their arrangements are consistent with fair market value. This means they will need to select strong, outcome-driven quality metrics if they want to tie financial incentives to these metrics. Selecting metrics that are recognized in the industry and are measurable is the best way to ensure a compliant, successful physician incentive program.

In order to encourage buy-in, physicians should be a part of the selection process when choosing metrics. They will also need to be educated on what makes a strong metric from a valuation perspective. Once the quality metrics have been selected, an analysis should be conducted to ensure any compensation tied to the metrics is consistent with fair market value. The stronger the metrics, the more support can be provided for higher compensation levels.

Factors that make physician-based quality metrics strong include metrics that are outcomes-based, nationally measured, and physician driven. The major value considerations when assessing these arrangements from a fair market value perspective include market data for similar arrangements, historical performance for the service line, and industry-wide benchmarks. A good starting point when developing a program includes metrics that are the current focus of National Perinatal Quality Improvement Programs and other obstetrics quality improvement initiatives. These programs' metrics include reducing C-section rates for low-risk pregnancies, reducing induced deliveries before 39 weeks, reducing the use of episiotomy, and increasing the percentage of deliveries that have a postpartum visit between seven and 84 days after delivery [13, 14].

Bottom Line

CMS plans to award the "Birthing Friendly" designation to facilities that demonstrate a "commitment to the delivery of high-quality, safe, and equitable maternity care" [1]. This new designation will impact reimbursement and will inevitably create new strategies for hospitals attempting to align with their OB/GYNs. As with most physician alignment strategies, financial incentives will likely come into play. VMG Health expects to see quality incentives as part of compensation design initiatives, and a proliferation of service line co-management arrangements in the OB/GYN space. Key components in developing a hospital's strategy around obtaining this designation will include collaborating with physicians, understanding industry-recognized benchmarks, and assessing market data around these types of incentives.

Sources

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Authors

Haley Condon

Analyst
Compensation Arrangements
615-577-4208
haley.condon@vmghealth.com

Jen Johnson, CFA

Chief Commercial Officer, Managing Director
Compensation Arrangements
214-545-5882
jen.johnson@vmghealth.com



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