

## CMS CREATES HOSPITAL RATING SYSTEM

### August 2016

The federal government recently released a rating system for hospitals all across the country. The five-star system<sup>1</sup> has met with some controversy among hospitals, but it follows an earlier effort with nursing homes and home health agencies, allowing consumers to have a standardized quality measurement for health care facilities in their communities.

The Centers for Medicare and Medicaid Services, (CMS) first introduced a five-star rating system for nursing homes and home health care in 2008. This year, CMS created a similar system for hospitals, with more than 3,600 hospitals included in this year's ratings. CMS said the new system will spotlight excellence in care and will make quality measurement information more accessible to consumers.

"The Overall Hospital Quality Star Rating is designed to help individuals, their family members, and caregivers compare hospitals in an easily understandable way," CMS said in a July 27 release.

Hospitals have had mixed reactions<sup>2</sup> to the new system, with many saying the ratings do not take into account the challenges of dealing with older or sicker populations. However, health care quality experts say the system will likely continue to evolve, addressing these and other issues that are identified. CMS says the ratings system will be updated on a quarterly basis, with website upgrades to be made as needed.

The CMS rating system includes data from 64 different quality measurements. Quality measurements are drawn from Medicare claims and data from the federal Centers for Disease Control (CDC). Hospitals are rated with one to five stars; with five stars representing the highest quality ranking. In the first iteration of the system, relatively few hospitals drew a one-star or five-star rating.

Consumers and employers will likely see the rating system as one more data point in gathering health care information. As with any new system, fine-tuning and refinement will certainly happen over time. In an era where consumers and buyers of health care services are demanding more information and transparency, the CMS five-star hospital rating system is a first step in that direction.

#### Notes:

1. <https://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2016-Fact-sheets-items/2016-07-27.html>
2. <http://www.wbur.org/commonhealth/2016/07/29/medicare-hospital-ratings>

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