



Weekly Checkup

Hospitals with Higher Net Income More Likely to Receive Bonus Payment

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After three years of providing penalties and bonuses to hospitals treating Medicare patients through the Affordable Care Act's (ACA) [Hospital Value-Based Purchasing](#) (HVPB) Program, the Government Accountability Office (GAO) has found that the amount of a [hospital's payment adjustment](#) is well-aligned with the hospital's net income—hospitals with a higher net income received the largest bonuses. This finding is not all that surprising (with one exception: hospitals in the lowest net income range in 2013 had the second-highest payment adjustment in 2015). While potentially a chicken-and-egg situation, hospitals with low or negative net income are not likely to have the available resources necessary to make needed improvements. When a hospital is penalized for its poor performance, the situation worsens. In all three years, average payment adjustments for safety net hospitals were negative. Interestingly, the most commonly cited challenge to improving quality was [health information technology](#) (IT), which every hospital is being required to utilize in the hopes that such technology will catalyze quality improvements. Additionally, the GAO found “no apparent shift... in hospitals' performance on the quality measures included in the HVPB program”.

