



Medicare Hospital Performance Initiatives
Value-Based Purchasing Program,
Readmissions, and Healthcare Acquired Conditions

*Developments in FY 2018 Inpatient Prospective Payment
System (IPPS) Proposed Rule*

June 5, 2017

- Overview and rulemaking update of
 - Hospital Readmissions Reduction (HRR)
 - Hospital Acquired Conditions (HAC)
 - Hospital Value-Based Purchasing (VBP) Program

Hospital Readmissions Reduction (HRR) and Hospital-Acquired Conditions (HAC) Programs

(Page 673 of FY 2018 proposed rule)

Section 3025 of the Affordable Care Act

Penalty Program Only- no reward for strong performance

Payment reduction based on "higher than expected" readmissions

Commenced on October 1, 2012

Currently fifth year of implementation

2,597

- Total hospitals penalized FY 2017. \$528 million penalized.

49

- Hospitals nationally penalized the maximum 3%

78%

- Hospitals penalized >1%

-0.73%

- Average penalty assessed

Conditions used in HRR (codes on FY 2018 proposed rule page 679)

Heart Failure (HF)

Acute Myocardial Infarction (AMI) (heart attack)

Pneumonia (PN)

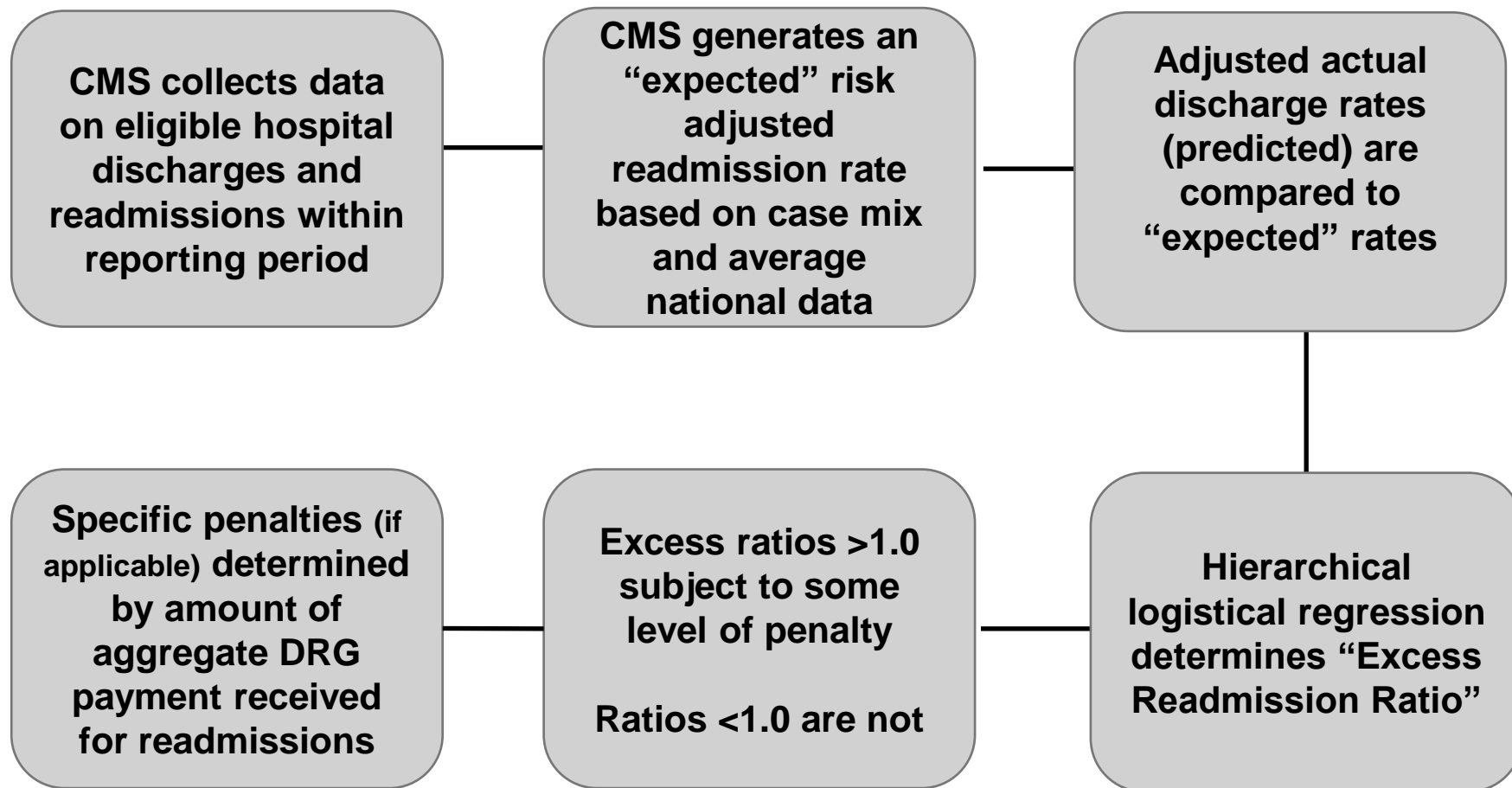
COPD – Chronic obstructive pulmonary disease

THA/TKA - elective hip and knee replacements

CABG - Coronary Artery Bypass Graft surgery *New*

FY Year	Maximum Payment Penalty
2013	1%
2014	2%
2015 and beyond	3%

HRR Program – How the program works



HRR Basic Scoring Example

Measures	Number eligible discharges	Number of Readmissions	Predicted (actual) Readmission Rate	Expected Readmission Rate	Excess Readmission Rate
AMI – Heart Attack	325	71	22.3%	19%	1.17
COPD – Lung Disease	185	24	13.1%	15%	0.87
HF – Heart Failure	341	94	27.5%	24.3%	1.13
PN - Pneumonia	195	21	11%	17%	0.65
THA/TKA – Hip/Knee	564	17	3.2%	5.1%	0.62

This hospital would receive some level of penalty across all inpatient discharges, but not greater than 3%

- New policy updates to ease processes
 - Facilities are now allowed to submit a form signed by the facility's CEO or designated personnel.
 - CMS will provide formal responses notifying facilities of decisions within 90 days of receipt of facility's request to improve transparency.
 - CMS to have authority to grant ECEs due to CMS data system issues which affect facilities ability data submission.

Comments have been requested on these policy updates

- Are there refinements that could strengthen the program?
- What is the best data source to determine total hospital stays and if that data should include Medicare FFS and Medicare Advantage or just Medicare FFS?
- Public comments requested on which social risk factors would be appropriate for stratifying measure scores and potential risk adjustment (pg. 712).
- Implementation of the socioeconomic adjustment approach mandated by the 21st Century Cures Act for the FY 2019. CMS would assess penalties based on a hospital's performance relative to other hospitals with a similar proportion of patients who are dually eligible for Medicare and Medicaid.

Hospital-Acquired Conditions (HAC)

(Page 780 of FY 2018 proposed rule)

Since 2008

- Medicare has not typically reimbursed for avoidable complications not present on admission (POA)

Section 3008

- Affordable Care Act authorized the HAC reduction program
- Penalty only – no reward for strong performance
- Top quartile always penalized, regardless of distributive performance

Exemptions

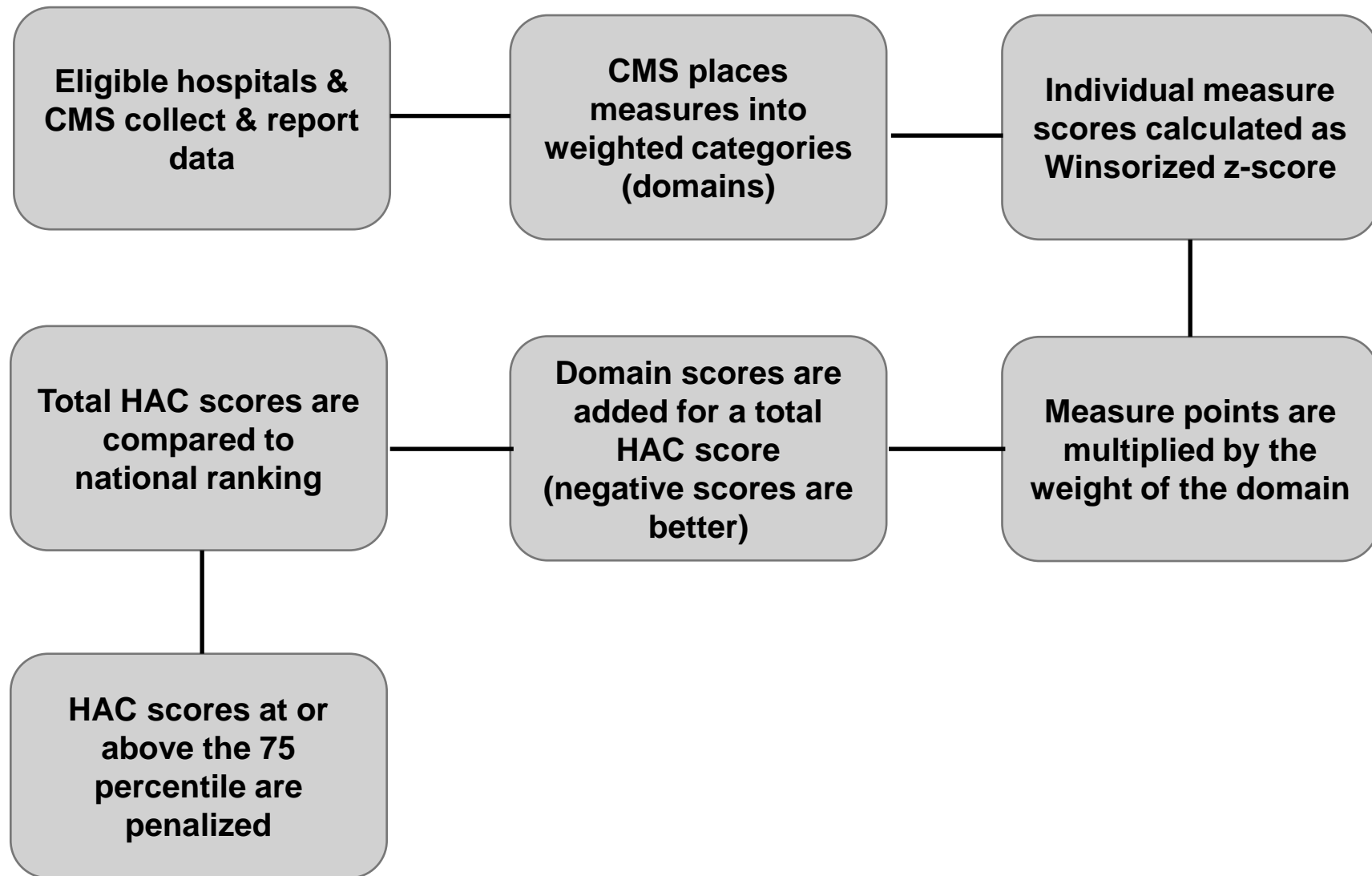
- Critical Access Hospitals (CAH) and specialty hospitals (Cancer centers, long-term, etc.)

Penalties

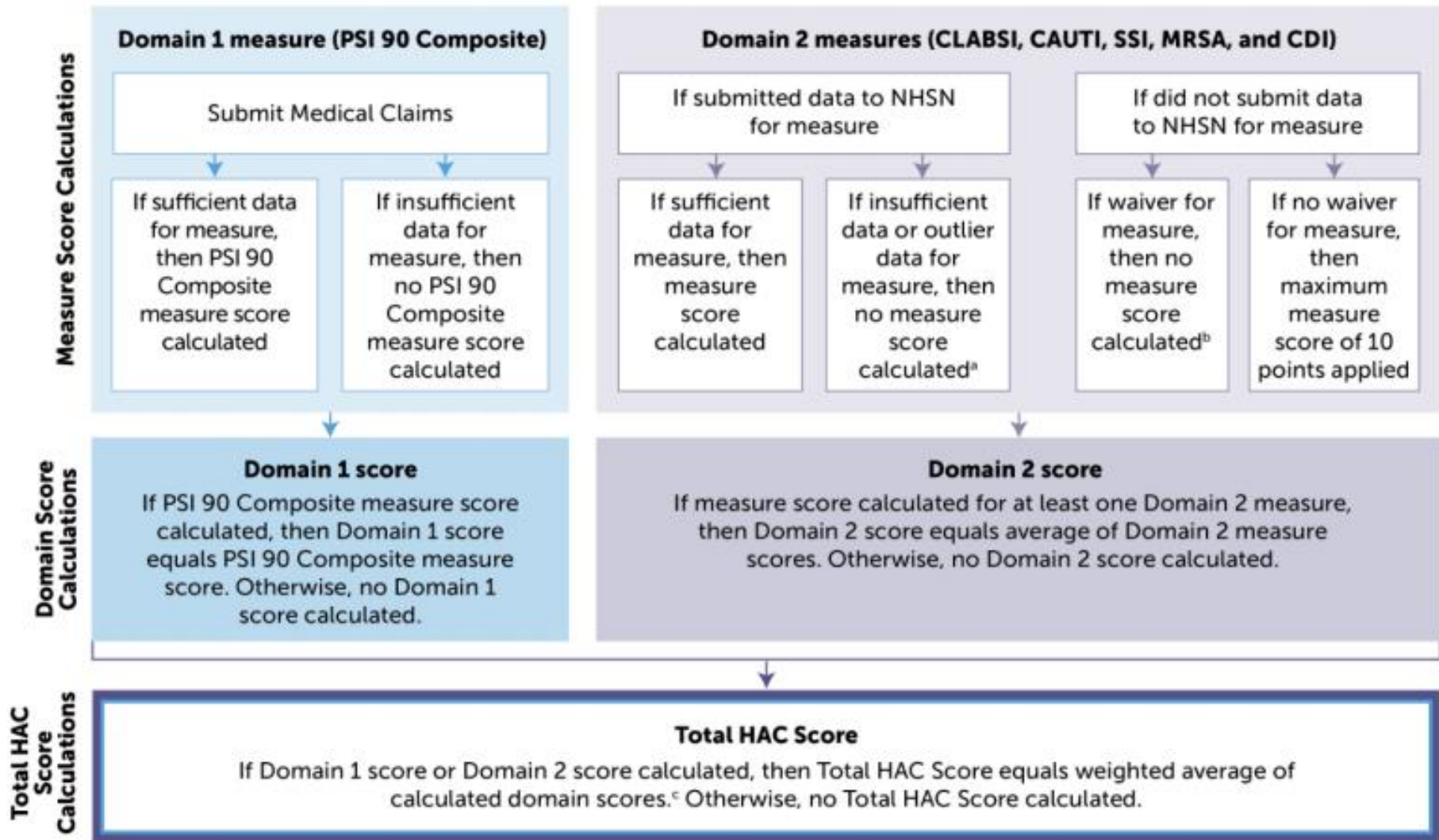
- FY 2017, 2,597 hospitals penalized for a total \$528 million
- Increase is due to changes in how CMS measures pneumonia readmissions and the addition of coronary artery bypass grafts to the program's procedure list

Rulemaking Update

- Details on **FY 2018 IPPS Proposed Rule Implementation starts on page 780**



FY 2017 HAC Domain Scoring



FY 2017 HAC Program

Domain 1

PSI-90 AHRQ Pt Safety Composite

PSI-3: pressure Ulcer

PSI-6: Iatrogenic pneumothorax

PSI-7: central venous catheter-related blood stream infection rate

PSI-8: hip fracture

PSI-12: perioperative PE/DVT rate

PSI-13: sepsis rate

PSI-14: wound dehiscence rate

PSI-15: accidental puncture

Domain 2

CDC Measures – chart abstracted

CLABSI: Central Line Bloodstream infections

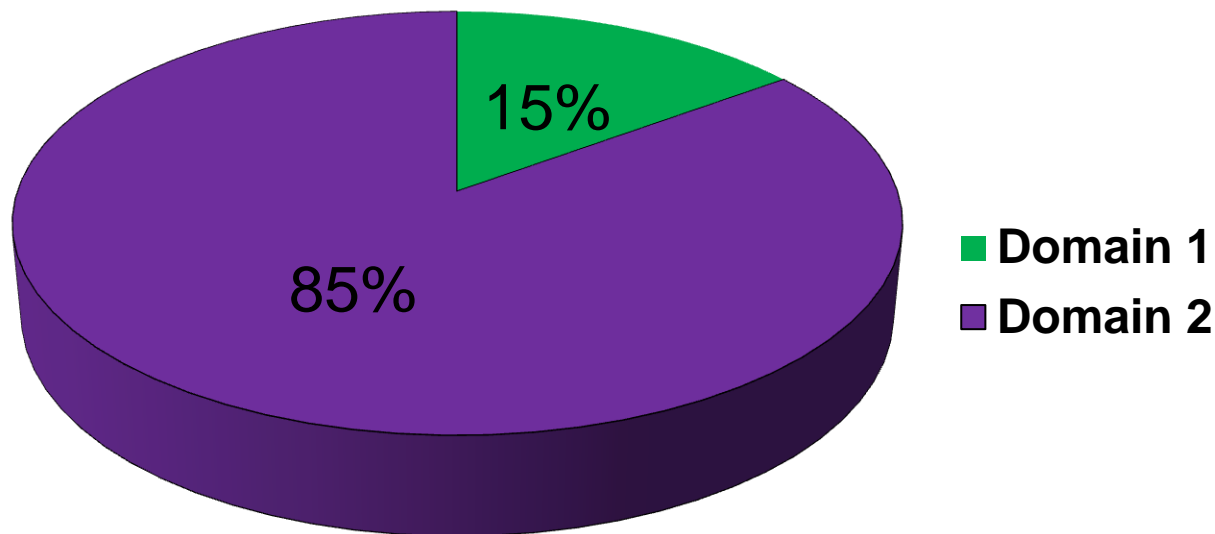
CAUTI's: Catheter Urinary Tract Infections

SSI: Colon & Abdominal Hysterectomy

NEW!: MRSA- Methicillin-Resistant Staphylococcus aureus

NEW!: C Diff – Clostridium difficile

FY 2017 HAC Domain Weights



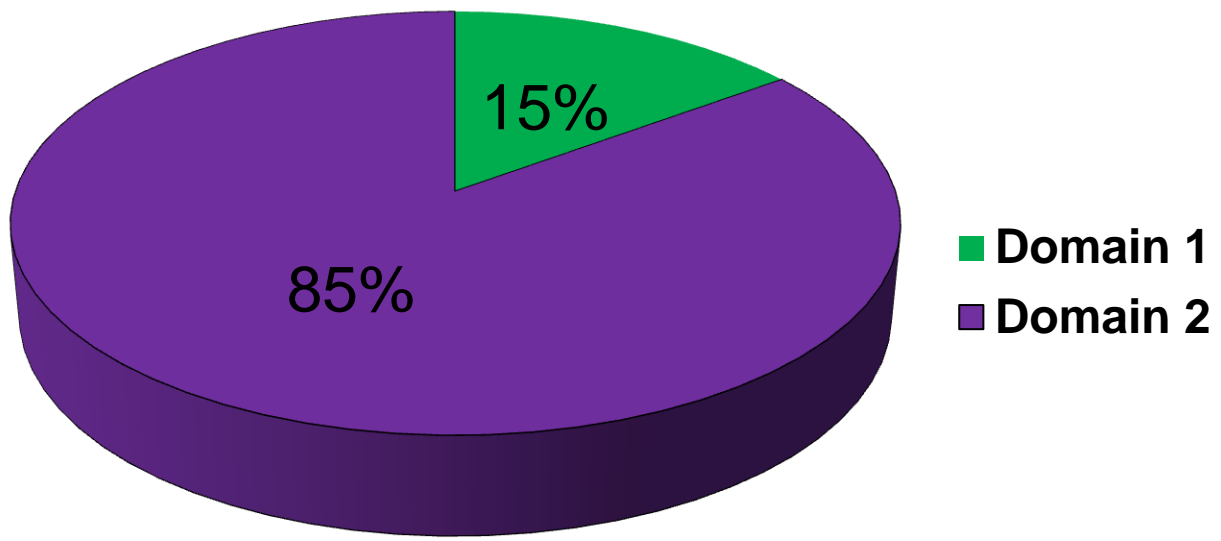
Upcoming - FY 2018 HAC Program

(proposed rule starting page 780)

Domain 1 PSI-90 AHRQ Pt Safety Composite
PSI-3: pressure Ulcer
PSI-6: Iatrogenic pneumothorax
PSI-7: central venous catheter-related blood stream infection rate
PSI-8: hip fracture
PSI-12: perioperative PE/DVT rate
PSI-13: sepsis rate
PSI-14: wound dehiscence rate
PSI-15: accidental puncture

Domain 2 CDC Measures – chart abstracted
CLABSI: Central Line Bloodstream infections
CAUTI's: Catheter Urinary Tract Infections
SSI: Colon & Abdominal Hysterectomy
MRSA- Methicillin-Resistant Staphylococcus aureus
C Diff – Clostridium difficile

FY 2017 HAC Domain Weights

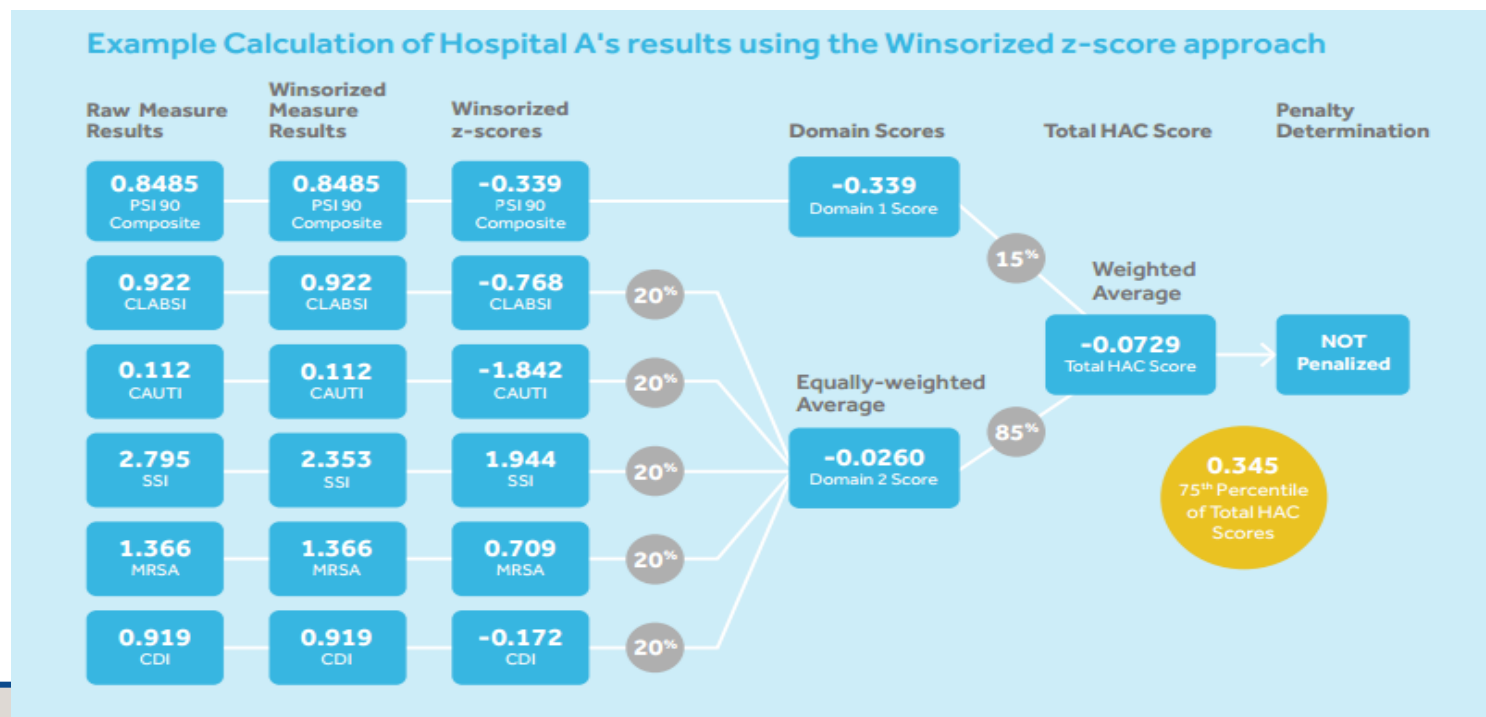


- Winsorized z-score method uses a continuous measure score rather than grouping measure results into deciles

$$Z\text{-Score} = \frac{\text{Hospital's Measure Performance} - \text{Mean Performance for All Hospitals}}{\text{Standard Deviation for All Hospitals}}$$

- Eliminates situations in which hospitals with no adverse events and no Domain 2 scores are eligible for a penalty
 - Makes it easier to distinguish performance across hospitals
 - Substantially reduces ties of total HAC scores
 - Creates a more level playing field for hospitals with data in only one Domain
- Any hospital above the 75th percentile (.345) is in the worse performing quartile and penalized
 - Positive z-score = poor performing hospitals
 - Negative z-score = better performing hospitals

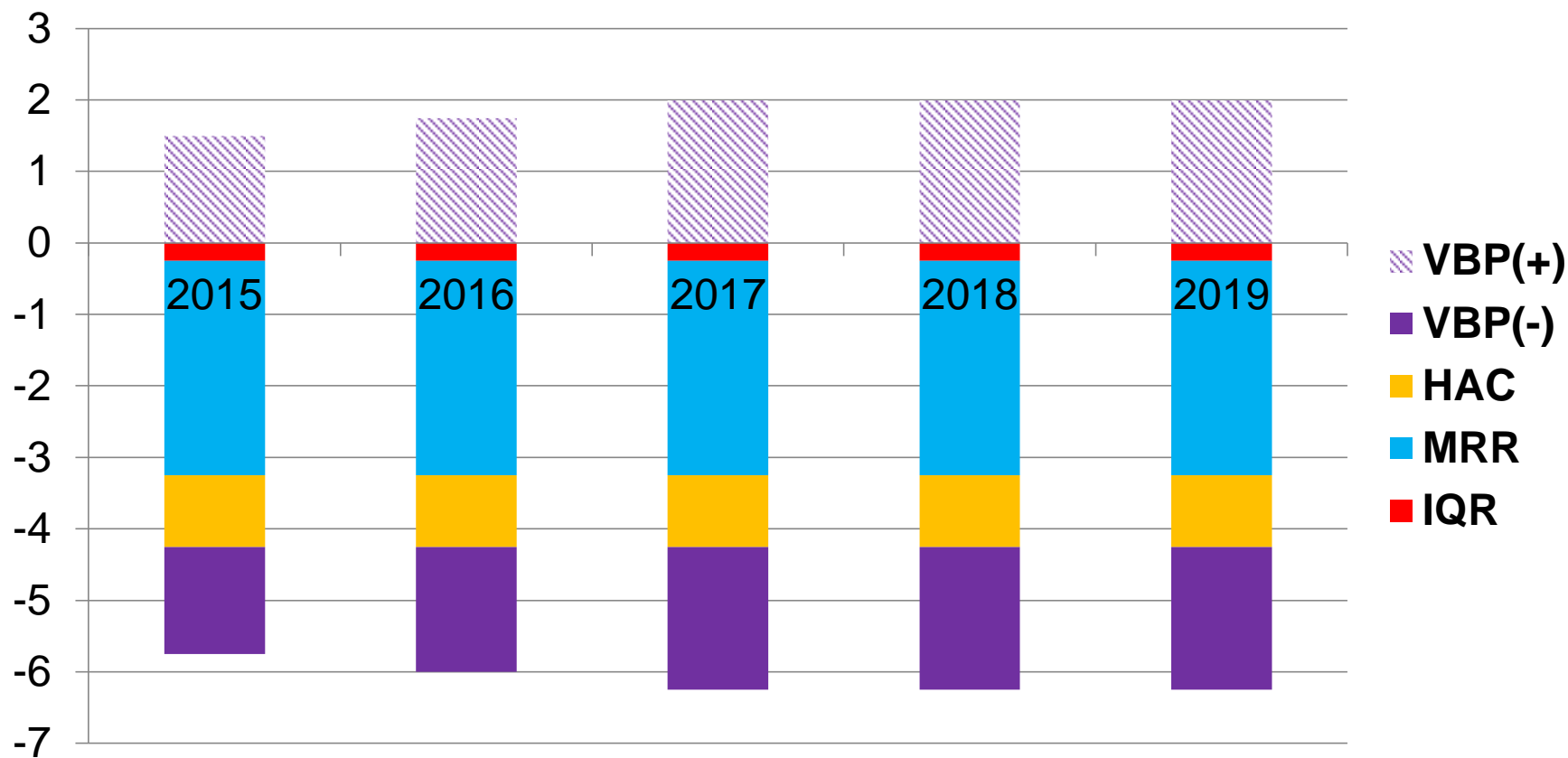
- Each individual measure result that is populated for a hospital will be calculated as a Winsorized z-score
- In place of performance deciles and points assigned (1-10) hospitals will receive Winsorized z-score.
 - Domain 1 score is now the z-score for the PSI 90
 - Domain 2 score is now the average z-scores for CDC measures



- Possible comment on the social risk factors regarding this program.
- Comments requested accounting for disability and medical complexity in CDC and NHSN measures in Domain 2.

- Both are penalty programs only
- HAC program
 - Risk-adjusted and assessed against a national benchmark- SIRs (standardized infection rates)
 - Windsorized Z-score approach with continuous scoring in FY 2018
 - Will always have a 1% penalty assessed to lowest performing quartile (aka highest quartile in points scored)
- HRR program
 - Assessed against the average rate of hospitals with similar case mixes (similar to HAC)
 - Risk-adjusted
 - Lower scores are better
 - Penalty for excessive readmissions varies from minimal to up to 3%

**Max potential cumulative negative impact
combined VBP, MRR & HAC**



Hospital Value-Based Purchasing Program

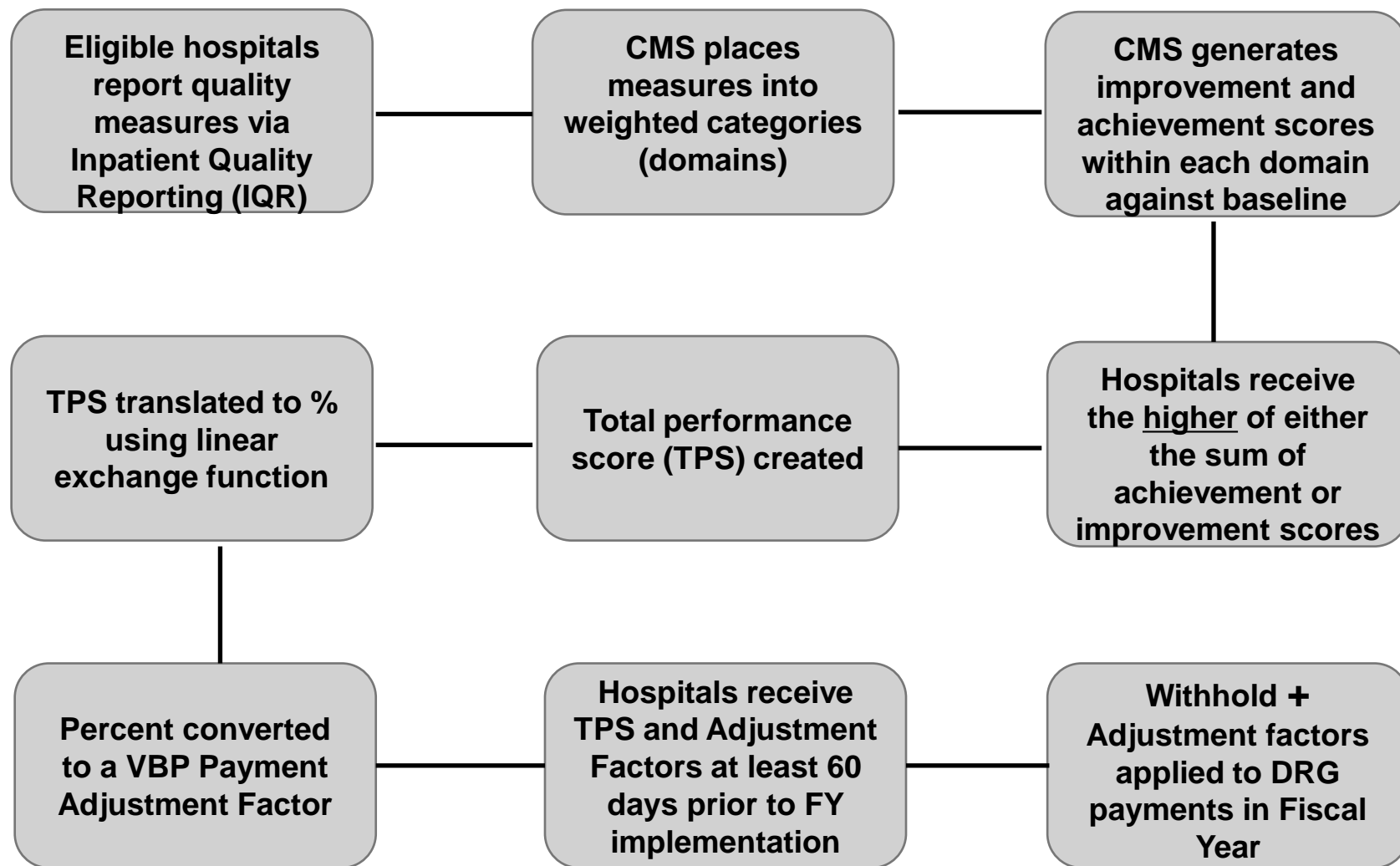
Background and Prior Implementation

(Page 717 of the FY 2018 proposed rule)

- Key policy issue for the HQC—existing value-based initiative for hospitals
- One of several “value” programs created by the Affordable Care Act
 - Goal to pay for better value of care
 - Builds on existing Hospital Inpatient Quality Reporting (IQR) infrastructure
 - Applies to payments for hospital discharges occurring on or after Oct. 1, 2012
- Budget-neutral incentive payments
 - Across-the-board reductions made to base diagnosis-related group (DRG) for each hospital inpatient discharge (for all eligible hospitals)
 - Amounts withheld redistributed to hospitals by performance rates
 - Statutory ceiling on amount of payment withheld at 2% by FY 2017
- Hospitals are scored by either their achievement or improvement
 - Achievement – Performance compared to all other hospitals in baseline period
 - Improvement – Current performance compared to own baseline period performance

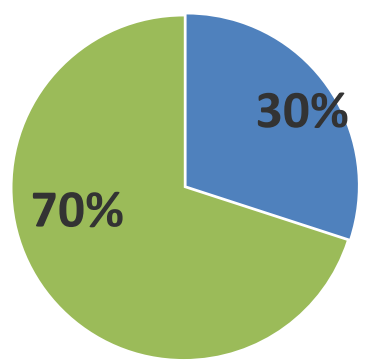
Year	Hospital DRG Withhold Amount Subject to re-distribution
FY 2013	1.00%
FY 2014	1.25%
FY 2015	1.50%
FY 2016	1.75%
FY 2017	2.00%
FY 2018 and beyond	2.00%

- Budget Neutral (Per Statute)
- DRG withholds simultaneously align with VBP Adjustment Factors (each Fiscal Year)
- \$1.8 billion redistributed in FY 2017

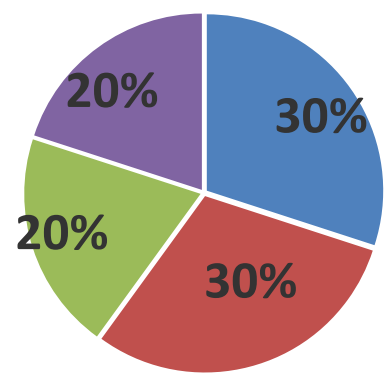


Weighting of Measure Domains continues as a Key Policy Direction

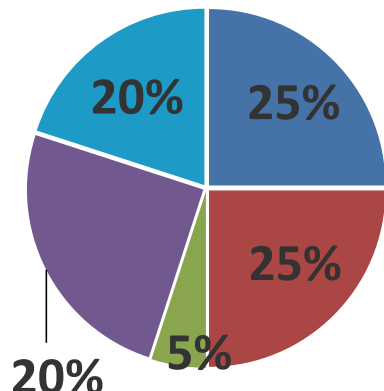
Processes Efficiency Patient Experience Outcomes Safety



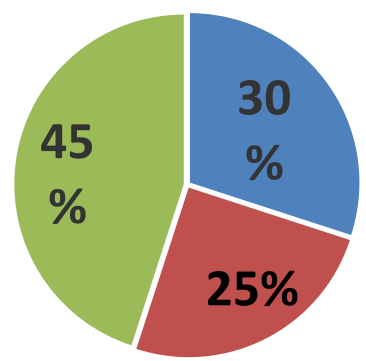
FY 2013



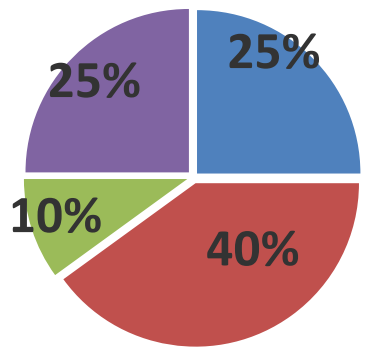
FY 2015



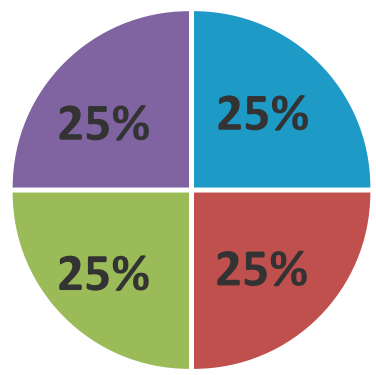
FY 2017



FY 2014



FY 2016



FY 2018

FY 2017 (Oct. 2016)

DRG withhold 2%

\$1.8 billion available for redistribution

Second year of efficiency domain

Efficiency increases to 25% weighting

Removal of 13 eCQMs

FY 2018 (Oct. 2017)

DRG withhold reaches 2% statutory ceiling

Shortened 15 month performance period – 7/1/14 – 9/30/15

Increased emphasis on outcomes remain

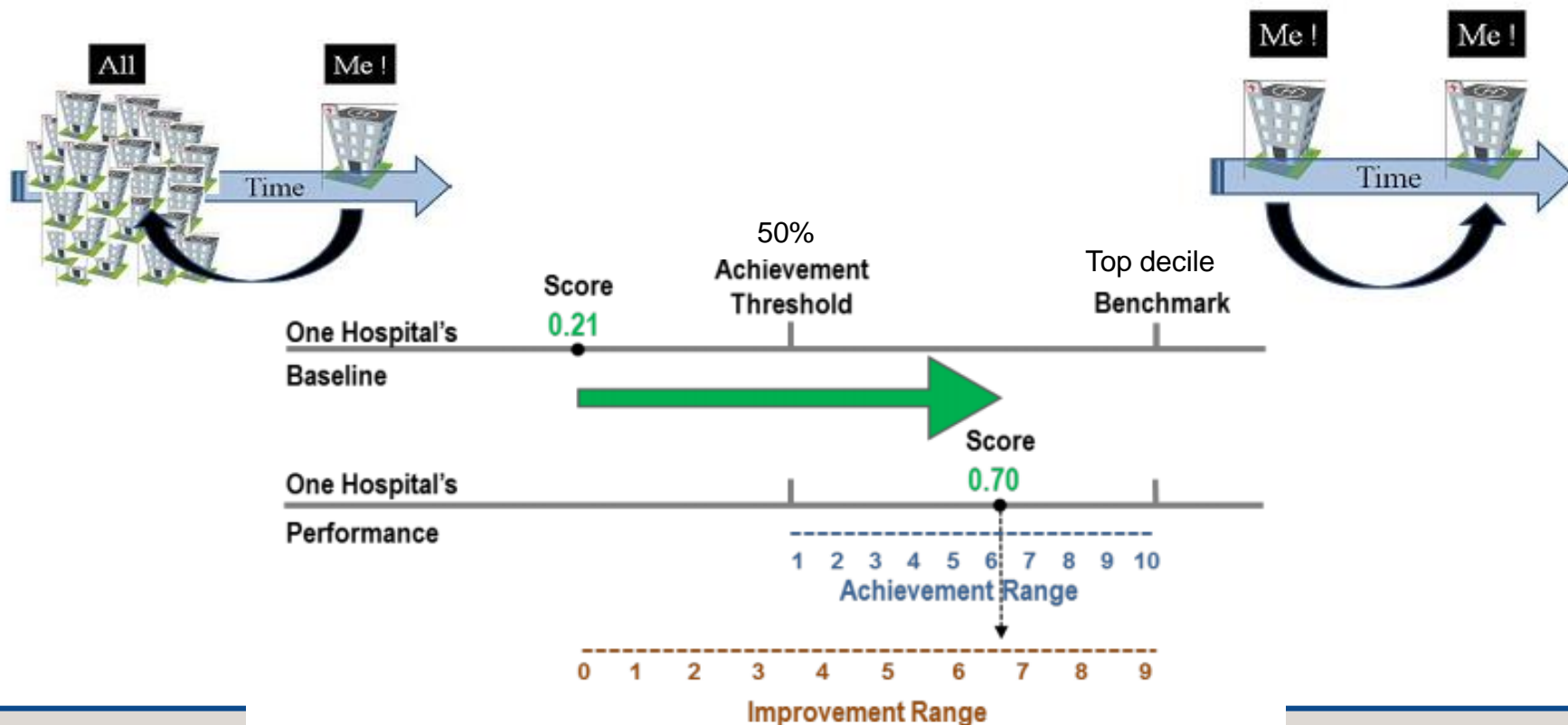
VBP incentive payments is \$1.9 billion

■ Achievement Points

- At or above benchmark=10 points
- Between threshold and benchmark= 1-9
- Below threshold= 0

■ Improvement Points

- At or above benchmark=9
- Rate less than or equal to baseline=0
- Between baseline and benchmark=0-9



Example FY 2017 Total Performance Score Calculation Breakdown

	Unweighted Improvement Score	Unweighted Achievement Score	Unweighted Score	Weighting	Weighted Domain Score
Clinical Outcomes	68.3	62.1	68.3	30%	20.49
Patient Experience of Care	52.7	39.2	52.7	25%	13.175
Safety Domain	61.0	63.5	63.5	20%	12.7
Efficiency	21.2	34.5	34.5	25%	8.625
Total Performance Score (TPS)					54.99
National TPS					50
Base Operating DRG Percent Payment Amount Reduction					2%
Net Change in Base Operating DRG Payment Amount (Linear Exchange)					+0.574%
Value-Based Incentive Payment Adjustment Factor					1.00574

1.00 is the “break even” point of the withhold
 Upcoming FY payments for DRG’s would increase by over ½ of 1%
 Example: \$10,000 surgery would be reimbursed \$10,057 for the fiscal year

Clinical Process of Care
AMI 7a Fibrinolytic agent received w/in 30' of hospital arrival
IMM-2 Influenza immunization
NEW! PC-01 Early elective delivery prior to 39 weeks

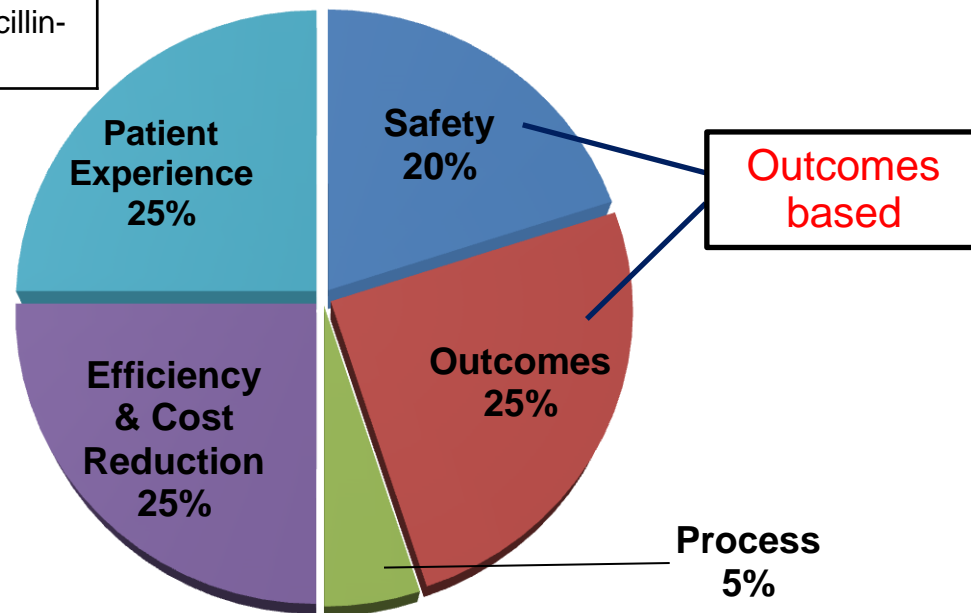
Safety
Catheter-associated urinary tract infection
PSI-90 AHRQ Pt Safety Composite
CLABSI – blood infection
Surg. Site infection
NEW! C.diff clostridium difficile infection
NEW! MRSA methicillin-resistant staph

Efficiency & Cost Reduction
MSPB – Medicare spending per beneficiary

Clinical Outcomes
AMI 30-Day mortality rate
HF 30-day mortality rate
PN 30-day mortality rate

Patient Experience & Care Coordination
Communication with nurses
Communication w/ physicians
Responsiveness of staff
Pain management
Communication about medications
Cleanliness and quietness
Discharge information
Overall rating

2.0%
DRG
withhold

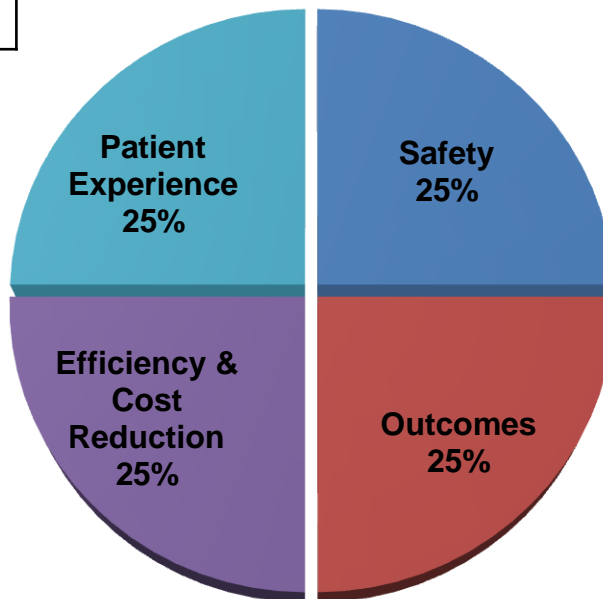


Clinical Outcomes
AMI 30-Day mortality rate
HF 30-day mortality rate
PN 30-day mortality rate
COPD 30-day mortality (FY 2021 proposed)

Efficiency & Cost Reduction
MSPB – Medicare spending per beneficiary

Safety
CAUTI – urinary catheter infect.
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PC-01 elective delivery prior to 39 weeks

Patient Experience & Care Coordination
Communication with nurses
Communication w/ physicians
Responsiveness of staff
Pain management
Communication about medications
Cleanliness and quietness
Discharge information
Overall rating
NEW! 3-Item Care Transition Measure (CTM-3)
<ul style="list-style-type: none"> ▪ Patient and Family preferences in care received ▪ Clear understanding of patient responsibility for managing health post-discharge ▪ Understanding the purpose of medications



Efficiency & Cost Reduction

MSPB – Medicare spending per beneficiary

Patient Experience & Care Coordination

Communication with nurses

Communication with physicians

Responsiveness of staff

Pain management

Communication about medications

Cleanliness and quietness

Discharge information

Overall rating

3-Item Care Transition Measure (CTM-3)

Safety

New! CAUTI – urinary catheter infect.

Removed! PSI-90 AHRQ Pt Safety Composite

New! CLABSI – blood infection

SSI - Surg. Site infection

CDI - Clostridium difficile infection

MRSA Methicillin-Resistant staph

PC-01 elective delivery prior to 39 weeks

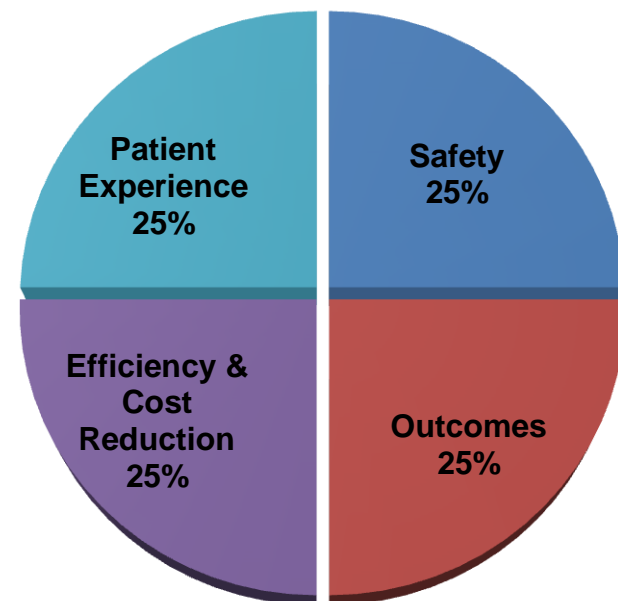
Clinical Outcomes

AMI 30-Day mortality rate

HF 30-day mortality rate

PN 30-day mortality rate

COPD 30-day mortality (**FY 2021 proposed**)



- FY 2020: Update HCAHPS survey with questions regarding communication about pain.
- FY 2022: Adopt PN Payment measure
- FY 2023: Update stroke mortality measure to include NIH Stroke Scale claims data.
 - Proposed measure to replace PSI 90: Patient safety and adverse effects (composite) (page 738)
- Seeking comments regarding including future measures:
 - Quality of informed consent documents for elective procedures measure
 - End-of-life processes and outcomes measures for cancer patients
 - Two new nurse staffing measures
 - Eleven newly specified electronic clinical quality control measures

Submitting Public Comments

Next Steps

First draft being developed, disseminated by June 5

Feedback returned by C.O.B. Monday, June 12

Feedback collated and submitted to CMS by June 13

Encourage all HQC organizations to submit comments!

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