



HOSPITAL VALUE-BASED PURCHASING



Target Audience: Medicare Fee-For-Service Program (also known as Original Medicare)
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INTRODUCTION

The Hospital Value-Based Purchasing (VBP) Program is a Centers for Medicare & Medicaid Services (CMS) initiative that rewards acute-care hospitals with incentive payments for the quality care provided to Medicare beneficiaries.

[Section 1886\(o\) of the Social Security Act](#) establishes the Hospital VBP Program, affecting payment for inpatient stays in more than 3,000 hospitals across the country. This program is part of CMS’ larger [quality strategy](#) to reform how health care is delivered and paid.

This booklet explains how the Hospital VBP Program works and how hospital performance is measured and scored. It also previews changes in future Hospital VBP Program years.

HOW DOES HOSPITAL VBP WORK?

CMS rewards hospitals based on:

- The **quality** of care provided to Medicare patients
- How closely best clinical practices are followed
- How well hospitals enhance patients' experiences of care during hospital stays

Hospitals are no longer paid solely on the **quantity** of services provided. Under the Hospital VBP Program, Medicare makes incentive payments to hospitals based on either:

- How well they perform on each measure compared to other hospitals' performance during a baseline period
- How much they improve their performance on each measure compared to their performance during a baseline period

The performance information is reported through [QualityNet](#), the secure extranet portal supporting Center for Clinical Standards and Quality (CCSQ) quality reporting programs for health care providers and vendors supporting providers.

HOW DOES THE VBP PROGRAM MEASURE HOSPITAL PERFORMANCE?

CMS bases hospital performance on an approved set of **measures** and **dimensions** grouped into specific quality **domains**. Domains are assigned weights (percentages) which are then used to score each domain.

Table 1. Hospital VBP Domains and Relative Weights for Fiscal Year (FY) 2018 and Subsequent Years

Domain	Weight
Safety	25%
Clinical Care	25%
Efficiency and Cost Reduction	25%
Patient and Caregiver-Centered Experience of Care/Care Coordination*	25%

* Beginning with FY 2019, CMS will rename the "Patient and Caregiver-Centered Experience of Care/ Care Coordination" domain to "Person and Community Engagement."

Table 2. FY 2018 Hospital VBP Program Measures

Measure ID	Measure Description	Domain
CAUTI	Catheter-Associated Urinary Tract Infection	Safety
CLABSI	Central Line-Associated Blood Stream Infection	Safety
CDI	<i>Clostridium difficile</i> Infection (<i>C. difficile</i>)	Safety
MRSA	Methicillin-Resistant <i>Staphylococcus aureus</i> Bacteremia	Safety
PSI-90	Patient Safety for Selected Indicators (composite)	Safety
PC-01	Elective Delivery Prior to 39 Completed Weeks Gestation	Safety
SSI	Surgical Site Infection: <ul style="list-style-type: none"> • Colon • Abdominal Hysterectomy 	Safety
MORT-30-AMI	Acute Myocardial Infarction (AMI) 30-Day Mortality Rate	Clinical Care
MORT-30-HF	Heart Failure (HF) 30-Day Mortality Rate	Clinical Care
MORT-30-PN	Pneumonia (PN) 30-Day Mortality Rate	Clinical Care
MSPB-1	Medicare Spending per Beneficiary (MSPB)	Efficiency and Cost Reduction
Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) Survey	<ul style="list-style-type: none"> • Communication with Nurses • Communication with Doctors • Responsiveness of Hospital Staff • Communication about Medicines • Hospital Cleanliness and Quietness • Discharge Information • 3-Item Care Transition* • Overall Rating of Hospital 	Patient and Caregiver-Centered Experience of Care/ Care Coordination

* Beginning with FY 2018, the Care Transition measure will add three questions to the HCAHPS Survey. For more information, see page 49551 of the [FY 2016 Inpatient Prospective Payment System \(IPPS\)/Long-Term Care Hospital \(LTCH\) Final Rule](#). The HCAHPS Pain Management dimension will also be removed from the Hospital VBP Program, beginning with the FY 2018 program year.

Table 3. FY 2019 Hospital VBP Program Measures

Measure ID	Measure Description	Domain
CAUTI	Catheter-Associated Urinary Tract Infection	Safety
CLABSI	Central Line-Associated Blood Stream Infection	Safety
CDI	<i>Clostridium difficile</i> Infection (<i>C. difficile</i>)	Safety
MRSA	Methicillin-Resistant <i>Staphylococcus aureus</i> Bacteremia	Safety
PC-01	Elective Delivery Prior to 39 Completed Weeks Gestation	Safety
SSI	Surgical Site Infection: <ul style="list-style-type: none"> • Colon • Abdominal Hysterectomy 	Safety
MORT-30-AMI	Acute Myocardial Infarction (AMI) 30-Day Mortality Rate	Clinical Care
MORT-30-HF	Heart Failure (HF) 30-Day Mortality Rate	Clinical Care
MORT-30-PN	Pneumonia (PN) 30-Day Mortality Rate	Clinical Care
THA/TKA	Total Hip Arthroplasty (THA) and/or Total Knee Arthroplasty (TKA)	Clinical Care
MSPB	Medicare Spending per Beneficiary (MSPB)	Efficiency and Cost Reduction
HCAHPS Survey	<ul style="list-style-type: none"> • Communication with Nurses • Communication with Doctors • Responsiveness of Hospital Staff • Communication about Medicines • Hospital Cleanliness and Quietness • Discharge Information • 3-Item Care Transition • Overall Rating of Hospital 	Person and Community Engagement

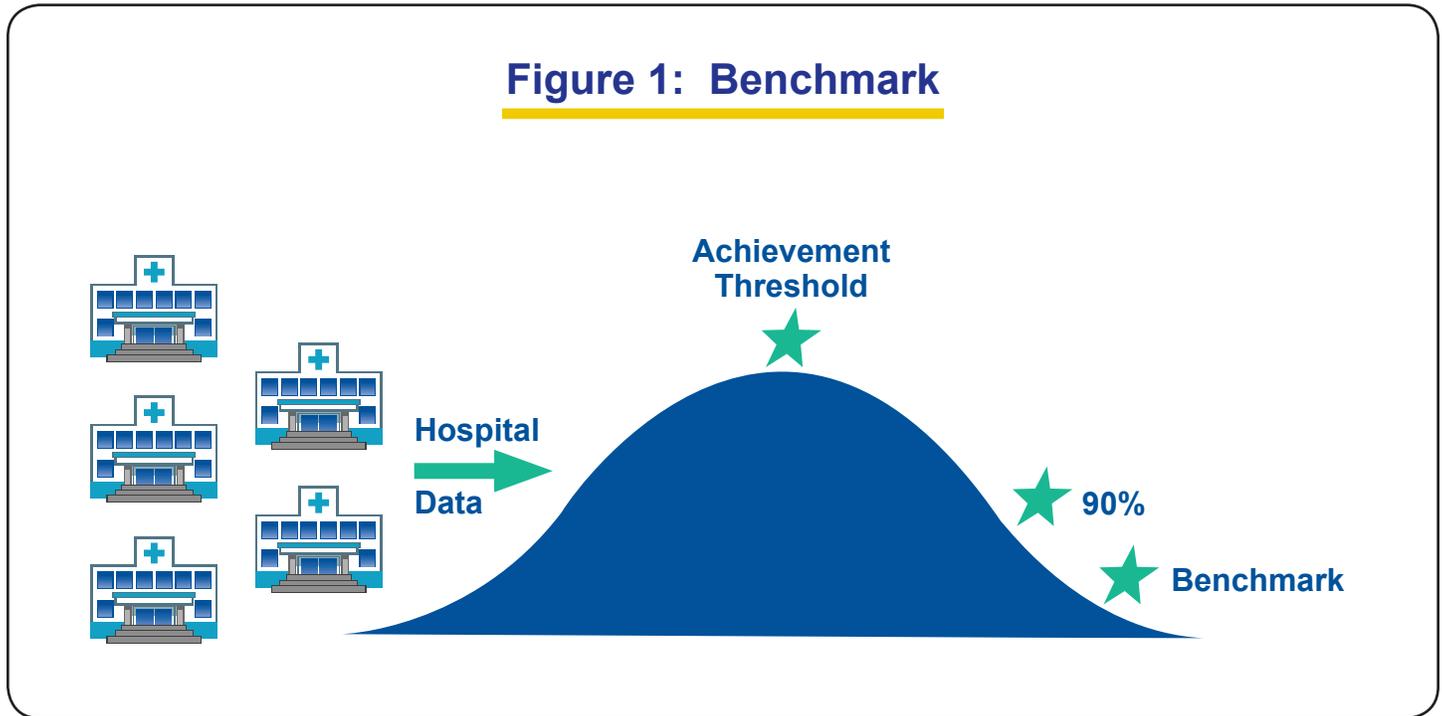
Table 4. FY 2020 Hospital VBP Program Measures

Measure ID	Measure Description	Domain
CAUTI	Catheter-Associated Urinary Tract Infection	Safety
CLABSI	Central Line-Associated Blood Stream Infection	Safety
CDI	<i>Clostridium difficile</i> Infection (<i>C. difficile</i>)	Safety
MRSA	Methicillin-Resistant <i>Staphylococcus aureus</i> Bacteremia	Safety
PC-01	Elective Delivery Prior to 39 Completed Weeks Gestation	Safety
SSI	Surgical Site Infection: <ul style="list-style-type: none"> • Colon • Abdominal Hysterectomy 	Safety
MORT-30-AMI	Acute Myocardial Infarction (AMI) 30-Day Mortality Rate	Clinical Care
MORT-30-HF	Heart Failure (HF) 30-Day Mortality Rate	Clinical Care
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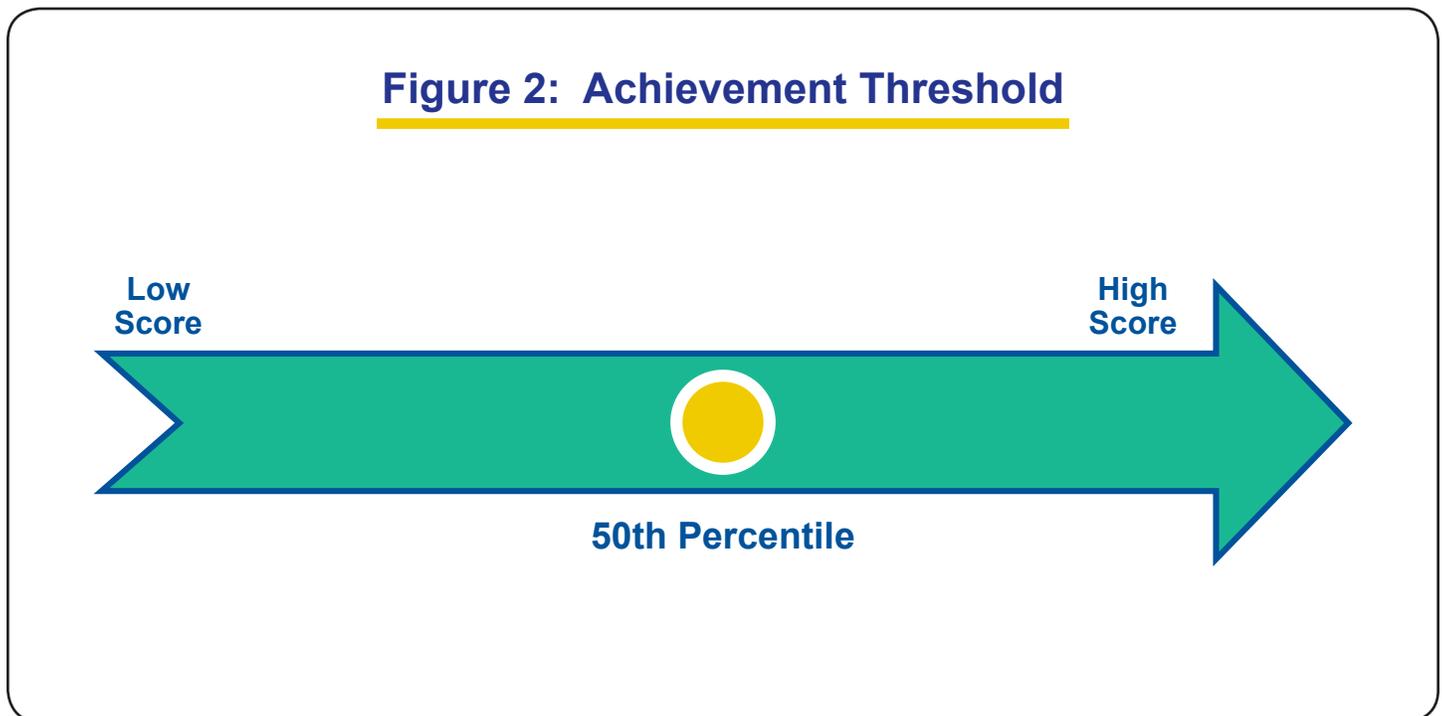
HOW IS HOSPITAL PERFORMANCE SCORED?

CMS assesses each hospital's total performance by comparing its **Achievement** and **Improvement** scores for each applicable Hospital VBP measure. CMS uses a threshold and benchmark to determine how many points to award for the Achievement and Improvement scores. CMS compares the Achievement and Improvement scores and uses whichever is greater.

Benchmark: Average (mean) performance of the top 10 percent of hospitals during the baseline period

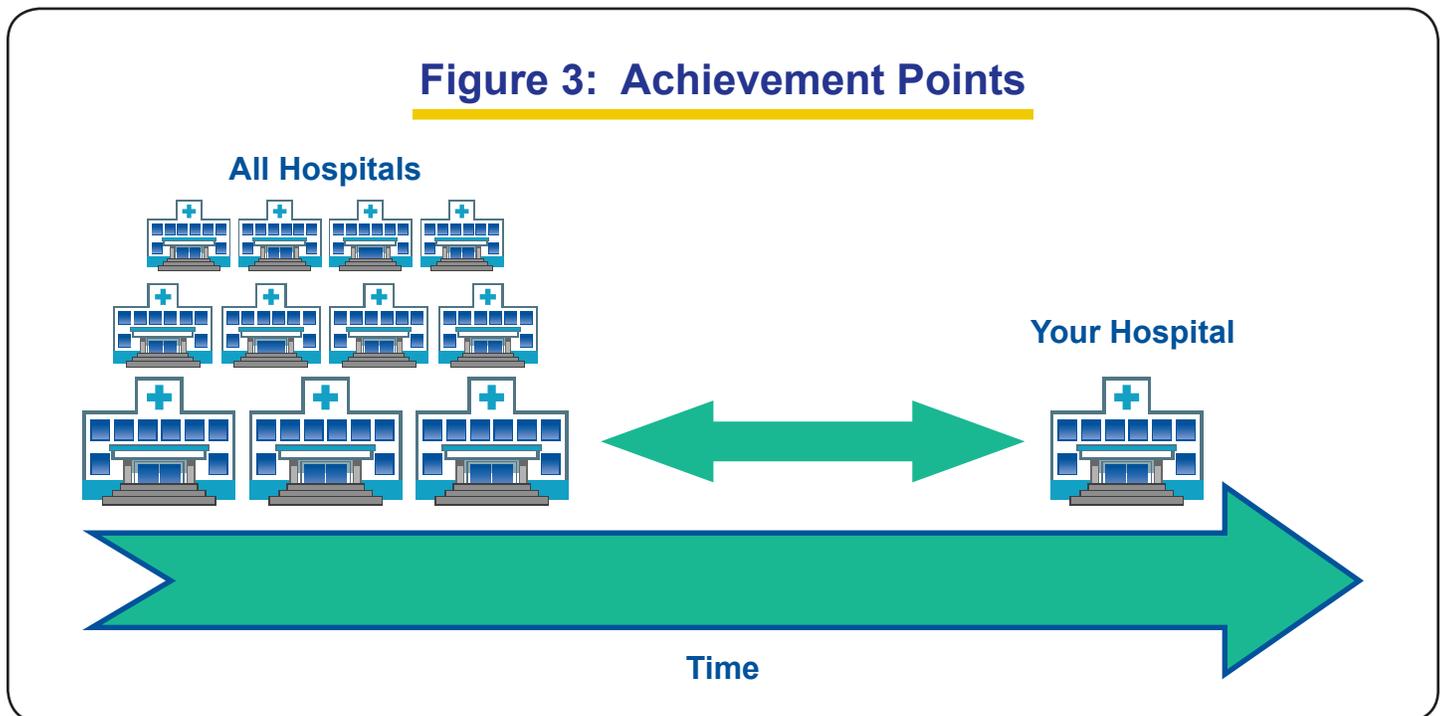


Achievement Threshold: Performance at the 50th percentile (median) of hospitals during the baseline period

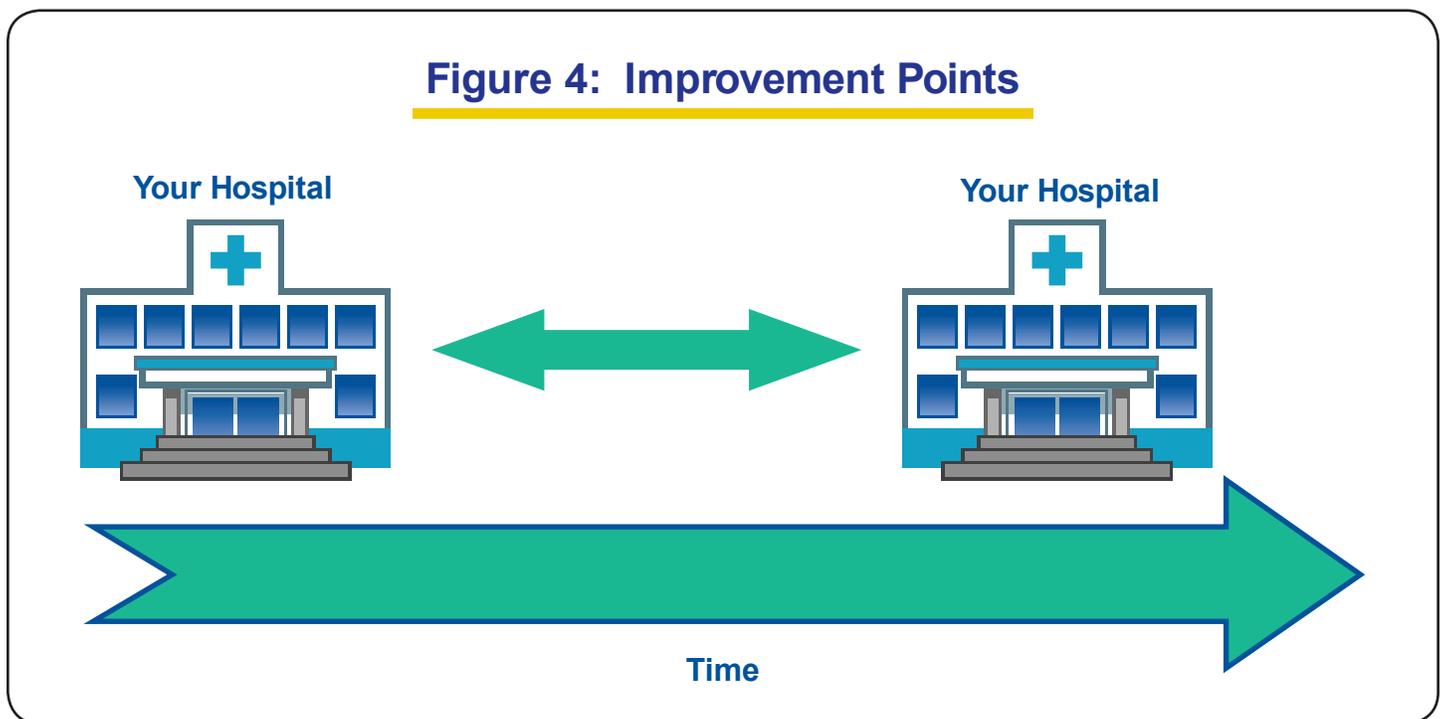


To determine the domain scores, CMS adds points across all measures.

- **Achievement points** are awarded by comparing an individual hospital's rates during the performance period to all hospitals' rates from the baseline period:
 - Hospital rates at or above benchmark = 10 Achievement points
 - Hospital rates below the Achievement threshold = 0 Achievement points
 - Hospital's rate is equal to or greater than the Achievement threshold but less than the benchmark = 1–9 Achievement points



- **Improvement points** are awarded by comparing an individual hospital's rates during the performance period to that same individual hospital's rates from the baseline period:
 - Hospital rates at or above benchmark = 9 Improvement points
 - Hospital rates at or below baseline period score = 0 Improvement points
 - Hospital's rate is greater than its baseline period score but below the benchmark = 0–9 Improvement points



The Patient Experience of Care/Person and Community Engagement domain score is the sum of a hospital's HCAHPS base score and that hospital's HCAHPS Consistency score.

- **Consistency points** are awarded by comparing an individual hospital's HCAHPS Survey dimension rates during the performance period to all hospitals' HCAHPS Survey rates from a baseline period:
 - If a hospital's performance on all HCAHPS dimensions is at or above Achievement threshold = 20 Consistency points
 - If any HCAHPS dimension rate is at or below the worst-performing hospital's performance on that dimension during the baseline period = 0 Consistency points
 - If the lowest HCAHPS dimension score is greater than the worst-performing hospital's rate but less than the Achievement threshold = 0–20 Consistency points

CMS calculates a hospital's **Total Performance Score (TPS)** by:

1. Combining the greater of either the hospital's Achievement or Improvement points for each measure to determine a score for each domain
2. Multiplying each domain score by a specified weight (percentage)
3. Adding the weighted domain scores

CMS allows hospitals with sufficient data in **at least three out of the four** domain scores to receive a TPS. Hospitals that only have scores in three domains will have their scores proportionally reweighted.

For in-depth explanation and examples of the scoring methodology, review the [Overview of the FY 2019 Hospital VBP materials](#).

Each hospital's domain scores and TPS are available on the [Hospital Compare](#) website.

WHAT ARE THE HOSPITAL VBP PROGRAM PERFORMANCE PERIODS?

A Hospital VBP Program **performance period** is a designated time span used to capture data that shows how well a hospital is performing. CMS compares data collected for each participating hospital during the performance period to that hospital's data during a **baseline period** to determine the Improvement score. The participating hospitals performance period data is compared to the Achievement Threshold for **all** hospitals during the baseline period to determine the Achievement score.

Table 5. Baseline and Performance Periods for FY 2018

Domain	Baseline Period	Performance Period
Safety: PSI-90	July 1, 2010–June 30, 2012	July 1, 2014–Sept. 30, 2015
Safety: PC-01, CAUTI, CLABSI, SSI, CDI, MRSA	Jan. 1, 2014–Dec. 31, 2014	Jan. 1, 2016–Dec. 31, 2016
Clinical Care	Oct. 1, 2009–June 30, 2012	Oct. 1, 2013–June 30, 2016
Efficiency and Cost Reduction	Jan. 1, 2014–Dec. 31, 2014	Jan. 1, 2016–Dec. 31, 2016
Patient and Caregiver-Centered Experience of Care/ Care Coordination	Jan. 1, 2014–Dec. 31, 2014	Jan. 1, 2016–Dec. 31, 2016

Table 6. Baseline and Performance Periods for FY 2019

Domain	Baseline Period	Performance Period
Safety: PC-01, CAUTI, CLABSI, SSI, CDI, MRSA	Jan. 1, 2015–Dec. 31, 2015	Jan. 1, 2017–Dec. 31, 2017
Clinical Care: MORT-30-AMI, MORT-30-HF, MORT-30-PN	July 1, 2009–June 30, 2012	July 1, 2014–June 30, 2017
Clinical Care: THA/TKA	July 1, 2010–June 30, 2013	Jan. 1, 2015–June 30, 2017
Efficiency and Cost Reduction	Jan. 1, 2015–Dec. 31, 2015	Jan. 1, 2017–Dec. 31, 2017
Person and Community Engagement	Jan. 1, 2015–Dec. 31, 2015	Jan. 1, 2017–Dec. 31, 2017

Table 7. Baseline and Performance Periods for FY 2020

Domain	Baseline Period	Performance Period
Safety: PC-01, CAUTI, CLABSI, SSI, CDI, MRSA	Jan. 1, 2016–Dec. 31, 2016	Jan. 1, 2018–Dec. 31, 2018
Clinical Care	July 1, 2010–June 30, 2013	July 1, 2015–June 30, 2018
Efficiency and Cost Reduction	Jan. 1, 2016–Dec. 31, 2016	Jan. 1, 2018–Dec. 31, 2018
Person and Community Engagement	Jan. 1, 2016–Dec. 31, 2016	Jan. 1, 2018–Dec. 31, 2018

QualityNet has [Domain Weighting Quick Reference Guides](#) available which include the domain, measures, baseline and performance periods, threshold and benchmark rates, and payment adjustment effective dates for each FY on one page.



WHEN ARE THE HOSPITAL VBP PAYMENT ADJUSTMENTS MADE?

Hospital VBP payment adjustments are applied to the base operating Medicare Severity Diagnosis-Related Group (MS-DRG) payment amount for each discharge occurring in the applicable FY on a per-claim basis. For example, the FY 2018 TPS adjusts payments for discharges in FY 2018 (October 1, 2017–September 30, 2018).

HOW IS THE HOSPITAL VBP PROGRAM FUNDED?

The Hospital VBP Program is funded by reducing hospitals' base operating MS-DRG payments by **2.0 percent**. Any leftover funds are redistributed to hospitals based on their TPS.

Other program funding specifics are as follows:

- The law requires the total amount of aggregate value-based incentive payments equals the amount available for value-based incentive payments.
- CMS finalized a linear exchange function to translate TPSs into value-based incentive payments.

RESOURCES

Table 8. Hospital VBP Resources

Resource	Website
CMS Hospital VBP Program	General Information CMS.gov/Medicare/Quality-Initiatives-Patient-Assessment-Instruments/Value-Based-Programs/HVBP/Hospital-Value-Based-Purchasing.html
	Frequently Asked Questions (FAQs) and Webinars QualityNet.org/dcs/ContentServer?c=Page&pagename=QnetPublic%2FPage%2FQnetTier3&cid=1228774651764
	Register for the ListServe and Discussions QualityNet.org/dcs/ContentServer?pagename=QnetPublic/ListServe/Register
CMS Quality Strategy: 2016	CMS.gov/Medicare/Quality-Initiatives-Patient-Assessment-Instruments/QualityInitiativesGenInfo/Downloads/CMS-Quality-Strategy.pdf

Table 8. Hospital VBP Resources (cont.)

Resource	Website
Final Rules in the Federal Register (Policies for the Hospital VBP Program)	<ul style="list-style-type: none"> • Hospital Inpatient VBP Final Rule: GPO.gov/fdsys/pkg/FR-2011-05-06/pdf/2011-10568.pdf • FY 2012 IPPS/LTCH Final Rule: GPO.gov/fdsys/pkg/FR-2011-08-18/pdf/2011-19719.pdf • CY 2012 Outpatient Prospective Payment System (OPPS)/Ambulatory Surgical Center (ASC) Final Rule: GPO.gov/fdsys/pkg/FR-2011-11-30/pdf/2011-28612.pdf • FY 2013 IPPS/LTCH Final Rule: GPO.gov/fdsys/pkg/FR-2012-08-31/pdf/2012-19079.pdf • FY 2014 IPPS/LTCH Final Rule: GPO.gov/fdsys/pkg/FR-2013-08-19/pdf/2013-18956.pdf • CY 2014 OPPS/ASC Final Rule: GPO.gov/fdsys/pkg/FR-2013-12-10/pdf/2013-28737.pdf • FY 2015 IPPS/LTCH Final Rule: GPO.gov/fdsys/pkg/FR-2014-08-22/pdf/2014-18545.pdf • FY 2016 IPPS/LTCH Final Rule: GPO.gov/fdsys/pkg/FR-2015-08-17/pdf/2015-19049.pdf • FY 2017 IPPS/LTCH Final Rule: GPO.gov/fdsys/pkg/FR-2016-08-22/pdf/2016-18476.pdf • FY 2017 OPPS/ASC Final Rule: GPO.gov/fdsys/pkg/FR-2016-11-14/pdf/2016-26515.pdf • FY 2018 IPPS/LTCH Final Rule: GPO.gov/fdsys/pkg/FR-2017-08-14/pdf/2017-16434.pdf
HCAHPS	HCAHPSOnline.org
Hospital Quality Initiative	CMS.gov/Medicare/Quality-Initiatives-Patient-Assessment-Instruments/HospitalQualityInits
Social Security Laws	SSA.gov/OP_Home/ssact/title18/1886.htm

Table 9. Hyperlink Table

Embedded Hyperlink	Complete URL
Domain Weighting Quick Reference Guides	https://www.qualitynet.org/dcs/ContentServer?c=Page&pagename=QnetPublic%2FPage%2FQnetTier3&cid=1228772237202
FY 2016 Inpatient Prospective Payment System (IPPS)/Long-Term Care Hospital (LTCH) Final Rule	https://www.gpo.gov/fdsys/pkg/FR-2015-08-17/pdf/2015-19049.pdf
Hospital Compare	https://www.medicare.gov/HospitalCompare/Data/total-performance-scores.html
Overview of the FY 2019 Hospital VBP Materials	https://www.qualitynet.org/dcs/ContentServer?c=Page&pagename=QnetPublic%2FPage%2FQnetTier3&cid=1228774651764
Quality Strategy	https://www.cms.gov/Medicare/Quality-Initiatives-Patient-Assessment-Instruments/Value-Based-Programs/CMS-Quality-Strategy.html
QualityNet	https://www.qualitynet.org
Section 1886(o) of the Social Security Act	https://www.ssa.gov/OP_Home/ssact/title18/1886.htm

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