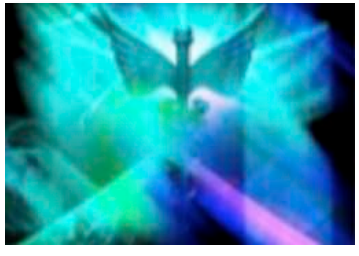
National Provider Call: Hospital Value-Based Purchasing



Fiscal Year 2014 Overview for Beneficiaries, Providers, and Stakeholders

Centers for Medicare & Medicaid Services

July 11, 2012
1:30 – 3:00 p.m. EDT

Agenda

- **Introduction to the Hospital Value-Based Purchasing (VBP) Program**
- **Proposed Fiscal Year (FY) 2014 Hospital VBP Program**
- **How Will Hospitals be Evaluated?**
  - **Clinical Process of Care**
  - **Patient Experience of Care**
    - Base Points
    - Consistency Points
  - **Outcome**
  - **Total Performance Score**
  - **Value-Based Incentive Payment**
- **Questions & Answers**

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Introduction: Hospital VBP Program

- **Authorized by the Affordable Care Act, which added Section 1886(o) to the Social Security Act**
- **Quality incentive program built on the Hospital Inpatient Quality Reporting (IQR) measure reporting infrastructure**
- **Next step in promoting higher quality care for Medicare beneficiaries**
- **Pays for care that rewards better value, patient outcomes, and innovations, instead of just volume of services**
- **Funded by a 1.25% reduction from participating hospitals' base-operating Diagnosis-Related Group (DRG) payments in FY 2014**

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Who is Eligible for the FY14 Hospital VBP Program? (1 of 4)

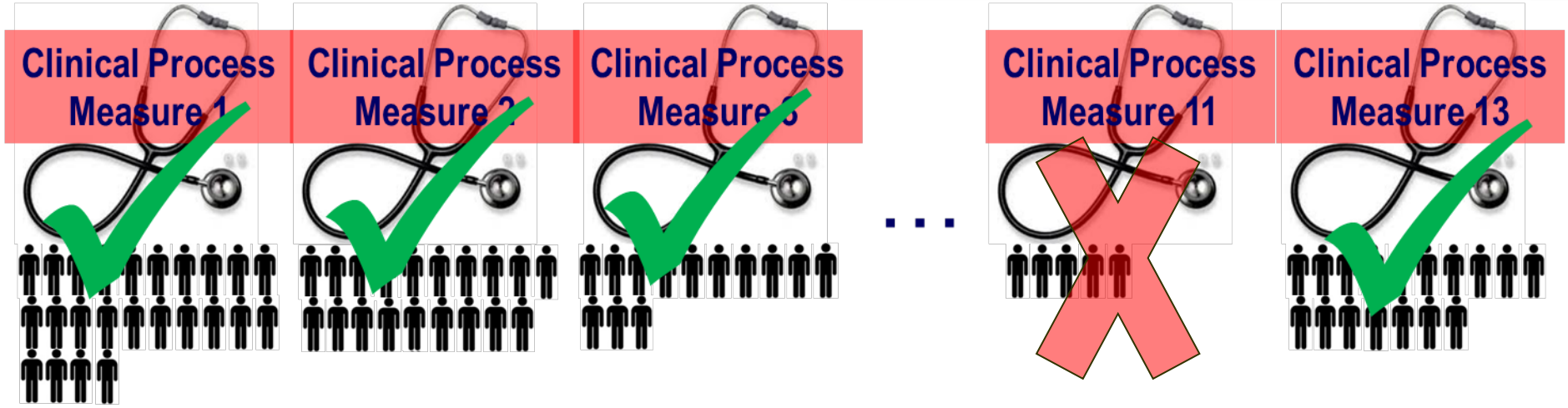
How is "hospital" defined for this program?

- **Hospital VBP Program applies to subsection (d) hospitals:**
  - Statutory definition of subsection (d) hospital found in Section 1886(d)(1)(B)
  - Applies to acute care hospitals in Maryland

Who is Eligible for the FY14 Hospital VBP Program? (2 of 4)

- **Exclusions under Section 1886(o)(1)(C)(ii):**
  - Hospitals subject to payment reductions under Hospital IQR
  - Hospitals cited for deficiencies during the Performance Period that pose immediate jeopardy to the health or safety of patients
  - Hospitals without the minimum number of cases, measures, or surveys
- **Hospitals excluded from Hospital VBP will not have their base operating DRG payments reduced by 1.25%**

Who is Eligible for the FY14 Hospital VBP Program? (3 of 4)

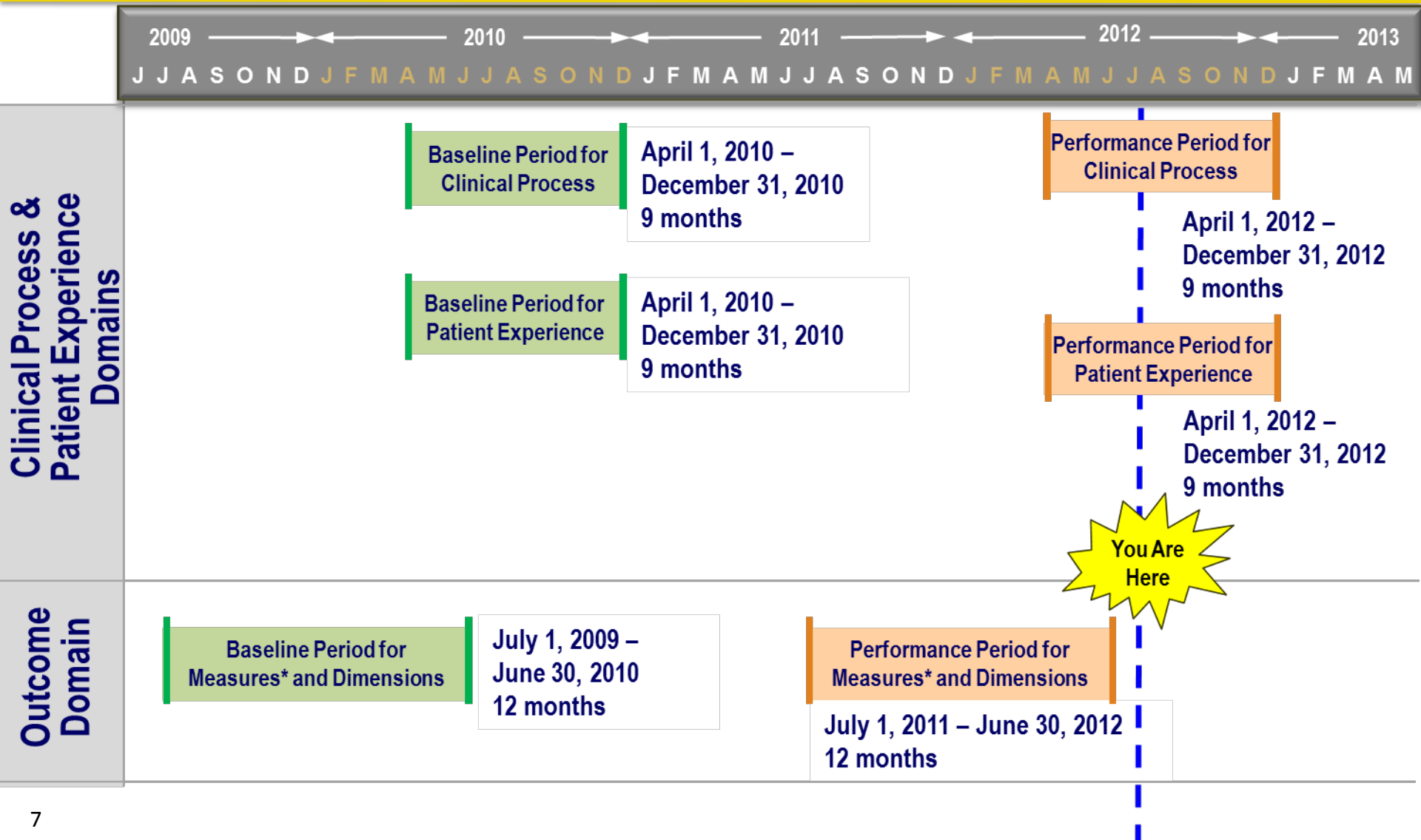


- **Clinical Process of Care Domain score** requires at least 10 cases for each of at least 4 applicable measures during the Performance Period
- **Patient Experience of Care Domain score** requires at least 100 completed Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) surveys during the Performance Period

Who is Eligible for the FY14 Hospital VBP Program? (4 of 4)

- **Outcome Domain score** requires at least 10 cases for two of the three Outcome measures during the Performance Period

FY 2014 Baseline and Performance Periods

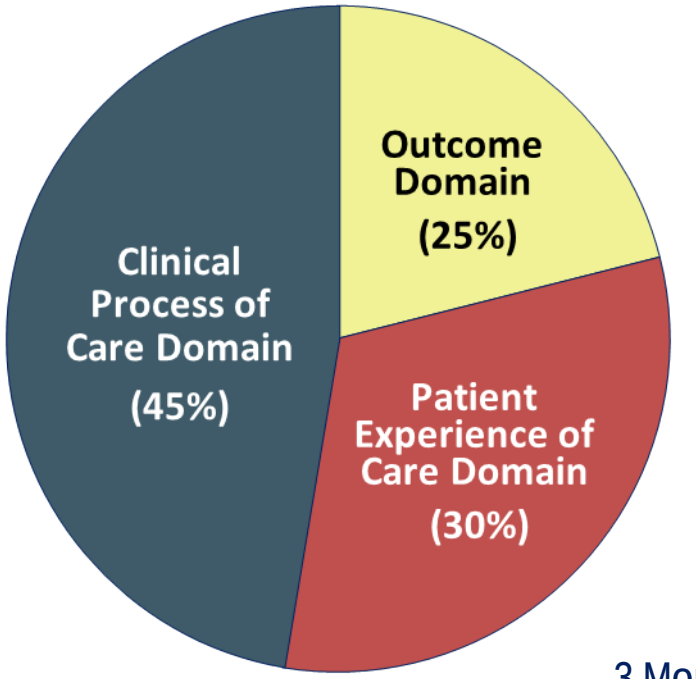


FY 2014 Finalized Domains and Measures/Dimensions

13 Clinical Process of Care Measures

1. AMI-7a Fibrinolytic Therapy Received within 30 Minutes of Hospital Arrival
2. AMI-8 Primary PCI Received within 90 Minutes of Hospital Arrival
3. HF-1 Discharge Instructions
4. PN-3b Blood Cultures Performed in the ED Prior to Initial Antibiotic Received in Hospital
5. PN-6 Initial Antibiotic Selection for CAP in Immunocompetent Patient
6. SCIP-Inf-1 Prophylactic Antibiotic Received within One Hour Prior to Surgical Incision
7. SCIP-Inf-2 Prophylactic Antibiotic Selection for Surgical Patients
8. SCIP-Inf-3 Prophylactic Antibiotics Discontinued within 24 Hours After Surgery
9. SCIP-Inf-4 Cardiac Surgery Patients with Controlled 6 a.m. Postoperative Serum Glucose
10. **SCIP–Inf–9 Postoperative Urinary Catheter Removal on Postoperative Day 1 or 2.** ★
11. SCIP-Card-2 Surgery Patients on a Beta Blocker Prior to Arrival That Received a Beta Blocker During the Perioperative Period
12. SCIP-VTE-1 Surgery Patients with Recommended Venous Thromboembolism Prophylaxis Ordered
13. SCIP-VTE-2 Surgery Patients Who Received Appropriate Venous Thromboembolism Prophylaxis within 24 Hours

Domain Weights



8 Patient Experience of Care Dimensions

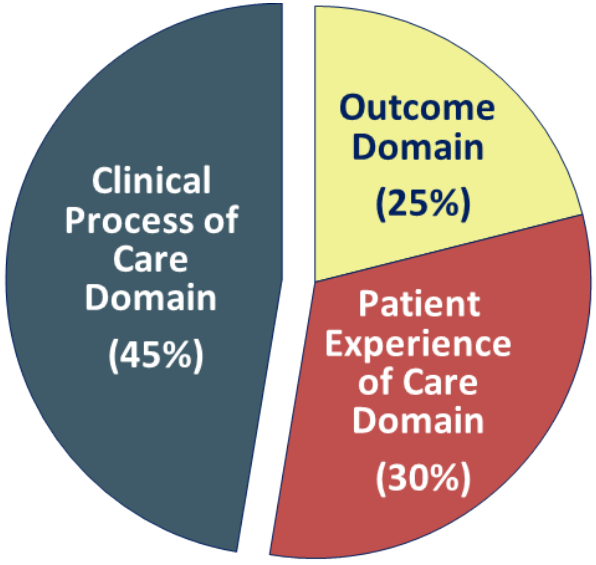
1. **Nurse Communication**
2. **Doctor Communication**
3. **Hospital Staff Responsiveness**
4. **Pain Management**
5. **Medicine Communication**
6. **Hospital Cleanliness and Quietness**
7. **Discharge Information**
8. **Overall Hospital Rating**

3 Mortality Measures ★

1. **MORT-30-AMI Acute Myocardial Infarction (AMI) 30-day mortality rate**
2. **MORT-30-HF Heart Failure (HF) 30-day mortality rate**
3. **MORT-30-PN Pneumonia (PN) 30-day mortality rate**

★ Represents a new measure for the FY 2014 Program not in the FY 2013 Program.

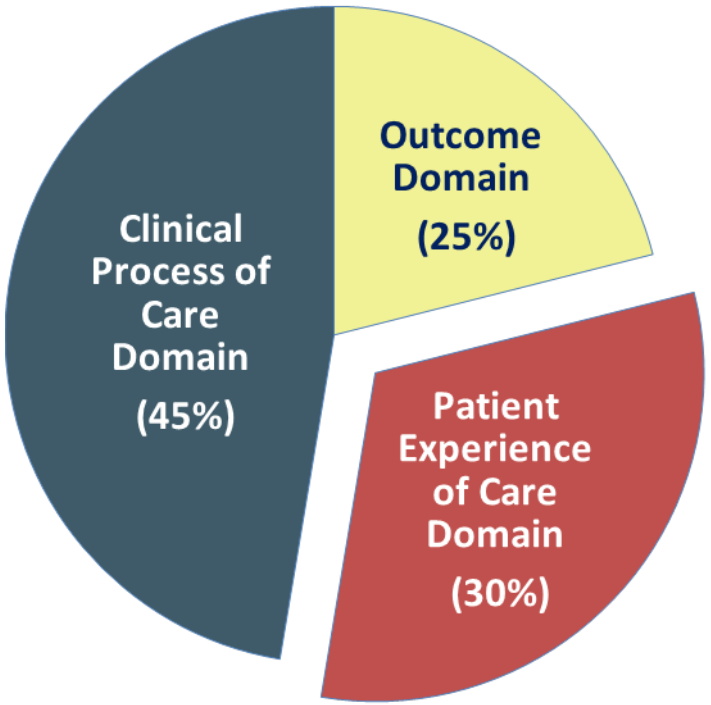
FY 2014 Domains and Measures/Dimensions (1 of 3)



Clinical Process of Care Measures
1. AMI-7a Fibrinolytic Therapy Received within 30 Minutes of Hospital Arrival
2. AMI-8a Primary PCI Received within 90 Minutes of Hospital Arrival
3. HF-1 Discharge Instructions
4. PN-3b Blood Cultures Performed in the Emergency Department Prior to Initial Antibiotic Received in Hospital
5. PN-6 Initial Antibiotic Selection for CAP in Immunocompetent Patient
6. SCIP-Inf-1 Prophylactic Antibiotic Received within One Hour Prior to Surgical Incision
7. SCIP-Inf-2 Prophylactic Antibiotic Selection for Surgical Patients
8. SCIP-Inf-3 Prophylactic Antibiotic Discontinued within 24 Hours After Surgery End Time
9. SCIP-Inf-4 Cardiac Surgery Patients with Controlled 6 a.m. Postoperative Serum Glucose
★ 10. SCIP-Inf-9 Urinary Catheter Removed on Postoperative Day 1 or Postoperative Day 2
11. SCIP-Card-2 Surgery Patients on Beta-Blocker Therapy Prior to Arrival Who Received a Beta-Blocker During the Perioperative Period
12. SCIP-VTE-1 Surgery Patients with Recommended Venous Thromboembolism Prophylaxis Ordered
13. SCIP-VTE-2 Surgery Patients Who Received Appropriate Venous Thromboembolism Prophylaxes within 24 Hours Prior to Surgery to 24 Hours After Surgery

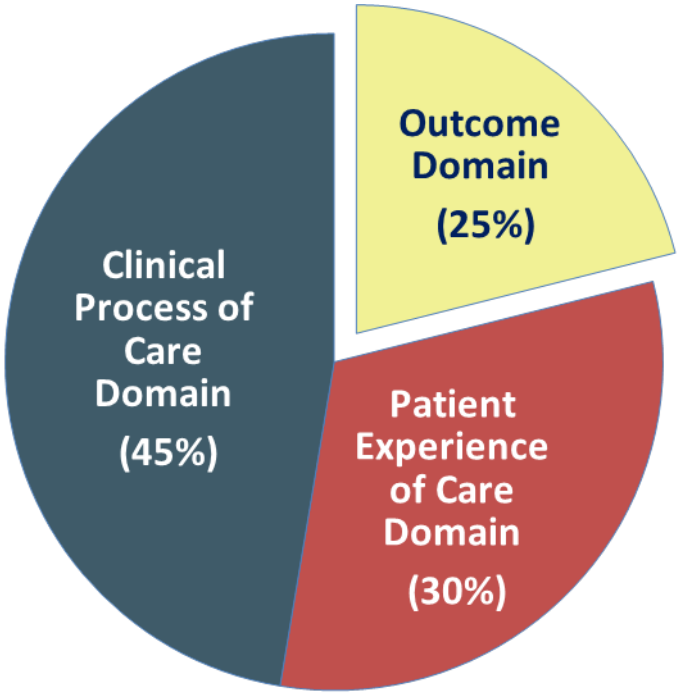
★ Represents a new measure not in the FY 2013 Program.

FY 2014 Domains and Measures/Dimensions (2 of 3)



Patient Experience of Care Dimensions
1. Communication with Nurses
2. Communication with Doctors
3. Responsiveness of Hospital Staff
4. Pain Management
5. Communication about Medicines
6. Cleanliness and Quietness of Hospital Environment
7. Discharge Information
8. Overall Rating of Hospital

FY 2014 Domains and Measures/Dimensions (3 of 3)



Outcome Measures
1. MORT-30-AMI Acute Myocardial Infarction (AMI) 30-day mortality rate
2. MORT-30-HF Heart Failure (HF) 30-day mortality rate
3. MORT-30-PN Pneumonia (PN) 30-day mortality rate

"…the 30-day mortality measures assess deaths that occur within 30 days after admission, which, depending on the length of stay, may occur post-discharge…"[1]

[1] *Specifications Manual for National Hospital Inpatient Quality Measures*, Version 4.0; NQF-ENDORSED VOLUNTARY CONSENSUS STANDARDS FOR HOSPITAL CARE, Measure Information Form, Measure Set: CMS Mortality Measures, Set Measure ID#: MORT-30-AMI.

How Will Hospitals Be Evaluated?
FY 2014 Program Summary

- **Three domains:**
  - Clinical Process of Care (13 measures)
  - Patient Experience of Care (8 HCAHPS dimensions)
  - Outcome (3 mortality measures)
- **Hospitals are awarded points for Achievement and Improvement for each measure or dimension, with the greater set of points used**
- **Points are added across all measures to reach the Clinical Process of Care and Outcome domain scores**
- **Points are added across all dimensions and are added to the Consistency Points to reach the Patient Experience of Care domain score**

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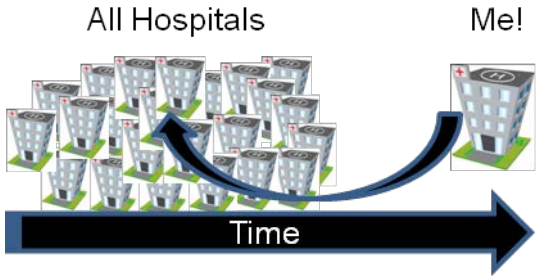
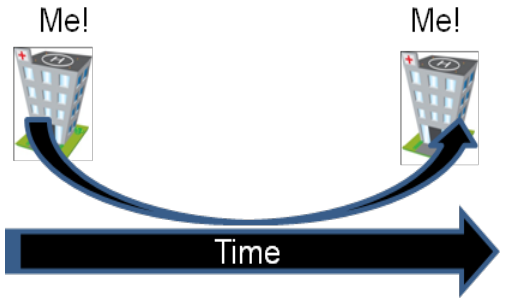
How Will Hospitals Be Evaluated?
Achievement vs. Improvement

- **Achievement Points:**
  Awarded by comparing an individual hospital's rates during the Performance Period with all hospitals' rates from the Baseline Period
  - Rate at or above the Benchmark: 10 points
  - Rate less than the Achievement Threshold: 0 points
  - Rate equal to or greater than the Achievement
  - Threshold and less than the Benchmark: 1–10 points

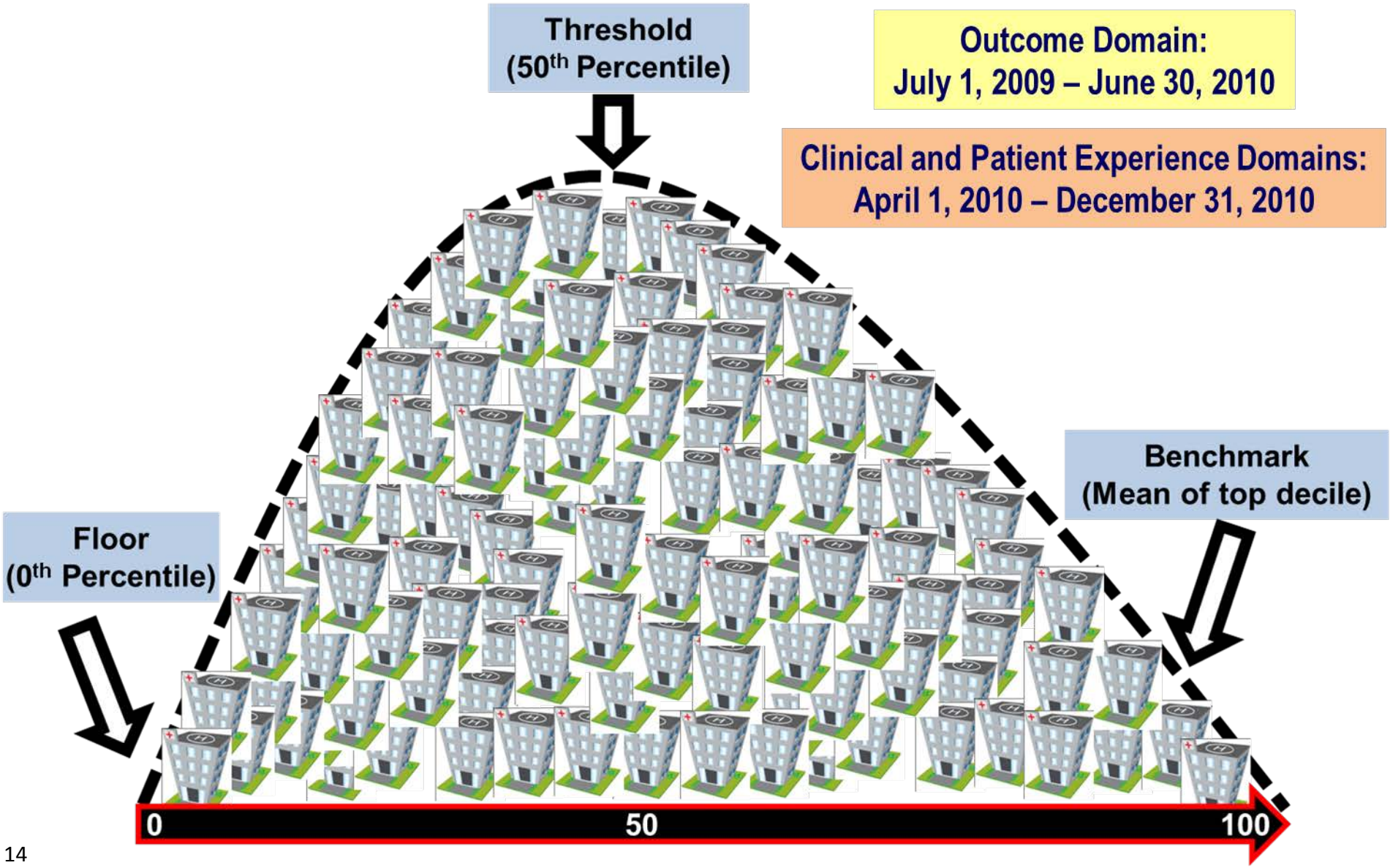


- **Improvement Points:**
  Awarded by comparing a hospital's rates during the Performance Period to that same hospital's rates from the Baseline Period
  - Rate at or above the Benchmark: 9 points
  - Rate less than or equal to Baseline Period Rate: 0 points
  - Rate between the Baseline Period Rate and the Benchmark: 0–9 points



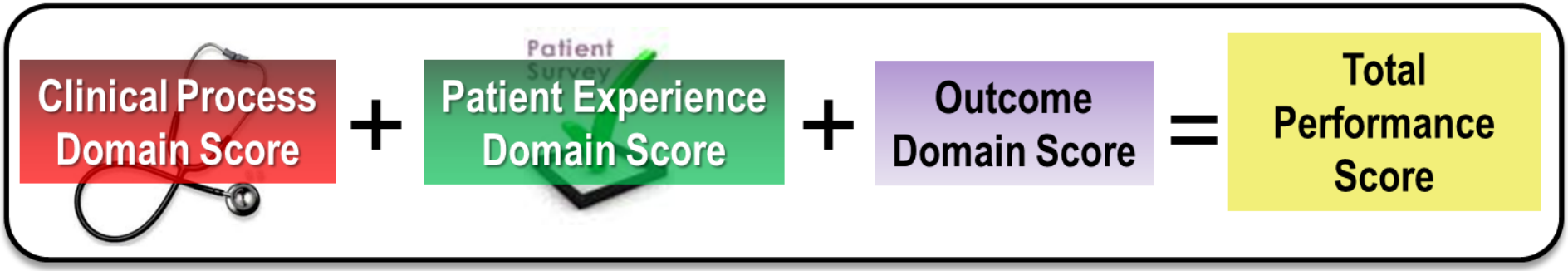
How Will Hospitals Be Evaluated?

Baseline Performance Data



How Will Hospitals Be Evaluated?

Total Performance Score

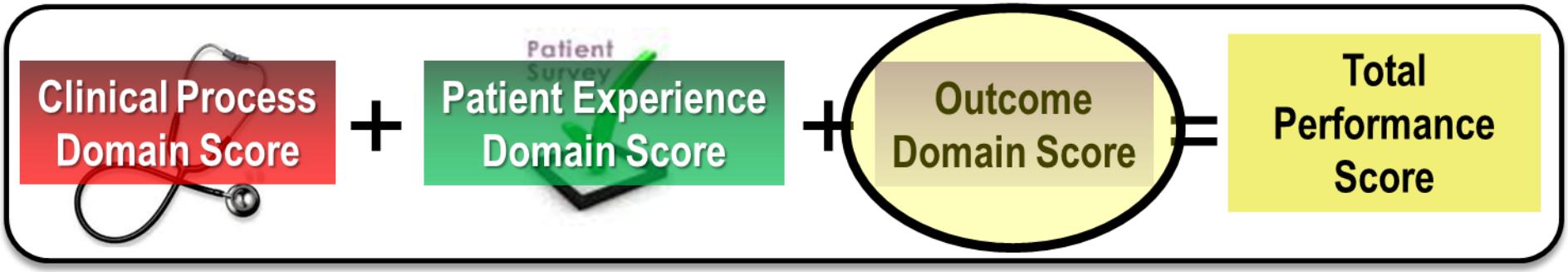


45%

30%

25%

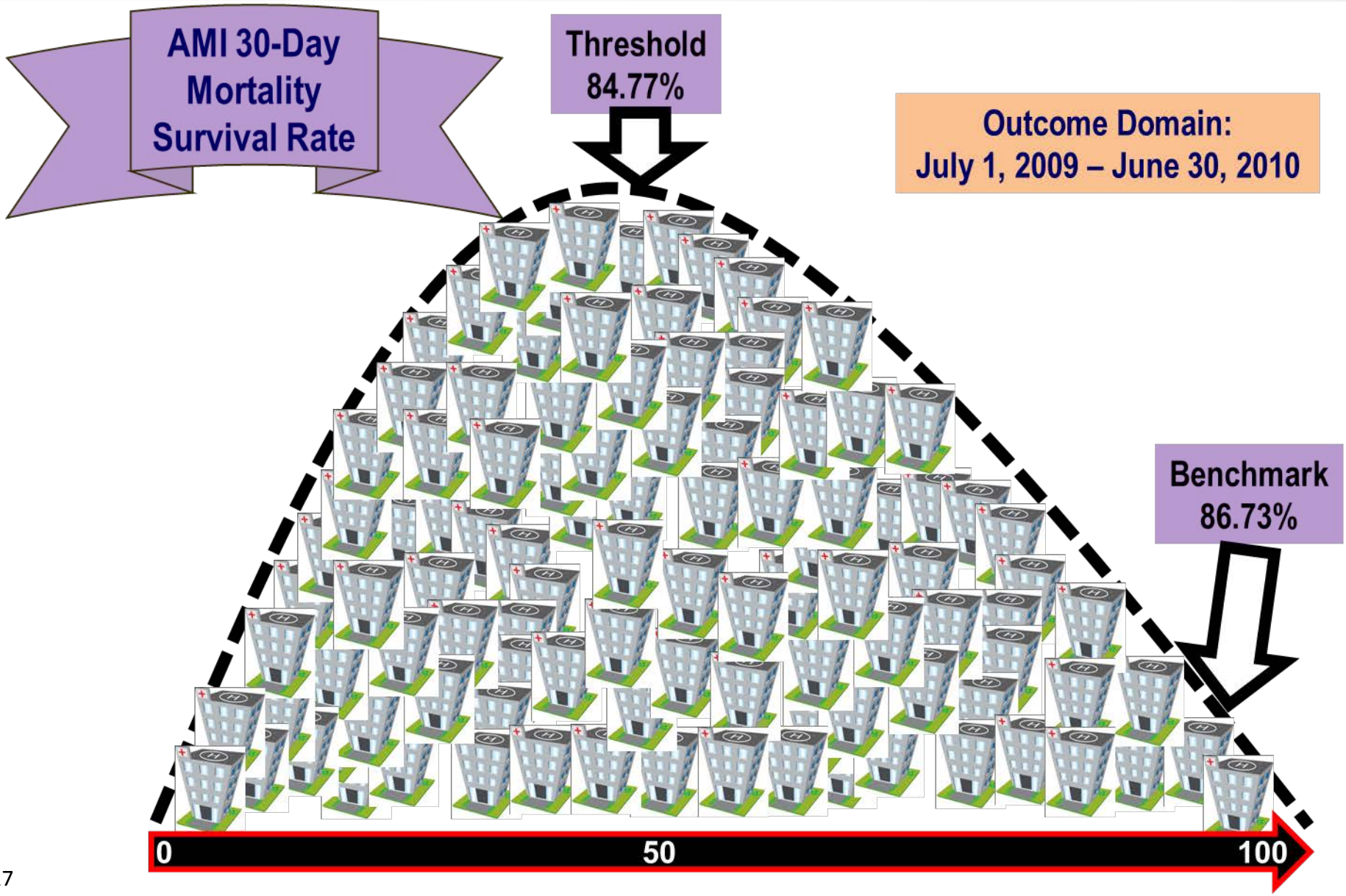
How Will Hospitals Be Evaluated?
Total Performance Score



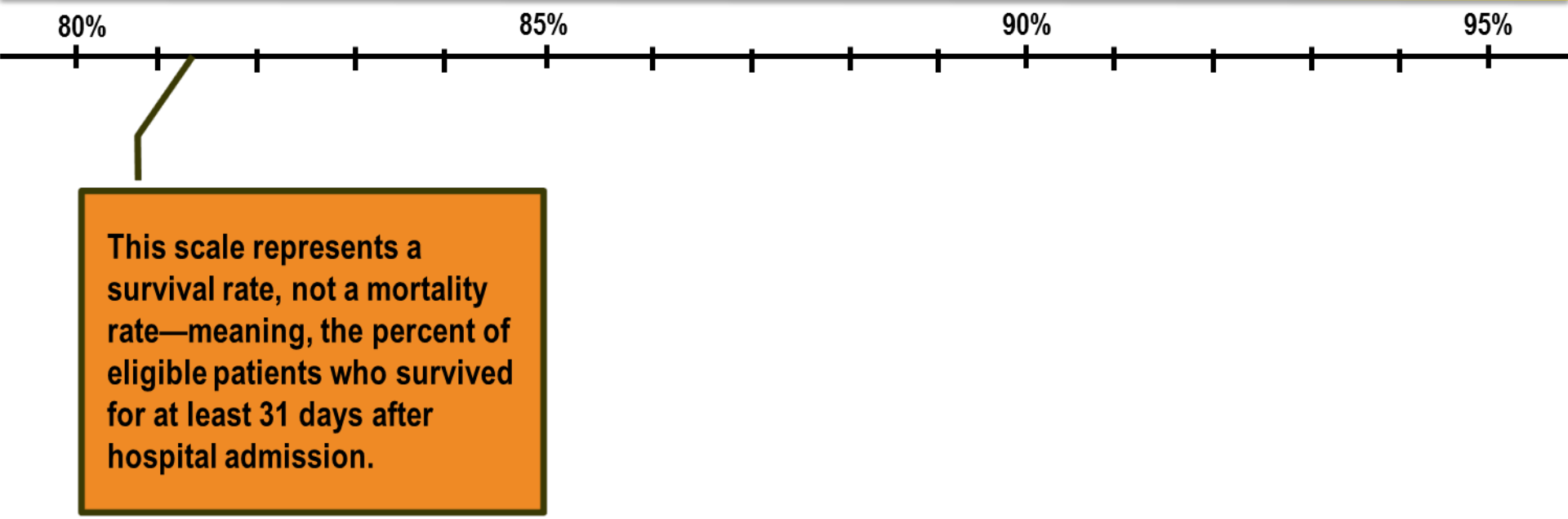
45% 30% 25%

How Will Hospitals Be Evaluated?

Baseline Performance Data

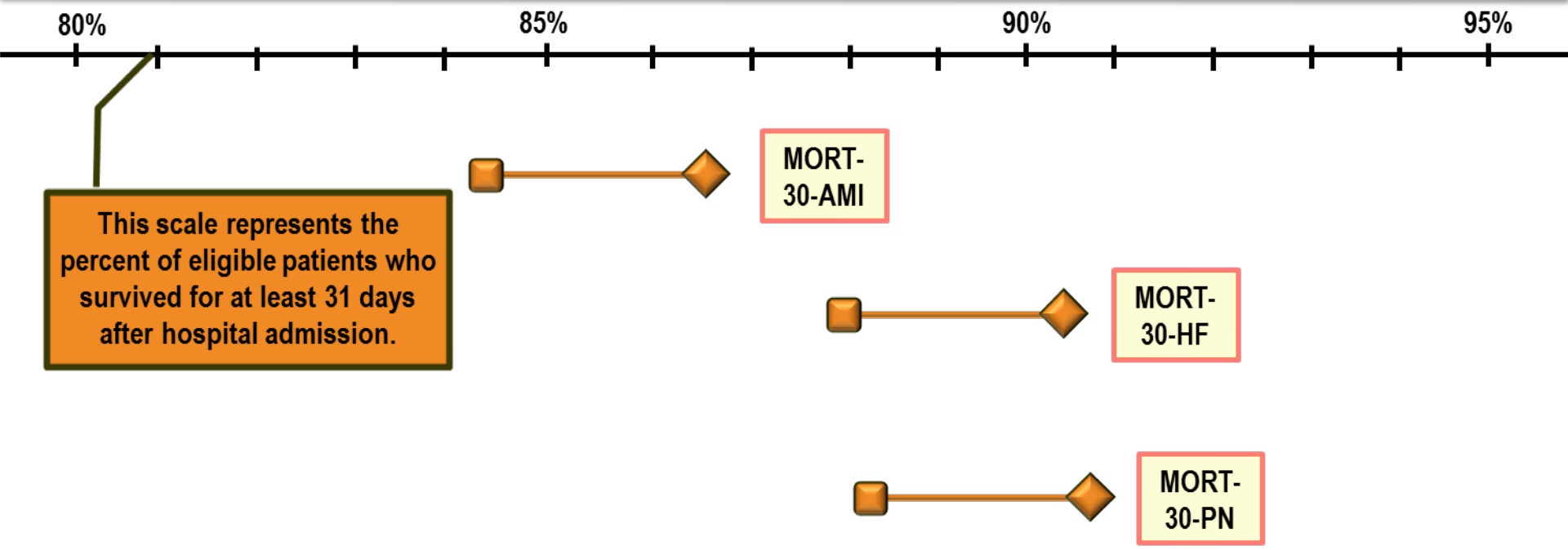


Outcome Domain



Outcome Domain

Performance Standards based on National Measure Rates



= Threshold (50th percentile)

= Benchmark (mean of the top decile)

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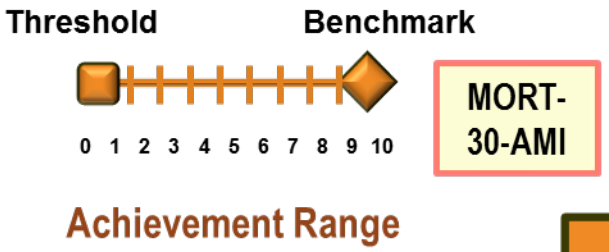
Outcome Domain
Example: MORT-30-AMI
(Slide 1 of 8)



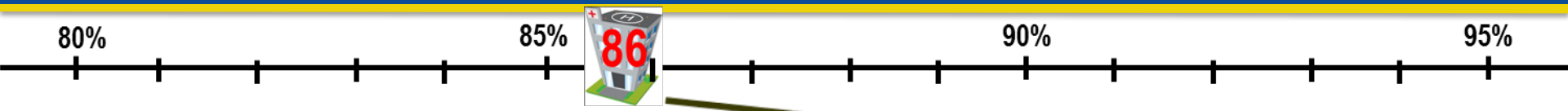
The achievement range "is a scale between the achievement threshold (the minimum level of hospital performance required to receive achievement points) and the benchmark (the mean of the top decile of hospital performance during the baseline period)."

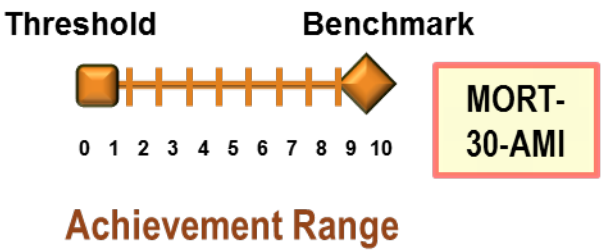
= Threshold (50th percentile)

= Benchmark (mean of the top decile)

CMS CENTERS FOR MEDICARE & MEDICAID SERVICES

Outcome Domain
Example: MORT-30-AMI
(Slide 2 of 8)



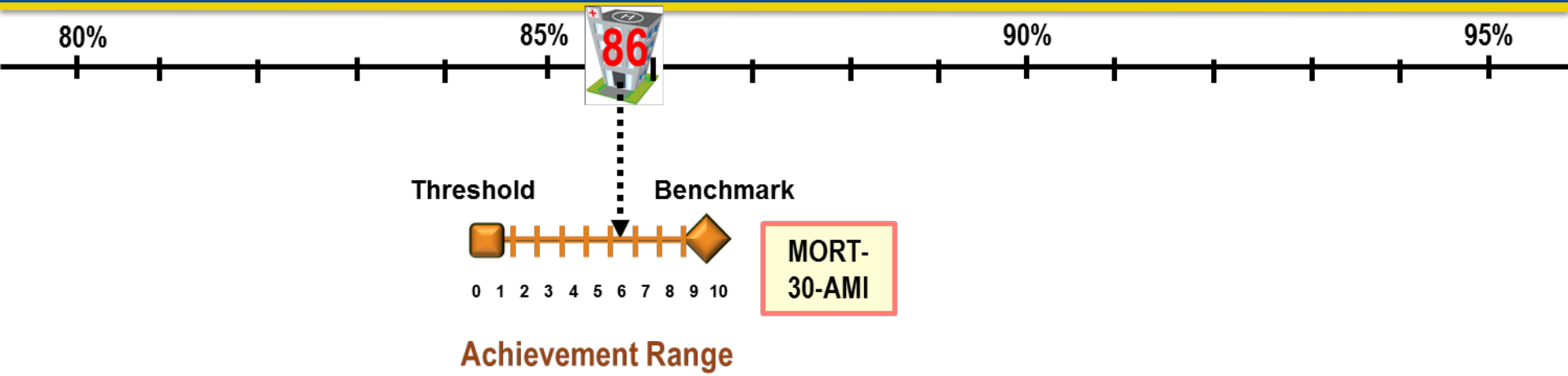


A performance rate of 86% means that 86% of eligible AMI patients survived for at least 31 days after hospital admission.

= Threshold (50th percentile)

= Benchmark (mean of the top decile)

Outcome Domain
Example: MORT-30-AMI
(Slide 3 of 8)



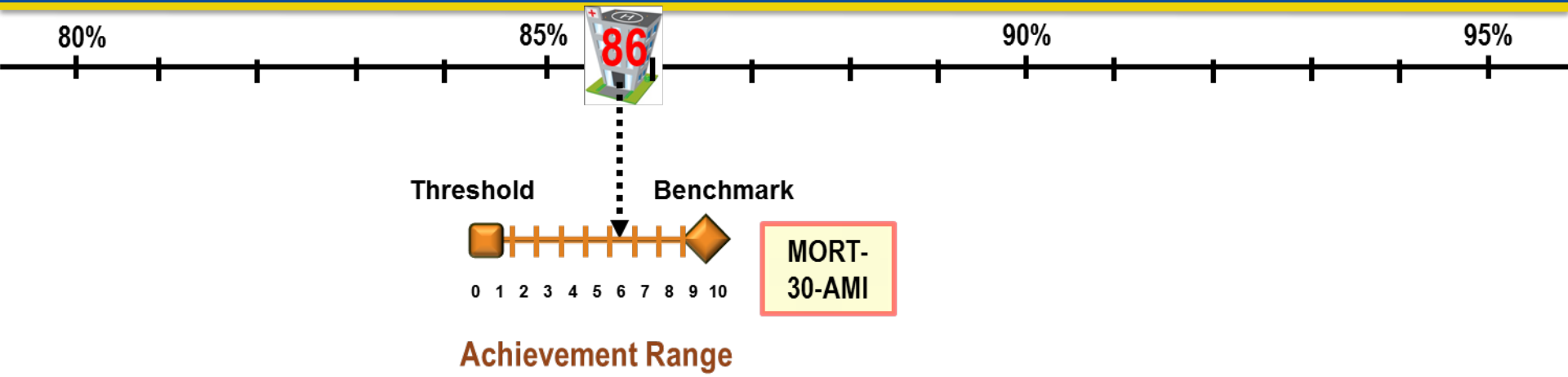
$$9 \times \left(\frac{\text{Hospital's Performance Period Score}^{1} - \text{Achievement Threshold}}{\text{Benchmark} - \text{Achievement Threshold}} \right) + 0.5$$

= Threshold (50th percentile)

= Benchmark (mean of the top decile)

[1] As used in these formulas, the "score" refers to the hospital's performance rate.

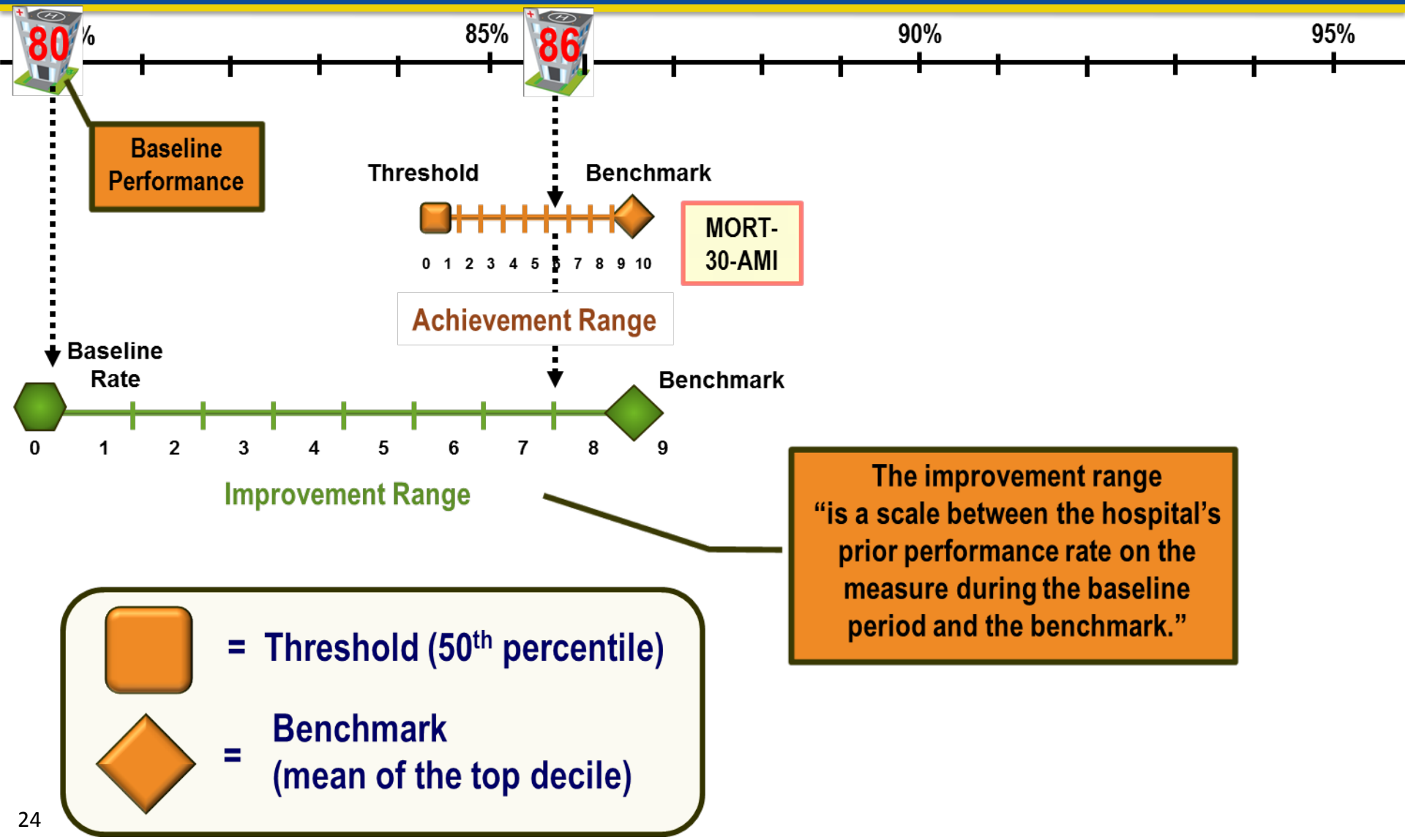
Outcome Domain
Example: MORT-30-AMI
(Slide 4 of 8)



$$9 \times \left(\frac{\text{Hospital's Performance Period Score}^{1} - \text{Achievement Threshold}}{\text{Benchmark} - \text{Achievement Threshold}} \right) + 0.5$$

$$9 \times \left(\frac{86\% - 84.77\%}{86.73\% - 84.77\%} \right) + 0.5 = 9 \times \left(\frac{1.23\%}{1.96\%} \right) + 0.5 = 6.15 = 6$$

Outcome Domain
Example: MORT-30-AMI
(Slide 5 of 8)



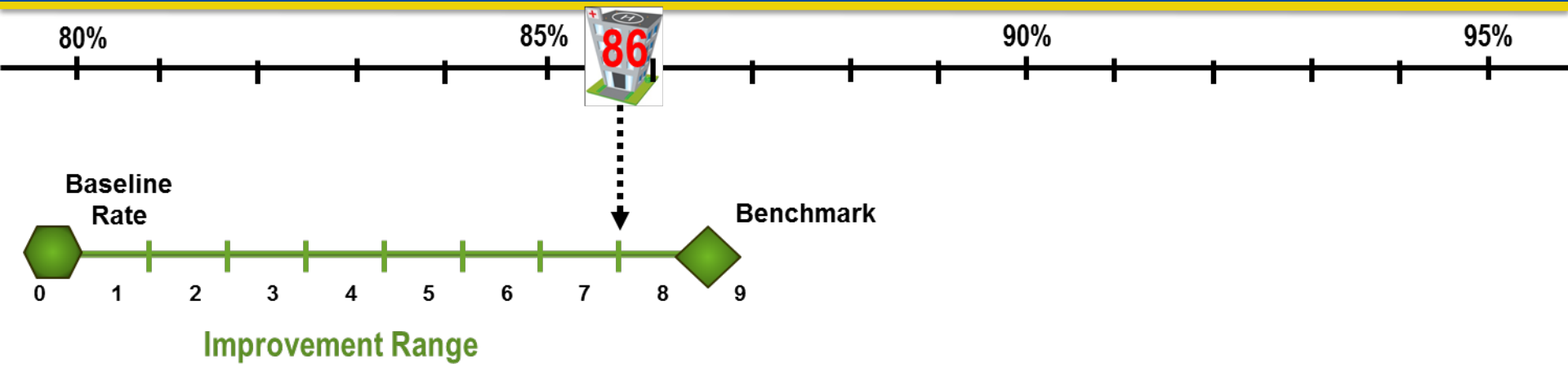
Outcome Domain
Example: MORT-30-AMI
(Slide 6 of 8)

$$10 \times \left(\frac{\text{Hospital's Performance Period Score} - \text{Hospital Baseline Period Score}}{\text{Benchmark} - \text{Hospital Baseline Period Score}} \right) - 0.5$$

Outcome Domain

Example: MORT-30-AMI

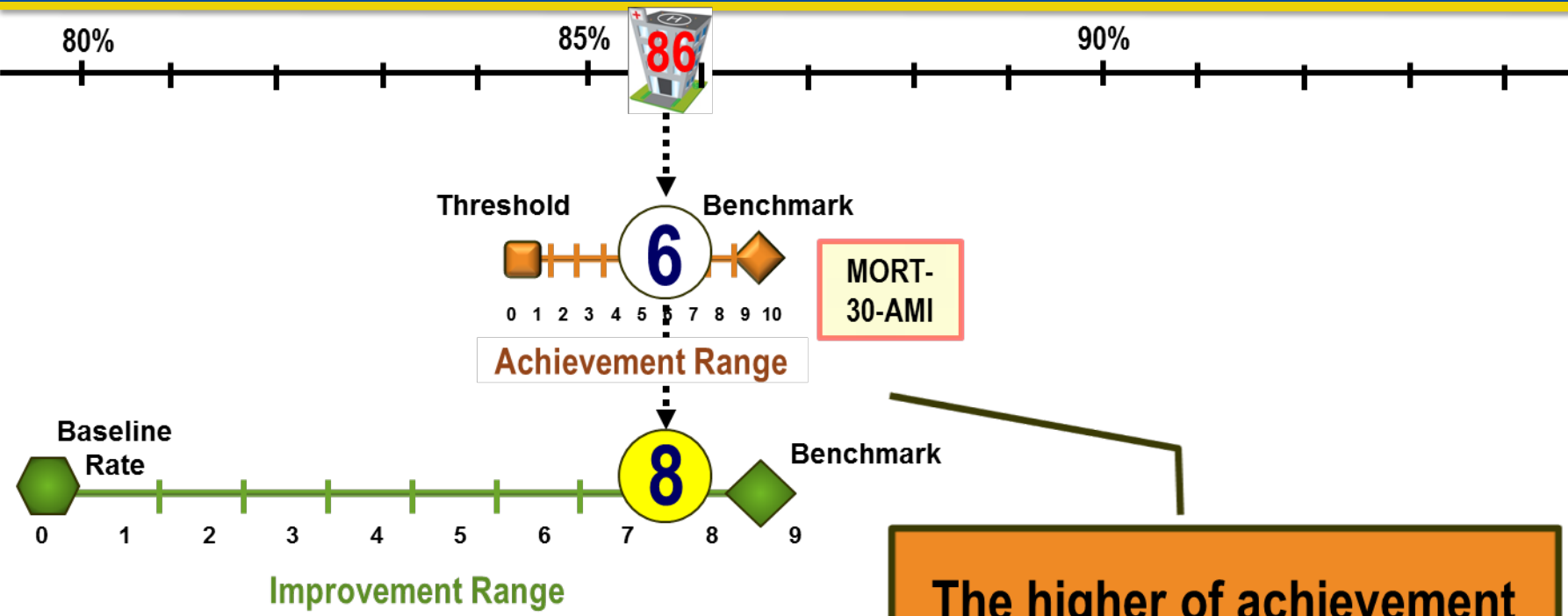
(Slide 7 of 8)



$$10 \times \left(\frac{\text{Hospital's Performance Period Score} - \text{Hospital Baseline Period Score}}{\text{Benchmark} - \text{Hospital Baseline Period Score}} \right) - 0.5$$

$$10 \times \left(\frac{86\% - 80\%}{86.73\% - 80\%} \right) - 0.5 = 10 \times \left(\frac{6\%}{6.73\%} \right) - 0.5 = 8.42 = 8$$

Outcome Domain
Example: MORT-30-AMI
(Slide 8 of 8)



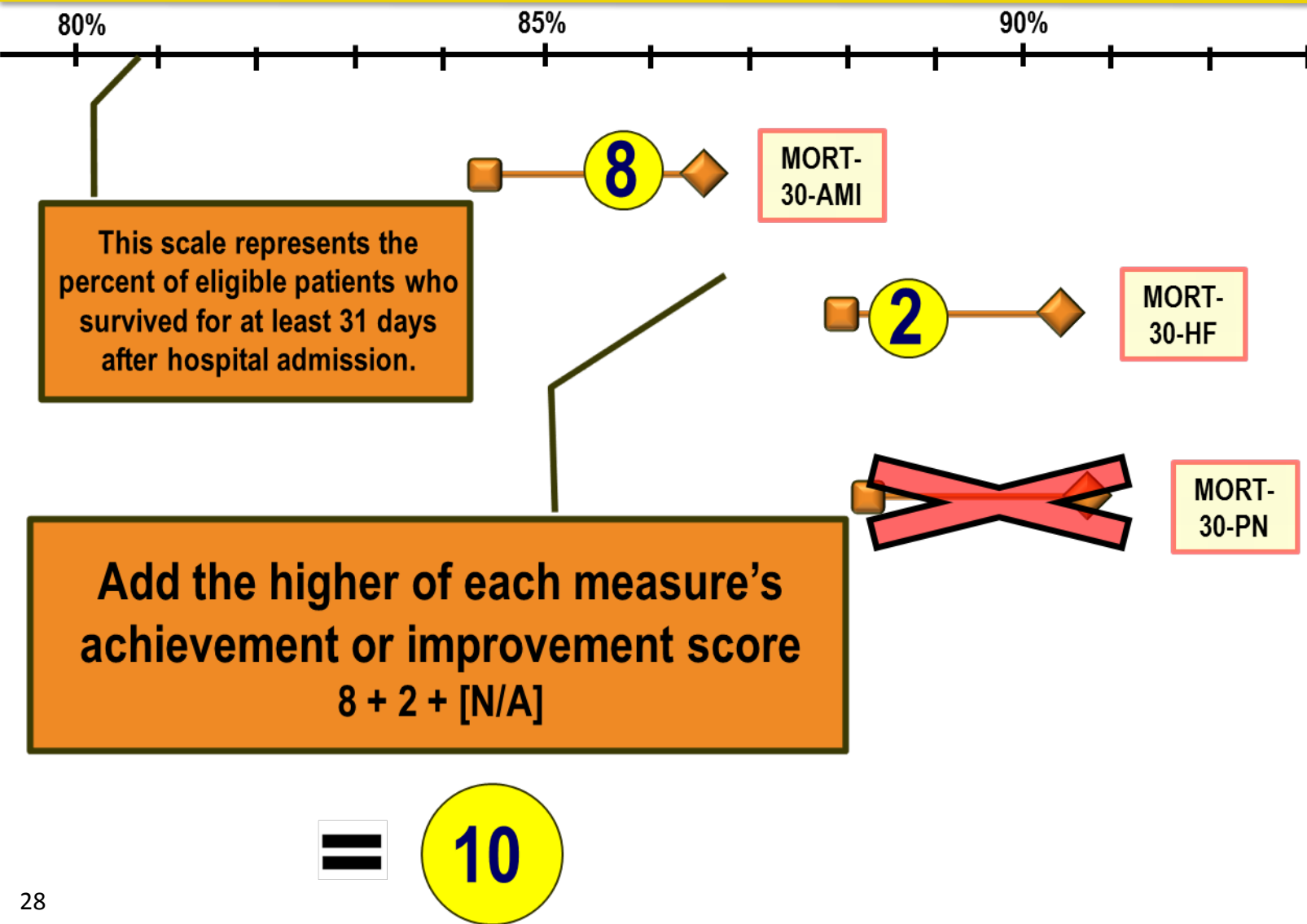
The higher of achievement or improvement points is awarded—in this case, 8.

= Threshold (50th percentile)

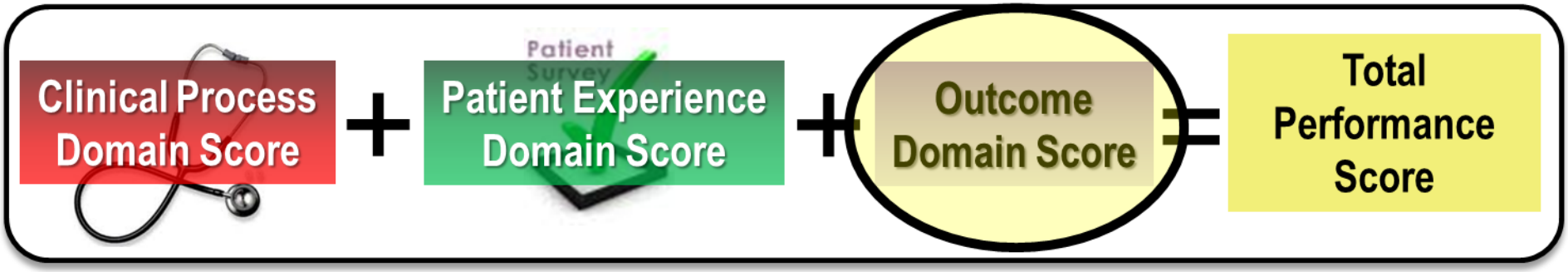
= Benchmark (mean of the top decile)

Outcome Domain

Performance Standards based on National Measure Rates



How Will Hospitals Be Evaluated?
Total Performance Score



45% 30% 25%

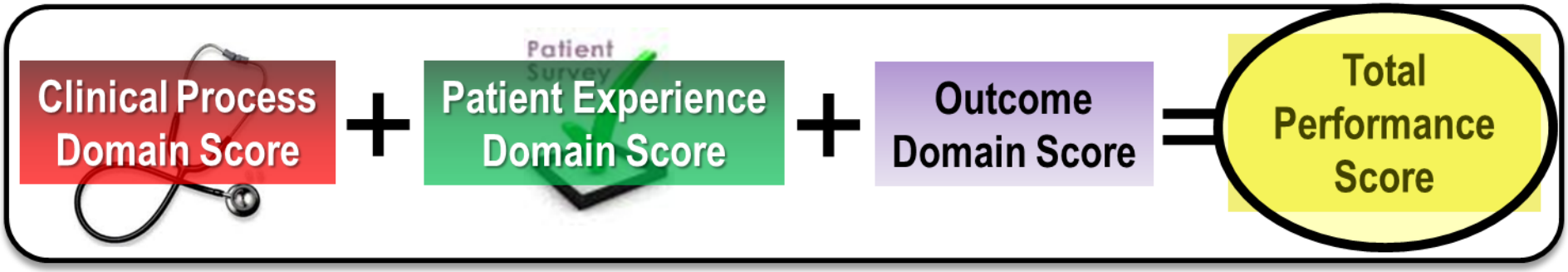
CMS will normalize the Outcome Domain score by converting a hospital's points earned to a percentage of possible points, for at least two of the three measures.

10

10 ÷ 20 × 100 = 50

How Will Hospitals Be Evaluated?

Total Performance Score

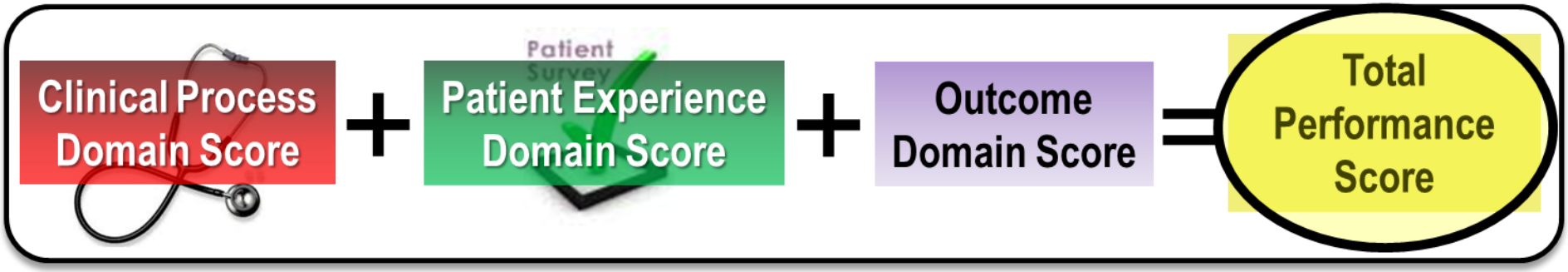


45%	30%	25%
43.6	38	50

These domain scores were presented in the FY 2013 National Provider Call, held on July 27, 2011, and are used here to be consistent with that presentation.

How Will Hospitals Be Evaluated?

Total Performance Score



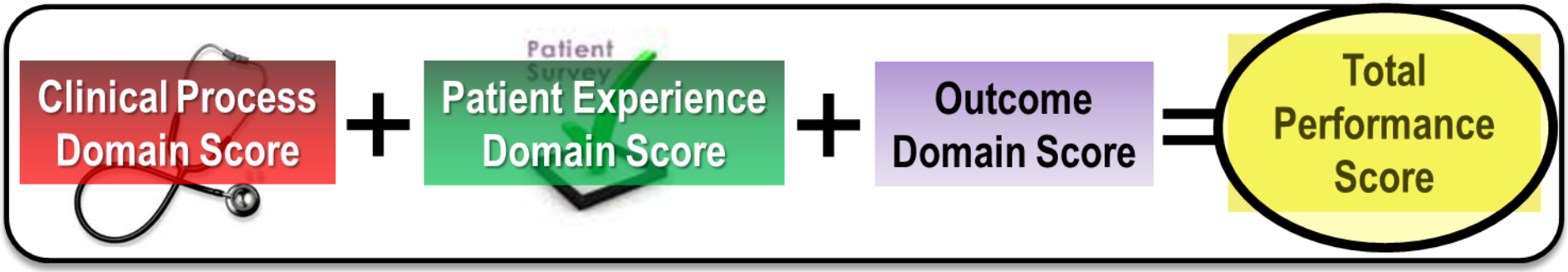
45%	30%	25%
43.6	38	50

43.6 x 45% =

19.6

How Will Hospitals Be Evaluated?

Total Performance Score



45%	30%	25%
43.6	38	50

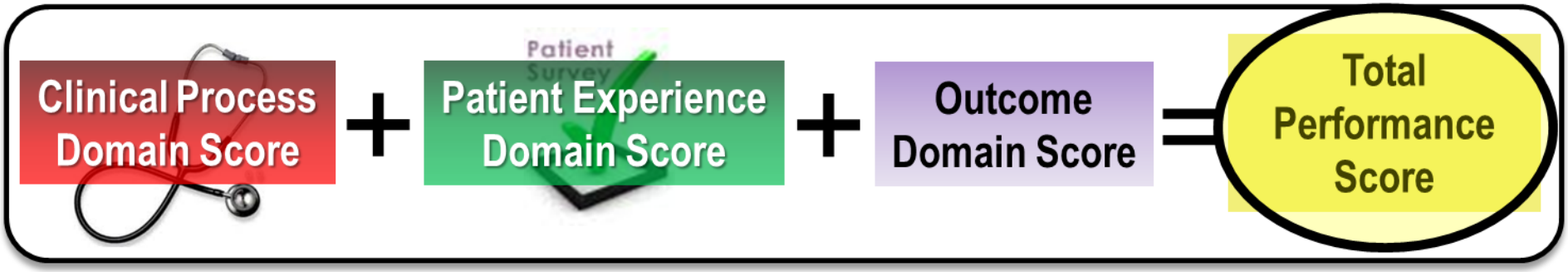
43.6 x 45% = 19.6

+

38 x 30% = 11.4

How Will Hospitals Be Evaluated?

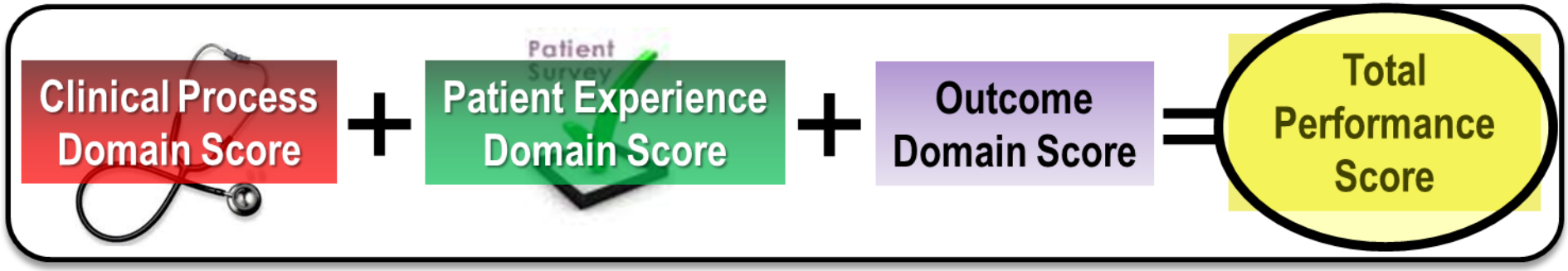
Total Performance Score



45%	30%	25%
43.6	38	50
43.6 x 45% = 19.6	38 x 30% = 11.4	50 x 25% = 12.5

How Will Hospitals Be Evaluated?

Total Performance Score



45%	30%	25%
43.6	38	50

This score is translated into the incentive payment by the exchange function.

43.6 x 45% =	+	38 x 30% =	+	50 x 25% =	=	43.5
19.6		11.4		12.5		

How Is a Hospital's Total Performance Score Converted into a Value-Based Incentive Payment? (1 of 2)

- **Law requires that the total amount of value-based incentive payments that CMS may distribute across all hospitals must be equal to the amount of the base-operating DRG reduction (1.25% for FY 2014)**

- **Law requires that CMS redistribute that available amount across all participating hospitals, based on their performance scores**

- **The exchange function is the relationship between a hospital's total performance score and the amount of money the hospital will get as a value-based incentive payment**

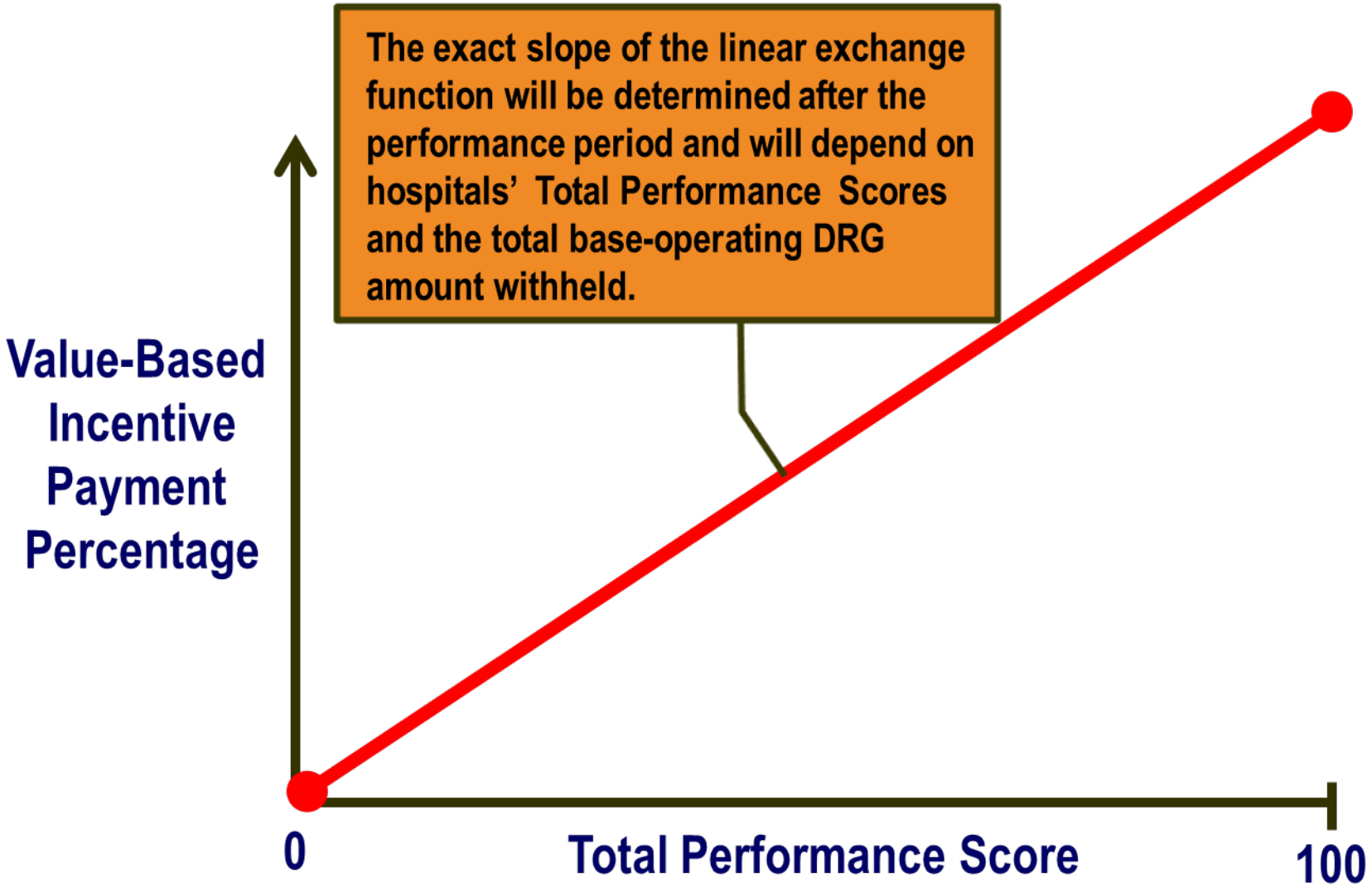
How Is a Hospital's Total Performance Score Converted into a Value-Based Incentive Payment? (2 of 2)

- **CMS will use a linear exchange function to distribute the available amount of value-based incentive payments to hospitals, based on hospitals' total performance scores**

- **Each hospital's value-based incentive payment amount for a fiscal year will depend on the range and distribution of hospital scores for that fiscal year's performance period, on the amount of money available for redistribution, and on the amount of its DRG payments**

- **The value-based incentive payment amount for each hospital will be applied as an adjustment to the base-operating DRG amount for discharge, beginning FY 2013**

How Will Hospitals Be Evaluated?
Linear Exchange Function



Upcoming Events…

FY 2013 Percentage Payment Summary Reports

- An "**Estimated** Percentage Payment Report" available to hospitals and Quality Improvement Organizations (QIO) by August 1, 2012
  - **NOT THE ACTUAL PERFORMANCE PERIOD**
  - Hospitals will see their own discharge-level data for 2nd Qtr – 4th Qtr CY 2011
  - Hospitals will receive a "How To Read Your Report" guide and Fact Sheet
- An "**Actual** Percentage Payment Report" available to hospitals and QIOs with a target date in October 2012
  - CMS will conduct a National Provider Call before the actual reports are published to help educate hospitals
  - Hospitals will review and request data corrections
- A corrected "**Actual** Percentage Payment Report" available to hospitals and QIOs with a target date in December 2012
  - Appeals Process

Questions about FY 2014?

- **www.cms.gov/Hospital-Value-Based-Purchasing**

The post-call materials for this call will be posted at http://www.cms.gov/Outreach-and-Education/Outreach/NPC/National-Provider-Calls-and-Events.html, in the “Downloads” section.

The post-call materials will be accessible for downloading within three weeks of the call.