Is Your Hospital Ready for Value-Based Purchasing?

Since October 2012, Medicare rewards hospitals that provide high-quality care for their patients through the new Hospital Value-Based Purchasing (VBP) Program. Hospitals paid under the Inpatient Prospective Payment System (IPPS) are paid for inpatient acute care services based on quality of care—not the volume of services they provide.

The Medicare Quality Improvement Organizations for Florida and California, FMQAI and Health Services Advisory Group of California, offer technical assistance and support for hospitals in those states to be successful in a value-driven environment.

“Instead of payment that asks, How much did you do?, the Affordable Care Act clearly moves us toward payment that asks, How well did you do?, and more importantly, How well did the patient do?”

Don Berwick

<table>
<thead>
<tr>
<th>Measures</th>
<th>Points</th>
<th>Domain Score</th>
<th>Domain Weighting</th>
<th>Total Performance Score</th>
<th>Incentive Payment</th>
</tr>
</thead>
</table>

Measures
The VBP program has 20 measures for FY 2013, 24 for FY 2014, and 26 for FY 2015. Each hospital may earn two scores on each measure—one for achievement and one for improvement. The final score awarded to a hospital for each measure or dimension is the higher of these two scores.

Points

Achievement Points: Awarded by comparing an individual hospital’s rates during the performance period with the 50th percentile (threshold) of all hospitals’ performance and the mean of the top decile, which is approximately the 95th percentile (benchmark) during the baseline period:
- Hospital rate at or above benchmark: 10 achievement points
- Hospital rate below achievement threshold: 0 achievement points
- Hospital rate equal to or greater than the achievement threshold and less than the benchmark: 1–9 achievement points

Improvement Points: Awarded by comparing a hospital’s rates during the performance period to that same hospital’s rates from the baseline period:
- Hospital rate at or above benchmark: 9 improvement points
- Hospital rate at or below baseline period rate: 0 improvement points
- Hospital rate between the baseline period rate and the benchmark: 0–9 improvement points

Consistency Points: The consistency points relate only to the Patient Experience of Care domain. The purpose of these points is to reward hospitals that have scores above the national 50th percentile in ALL 8 dimensions of the HCAHPS. If they do, they receive the full 20 points. If they don’t, the LOWEST dimension is compared with the range between the national 0 percentile (floor) and the 50th percentile (threshold) and awarded points proportionately. This formula is to be used for each dimension to determine the lowest dimension from the performance period:

Your hospital performance period score – floor
National achievement threshold – floor
Domain Score
VBP measures roll up to a domain. FY 2013 has two domains, the Clinical Process of Care domain and the Patient Experience of Care domain. Measure scores are added and divided by the total possible points x 100 to determine the Clinical Process of Care domain score. Dimension scores are added together to arrive at the HCAHPS base points. Base points plus the consistency score are added together to determine the Patient Experience of Care domain score. Additional domains will be added in FY 2014 (Outcome domain) and FY 2015 (Efficiency domain).

Domain Weighting
The federal rule defines how much each domain will be weighted to calculate the Total Performance Score for each fiscal year. See pie charts in attached summaries for specific percentages for each domain.

Total Performance Score
A hospital’s performance is assessed on the measures that comprise the domains. The domains are weighted and rolled up to the Total Performance Score. For instance, in FY 2013, the Total Performance Score is computed by multiplying the Clinical Process of Care domain score by 70% (domain weighting) and the Patient Experience of Care domain score by 30% (domain weighting), then adding those totals. The Total Performance Score is then translated into an incentive payment that makes a portion of the base DRG payment contingent on performance.

Incentive Payment
In FY 2014, 1.25% of DRG payments to eligible hospitals will be withheld to provide the estimated $963 million necessary for the program incentives. Following is the schedule for future withholding:

<table>
<thead>
<tr>
<th>FY</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>1.00%</td>
</tr>
<tr>
<td>2014</td>
<td>1.25%</td>
</tr>
<tr>
<td>2015</td>
<td>1.50%</td>
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<tr>
<td>2016</td>
<td>1.75%</td>
</tr>
<tr>
<td>2017</td>
<td>2.00%</td>
</tr>
</tbody>
</table>

Based on performance, hospitals will earn an incentive payment. The law requires the Centers for Medicare & Medicaid Services (CMS) to redistribute the estimated $963 million across all participating hospitals, based on their performance scores. 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 on the hospital VBP measures. To convert the total performance score to a value-based incentive payment factor that is applied to each discharge, there are six steps for each fiscal year:

Step 1: Estimate the hospital’s total annual base-operating DRG amount.
Step 2: Calculate the estimated reduction amount across all eligible hospitals.
Step 3: Calculate the linear exchange function slope.
Step 4: For each hospital, calculate the value-based incentive payment percentage.
Step 5: Compute the net percentage change in the hospital’s base operating DRG payment.
Step 6: Calculate the value-based incentive payment adjustment factor.

There is a review and correction period as well as an appeals process.

Eligibility Criteria
Eligible hospitals are paid through the inpatient prospective payment system, so critical access hospitals, children’s hospitals, VA hospitals, long term care facilities, psychiatric hospitals, and rehabilitation hospitals are excluded. Eligible hospitals (PPS hospitals) need to meet additional criteria to be included.

- The Clinical Process of Care domain requires four or more measures, each with at least 10 cases.
- The Patient Experience of Care domain requires at least 100 HCAHPS surveys in the performance period.
- The Outcome domain in FY 2013 requires two or more mortality measures, each with at least 10 cases. In FY 2014, the minimum cases for the mortality measures changes to 25 cases. PSI-90 will require 3 cases as a minimum for any of the underlying indications. CLABSI will require the hospital to have at least one predicted infection during the applicable period.
- The Efficiency domain will require 25 cases for the Medicare Spending per Beneficiary measure.
- To be included in VBP, the hospital must meet these criteria for all domains.
Public Reporting
Hospital performance information will be posted on Hospital Compare beginning in April 2013. This will include:

- Measure rates
- Condition-specific scores
- Domain-specific scores
- Total Performance Scores (TPS)

Incentive adjustment posting will be addressed in future rulemaking.

Improvement Resources:
- Why Not the Best? Quality improvement resources for health care professionals
- The CAHPS Improvement Guide
- Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS)

For more information:
- Hospital Value-Based Purchasing Program
- Hospital Compare
- CMS Open Door Forum: Hospital Value-Based Purchasing, Fiscal Year 2013 Overview for Beneficiaries, Providers, and Stakeholders, a PowerPoint presentation.
- National Providers Call: Hospital Value-Based Purchasing, Fiscal Year 2014 Overview for Beneficiaries, Providers and Stakeholders, a PowerPoint presentation.
- For more information on how the Total Performance Score is converted to incentive payments: National Provider Call: Hospital Value-Based Purchasing, FY 2013 Actual Percentage Payment Summary Report, a PowerPoint presentation.

If you have questions regarding the Hospital Value-Based Purchasing Program, contact Hospital Quality Specialist Cassie Watson, RN, MSN, PhD, at (813) 865-3437 or cwatson@flqio.sdps.org.

This material was prepared by Stratis Health, the Medicare Quality Improvement Organization (QIO) for Minnesota and has been adapted for use by FMOAI, the Medicare QIO for Florida, and Health Services Advisory Group of California, the Medicare QIO for California, under contract with the Centers for Medicare & Medicaid Services (CMS), an agency of the U.S. Department of Health and Human Services. The contents presented do not necessarily reflect CMS policy.
Publication Nos. FL-105OW-2013FLC706-2-648; CA-105OW-7.4-030513-01
**FY 2013 Value-Based Purchasing**
(Discharges from October 1, 2012, to September 30, 2013)

**Clinical Process of Care**
- 70%

**Patient Experience of Care**
- 30%

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### PATIENT EXPERIENCE OF CARE DIMENSIONS

<table>
<thead>
<tr>
<th>HCAHPS Survey Dimensions</th>
<th>HCAHPS Performance Standard</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Floor (%)</td>
</tr>
<tr>
<td>Communication with nurses</td>
<td>38.98</td>
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<tr>
<td>Communication with doctors</td>
<td>51.51</td>
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<tr>
<td>Responsiveness of hospital staff</td>
<td>30.25</td>
</tr>
<tr>
<td>Pain management</td>
<td>34.76</td>
</tr>
<tr>
<td>Communication about medications</td>
<td>29.27</td>
</tr>
<tr>
<td>Cleanliness and quietness</td>
<td>36.88</td>
</tr>
<tr>
<td>Discharge information</td>
<td>50.47</td>
</tr>
<tr>
<td>Overall rating of hospital</td>
<td>29.32</td>
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### CLINICAL PROCESS OF CARE

<table>
<thead>
<tr>
<th>MEASURES</th>
<th>Baseline Period</th>
<th>Performance Period</th>
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<tbody>
<tr>
<td></td>
<td>July 1, 2009 – March 31, 2010</td>
<td>July 1, 2011 – March 31, 2012</td>
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<tr>
<td>AMI 7a Fibrinolytic agent received w/in 30' of hospital arrival</td>
<td>65.48</td>
<td>91.91</td>
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<tr>
<td>AMI 8a PCI received w/in 90' of hospital arrival</td>
<td>91.86</td>
<td>100.00</td>
</tr>
<tr>
<td>HF 1 Discharge instructions</td>
<td>90.77</td>
<td>100.00</td>
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<tr>
<td>PN 3b Blood culture before 1st antibiotic received in hospital</td>
<td>96.43</td>
<td>100.00</td>
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<tr>
<td>PN 6 Initial antibiotic selection for CAP immunocompetent pt</td>
<td>92.77</td>
<td>99.58</td>
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<tr>
<td>SCIP 1 Abx w/in 1 hr before incision or w/in2 hrs if Vancomycin/Quinolone is used</td>
<td>97.35</td>
<td>99.98</td>
</tr>
<tr>
<td>SCIP 2 Received prophylactic Abx consistent with recommendations</td>
<td>97.66</td>
<td>100.00</td>
</tr>
<tr>
<td>SCIP 3 Prophylactic Abx discontinued w/in 24 hrs of surgery end time or 48 hrs for cardiac surgery</td>
<td>95.07</td>
<td>99.68</td>
</tr>
<tr>
<td>SCIP 4 Controlled 6 AM postoperative serum glucose – cardiac surgery</td>
<td>94.28</td>
<td>99.63</td>
</tr>
<tr>
<td>SCIP-VTE1 Recommended VTE prophylaxis ordered during admission</td>
<td>95.00</td>
<td>100.00</td>
</tr>
<tr>
<td>SCIP VTE2 Received VTE prophylaxis w/in 24 hrs prior to or after surgery</td>
<td>93.07</td>
<td>99.85</td>
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<tr>
<td>SCIP-Card 2 Pre-admission beta-blocker and perioperative period beta blocker</td>
<td>93.99</td>
<td>100.00</td>
</tr>
</tbody>
</table>
FY 2014 Value-Based Purchasing
Domain Weighting
(Discharges from October 1, 2013 to September 30, 2014)

Clinical Process of Care 45%
Patient Experience of Care 30%
Outcome 25%

PATIENT EXPERIENCE OF CARE

<table>
<thead>
<tr>
<th>HCAHPS Survey Dimensions</th>
<th>HCAHPS Performance Standard</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Floor (%)</td>
</tr>
<tr>
<td>Communication with nurses</td>
<td>42.84</td>
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<tr>
<td>Communication with doctors</td>
<td>55.49</td>
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<tr>
<td>Responsiveness of hospital staff</td>
<td>32.15</td>
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<tr>
<td>Pain management</td>
<td>40.79</td>
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<tr>
<td>Communication about medications</td>
<td>36.01</td>
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<tr>
<td>Cleanliness and quietness</td>
<td>38.52</td>
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<tr>
<td>Discharge information</td>
<td>54.73</td>
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<td>Overall rating of hospital</td>
<td>30.91</td>
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OUTCOME

<table>
<thead>
<tr>
<th>Measure (Displayed as survival rate)</th>
<th>Threshold (%)</th>
<th>Benchmark (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>30-day mortality, AMI</td>
<td>84.77</td>
<td>86.73</td>
</tr>
<tr>
<td>30-day mortality, heart failure</td>
<td>88.61</td>
<td>90.42</td>
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<tr>
<td>30-day mortality, pneumonia</td>
<td>88.18</td>
<td>90.21</td>
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CLINICAL PROCESS OF CARE

<table>
<thead>
<tr>
<th>Measures</th>
<th>Threshold (%)</th>
<th>Benchmark (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMI 7a Fibrinolytic agent received w/in 30' of hospital arrival</td>
<td>80.66</td>
<td>96.30</td>
</tr>
<tr>
<td>AMI 8a PCI received w/in 90' of hospital arrival</td>
<td>93.44</td>
<td>100.00</td>
</tr>
<tr>
<td>HF 1 Discharge instructions</td>
<td>92.66</td>
<td>100.00</td>
</tr>
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<td>PN 3b Blood culture before 1st antibiotics received in hospital</td>
<td>97.30</td>
<td>100.00</td>
</tr>
<tr>
<td>PN 6 Initial antibiotic selection for CAP Immunocompetent pt</td>
<td>94.46</td>
<td>100.00</td>
</tr>
<tr>
<td>SCIP 1 Abx w/in 1 hr before incision or w/in 2 hrs if Vancomycin/Quinolone is used</td>
<td>98.07</td>
<td>100.00</td>
</tr>
<tr>
<td>SCIP 2 Received prophylactic Abx consistent with recommendations</td>
<td>98.13</td>
<td>100.00</td>
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<tr>
<td>SCIP 3 Prophylactic Abx discontinued w/in 24 hrs of surgery end time or 48 hrs for cardiac surgery</td>
<td>96.63</td>
<td>99.96</td>
</tr>
<tr>
<td>SCIP 4 Controlled 6 AM postoperative serum glucose – cardiac surgery</td>
<td>96.34</td>
<td>100.00</td>
</tr>
<tr>
<td>SCIP 9 Postoperative Urinary Catheter Removal on Post Operative Day 1 or 2</td>
<td>92.86</td>
<td>99.89</td>
</tr>
<tr>
<td>SCIP-Card 2 Pre-admission beta-blocker and perioperative period beta blocker</td>
<td>95.65</td>
<td>100.00</td>
</tr>
<tr>
<td>SCIP-VTE 1 Recommended VTE prophylaxis ordered during admission</td>
<td>94.62</td>
<td>100.00</td>
</tr>
<tr>
<td>SCIP VTE2 Received VTE prophylaxis w/in 24 hrs prior to or after surgery</td>
<td>94.92</td>
<td>99.83</td>
</tr>
</tbody>
</table>
FY 2015 Value-Based Purchasing
Domain Weighting
(Discharges from October 1, 2014 to September 30, 2015)

Patient Experience 30%
Clinical Processes of Care 20%
Outcome 30%
Efficiency 20%

PATIENT EXPERIENCE OF CARE

<table>
<thead>
<tr>
<th>HCAHPS Survey Dimensions</th>
<th>Baseline Period</th>
<th>Performance Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communication with nurses</td>
<td>47.77</td>
<td>76.56</td>
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<td>Communication with doctors</td>
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<td>Responsiveness of hospital staff</td>
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<td>Communication about medications</td>
<td>35.48</td>
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<td>Cleanliness and quietness</td>
<td>41.94</td>
<td>64.07</td>
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<tr>
<td>Discharge information</td>
<td>57.67</td>
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<td>Overall rating of hospital</td>
<td>32.82</td>
<td>67.96</td>
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OUTCOME

Mortality

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<tr>
<th>Measure</th>
<th>Baseline Period</th>
<th>Performance Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Threshold (%)</td>
<td>Benchmark (%)</td>
<td>Threshold (%)</td>
</tr>
<tr>
<td>30-day mortality, AMI</td>
<td>84.74</td>
<td>86.23</td>
</tr>
<tr>
<td>30-day mortality, heart failure</td>
<td>86.15</td>
<td>90.03</td>
</tr>
<tr>
<td>30-day mortality, pneumonia</td>
<td>88.26</td>
<td>90.41</td>
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Complication/Patient Safety for Selected Indicators

<table>
<thead>
<tr>
<th>Measure</th>
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<th>Performance Period</th>
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</thead>
<tbody>
<tr>
<td>Threshold (%)</td>
<td>Benchmark (%)</td>
<td>Threshold (%)</td>
</tr>
<tr>
<td>AHRQ PSI composite</td>
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Central Line-associated Blood Stream Infection

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<tr>
<th>Measure</th>
<th>Baseline Period</th>
<th>Performance Period</th>
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</thead>
<tbody>
<tr>
<td>Threshold (%)</td>
<td>Benchmark (%)</td>
<td>Threshold (%)</td>
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<tr>
<td>CLABSI</td>
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<td>.437</td>
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EFFICIENCY

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<tr>
<th>Measure</th>
<th>Baseline Period</th>
<th>Performance Period</th>
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</thead>
<tbody>
<tr>
<td>Threshold (%)</td>
<td>Benchmark (%)</td>
<td>Median Medicare spending per beneficiary ratio across all hospitals during the performance period.</td>
</tr>
<tr>
<td>MSPB-1 Medicare spending per beneficiary</td>
<td>New!</td>
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</tbody>
</table>

*This is the proposed achievement threshold in the August 31, 2012, IPPS rule. The final performance standard was not listed for this measure.

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