



Open Door Forum: Hospital Value-Based Purchasing

Fiscal Year 2013 Overview for Beneficiaries, Providers, and Stakeholders

July 27, 2011

1:00 PM – 3:00 PM

Agenda

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

Introduction: Hospital VBP Program



- **Initially required in the Affordable Care Act and further defined in Section 1886(o) of 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% withhold from participating hospitals' Diagnosis-Related Group (DRG) payments**

Who is Eligible for the Hospital VBP Program? (1 of 3)



■ 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

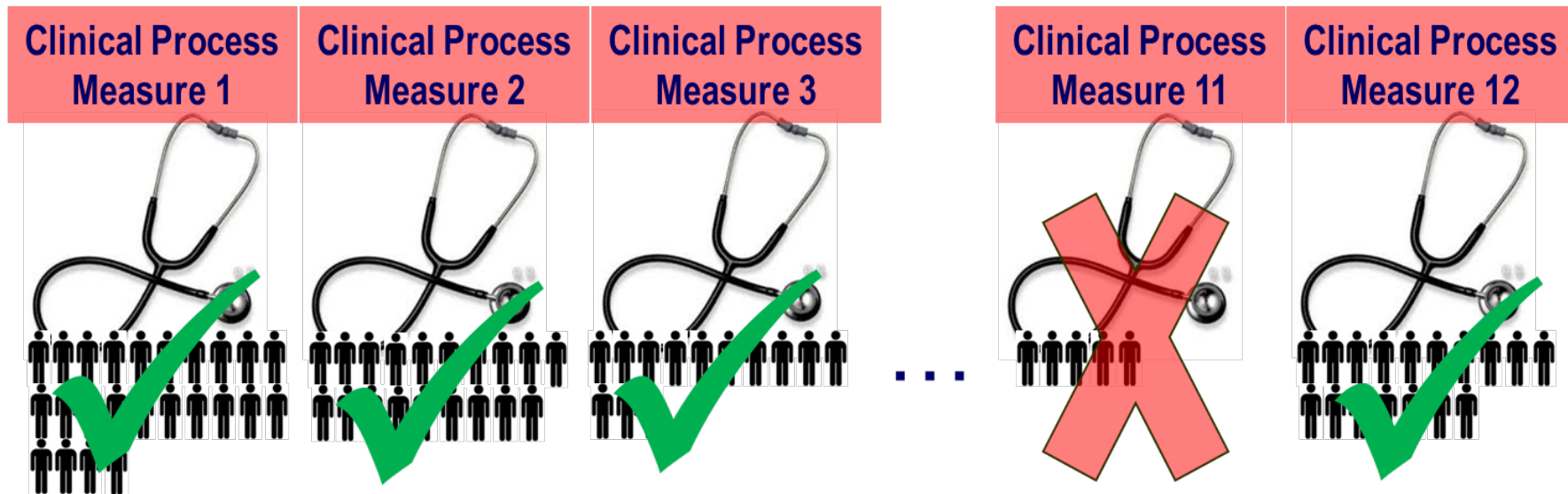
Who is Eligible for the Hospital VBP Program? (2 of 3)



- **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

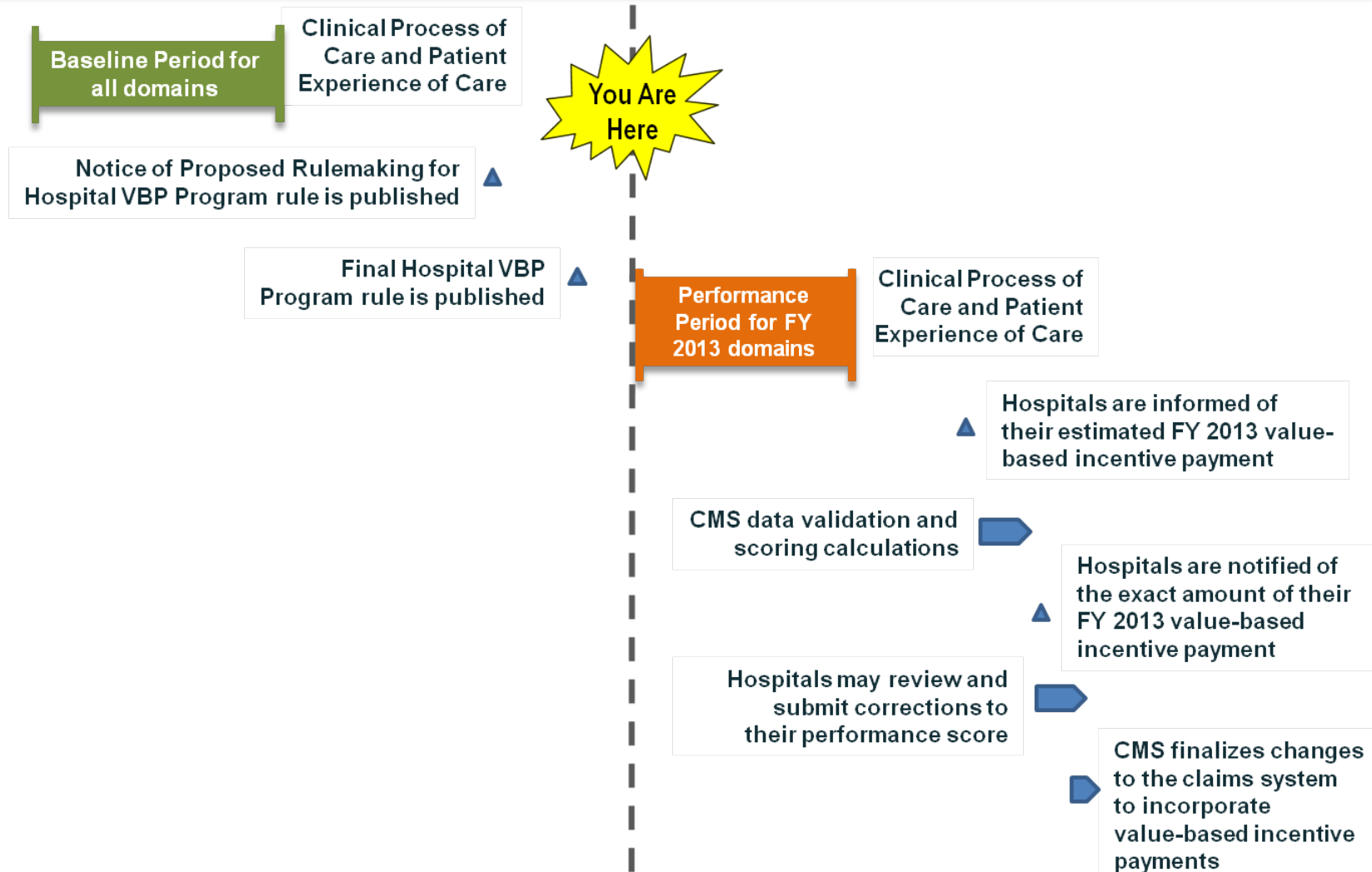
- **Hospitals excluded from Hospital VBP will not have 1% withheld from their base operating DRG payments.**

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



- Hospitals receive a Clinical Process of Care Domain score if they have at least 10 cases for each of at least 4 applicable measures during the Performance Period.
- Hospitals with at least 100 completed Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) surveys during the Performance Period receive a Patient Experience of Care Domain score.

Hospital VBP Program Critical Dates and Milestones



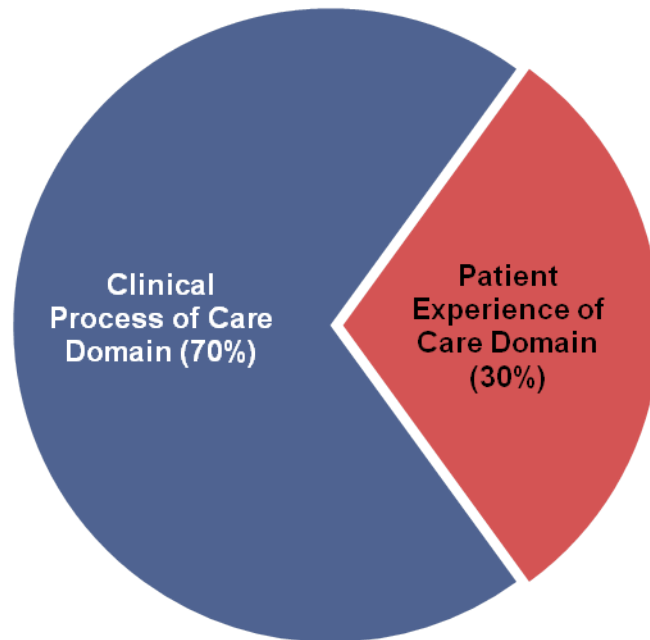
Final Hospital VBP Domains



12 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 6AM Postoperative Serum Glucose
10. SCIP-Card-2 Surgery Patients on a Beta Blocker Prior to Arrival That Received a Beta Blocker During the Perioperative Period
11. SCIP-VTE-1 Surgery Patients with Recommended Venous Thromboembolism Prophylaxis Ordered
12. SCIP-VTE-2 Surgery Patients Who Received Appropriate Venous Thromboembolism Prophylaxis Within 24 Hours

Weighted Value of Each Domain



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 & Quietness
7. Discharge Information
8. Overall Hospital Rating

Performance Period



- **Hospitals will be scored on their performance on clinical measures and HCAHPS dimensions during the following Performance Period:**
 - **July 1, 2011 to March 31, 2012**

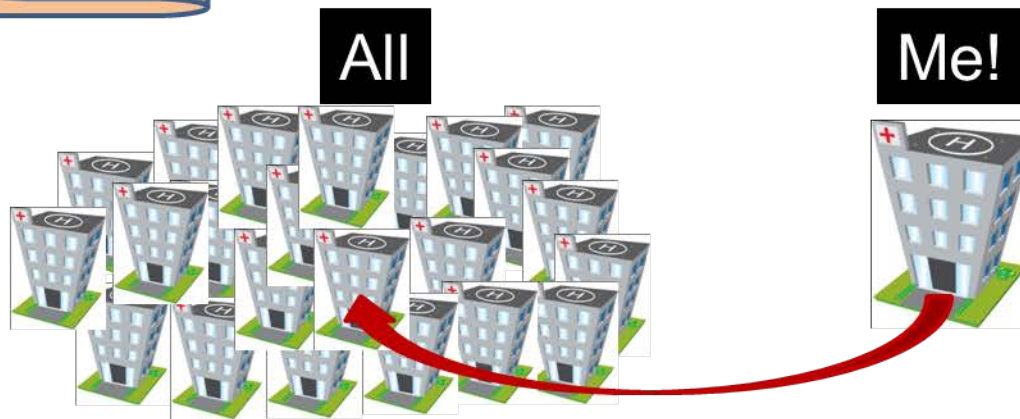
How Will Hospitals Be Evaluated? FY 2013 Program Summary



- **Two domains: Clinical Process of Care (12 measures) and Patient Experience of Care (8 HCAHPS dimensions)**
- **Hospitals are given 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 domain score**
- **Points are added across all dimensions and are added to the Consistency Points to reach the Patient Experience of Care domain score**
- **70% of Total Performance Score based on Clinical Process of Care measures**
- **30% of Total Performance Score based on Patient Experience of Care dimensions**

How Will Hospitals Be Evaluated? Improvement vs. Achievement

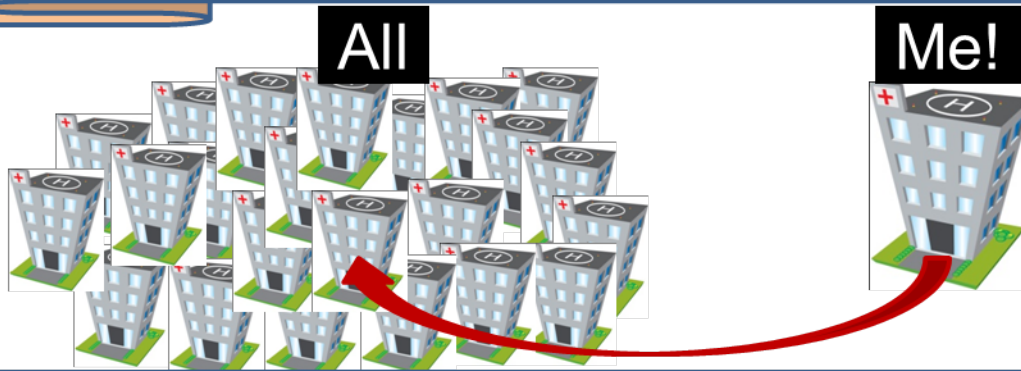
Achievement:
My hospital's current performance compared to all hospitals'
Baseline Period Performance



Time

How Will Hospitals Be Evaluated? Improvement vs. Achievement

Achievement:
My hospital's current performance compared to all hospitals' Baseline Period Performance



Time

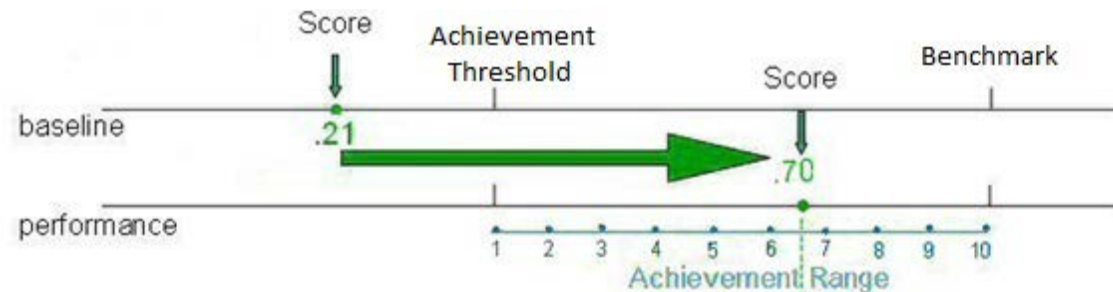
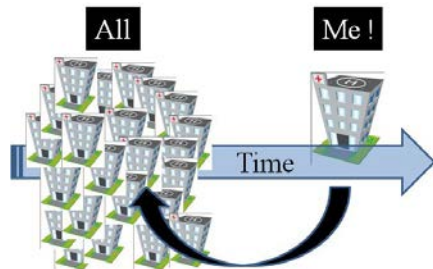
Improvement:
My hospital's current performance compared to my Baseline Period Performance



How Will Hospitals Be Evaluated? Achievement Points

- **Achievement Points are awarded by comparing an individual hospital's rates during the Performance Period with all hospitals' rates from the Baseline Period.**
- **How are Achievement Points awarded?**
 - Hospital rate at or above the Benchmark: 10 Achievement Points
 - Hospital rate less than the Achievement Threshold: 0 Achievement Points
 - If the rate is equal to or greater than the Achievement Threshold and less than the Benchmark: 1-9 Achievement Points

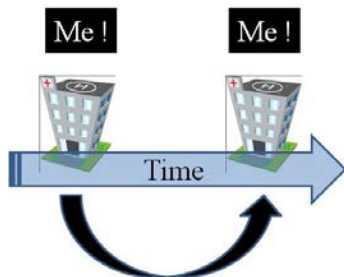
For example:



How Will Hospitals Be Evaluated? Improvement Points

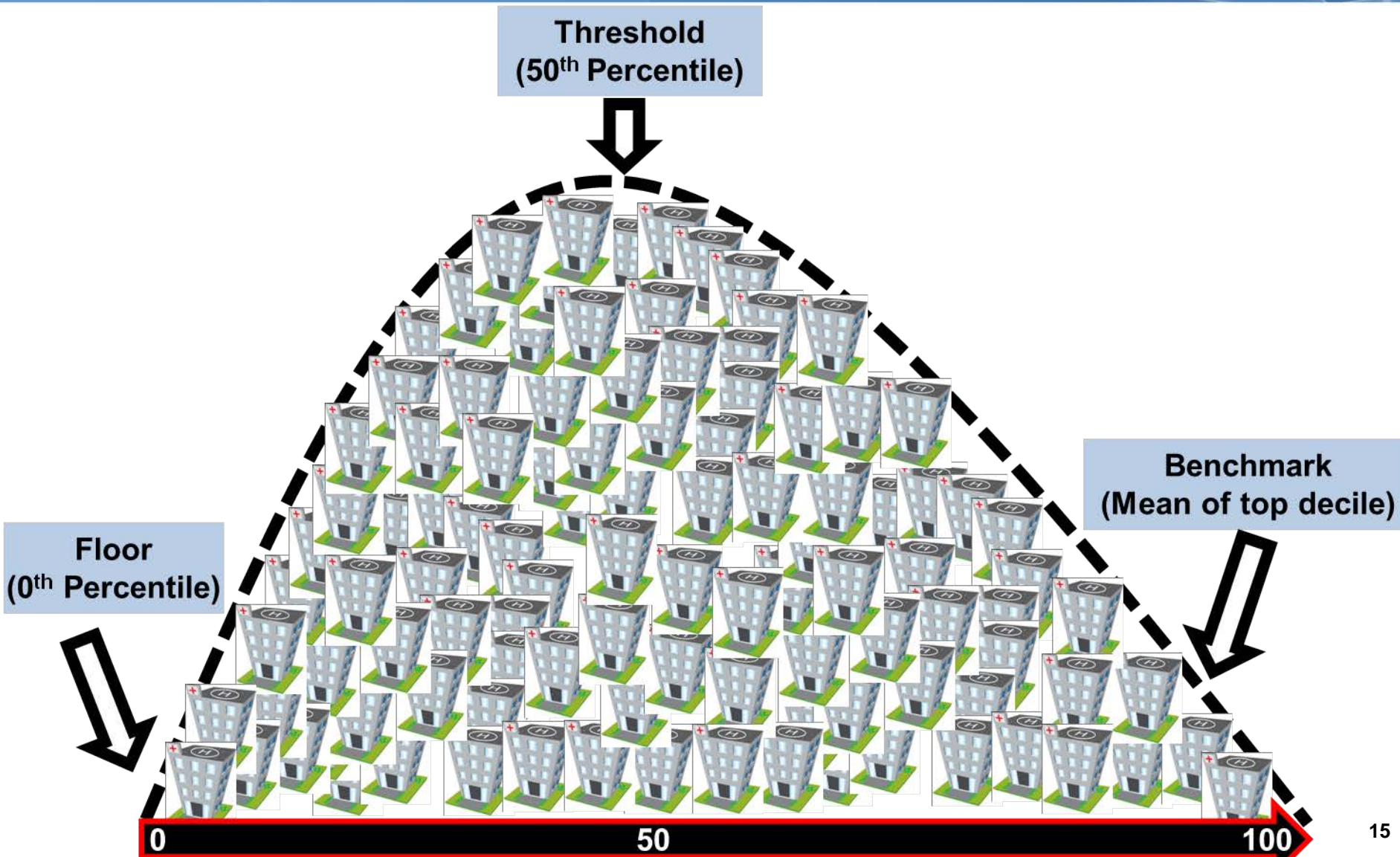
- Improvement Points are awarded by comparing a hospital's rates during the Performance Period to that same hospital's rates from the Baseline Period.
- How are Improvement Points awarded?
 - Hospital rate at or above the Benchmark: 10 Improvement Points
 - Hospital rate less than or equal to Baseline Period Rate: 0 Improvement Points
 - If the hospital's rate is between the Baseline Period Rate and the Benchmark: 0-9 Improvement Points

For example:



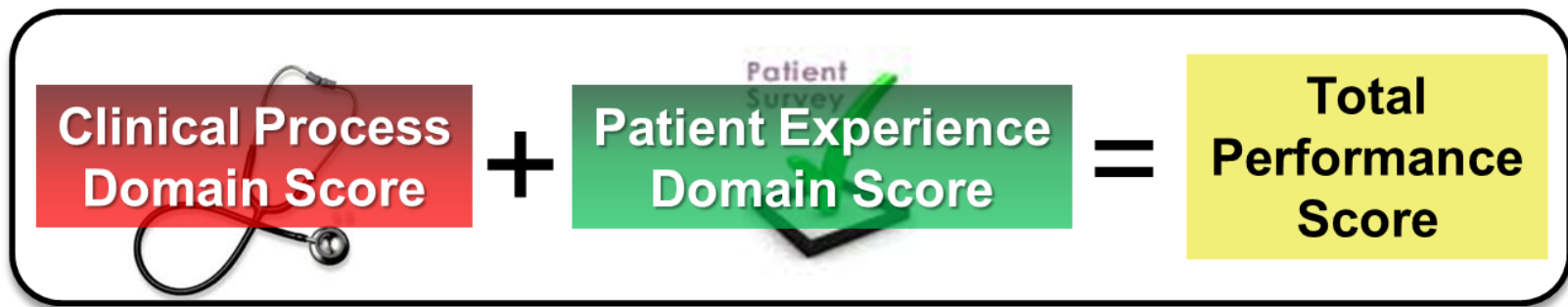
How Will Hospitals Be Evaluated? Baseline Performance Data

7/1/2009 - 3/31/2010



How Will Hospitals Be Evaluated?

Total Performance Score

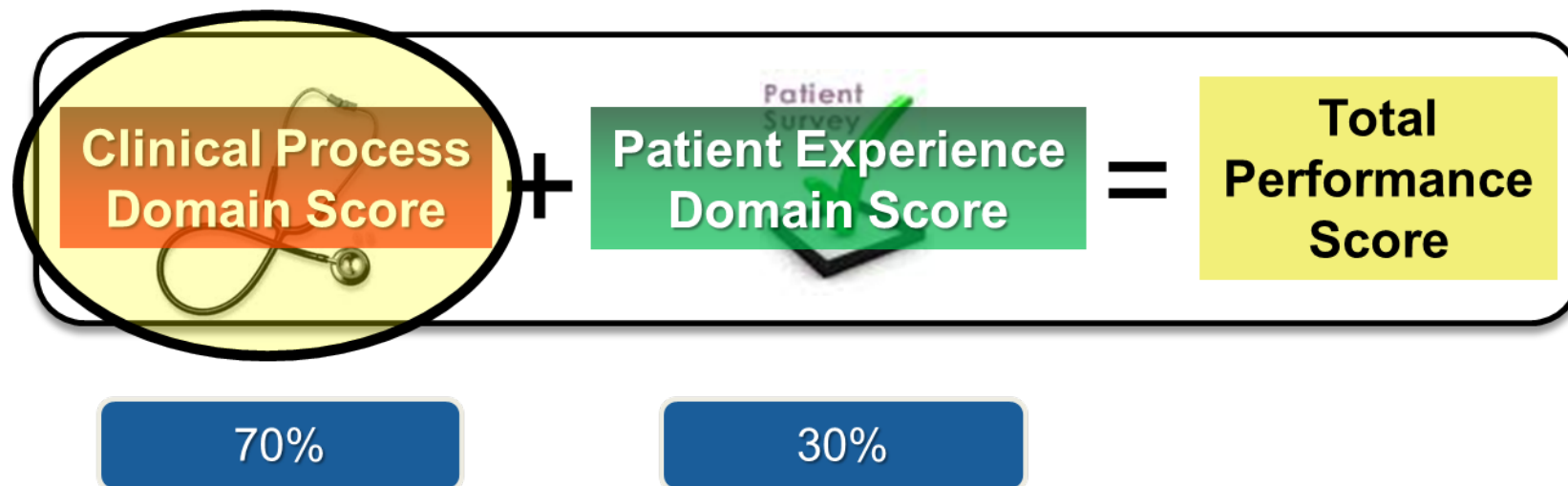


70%

30%

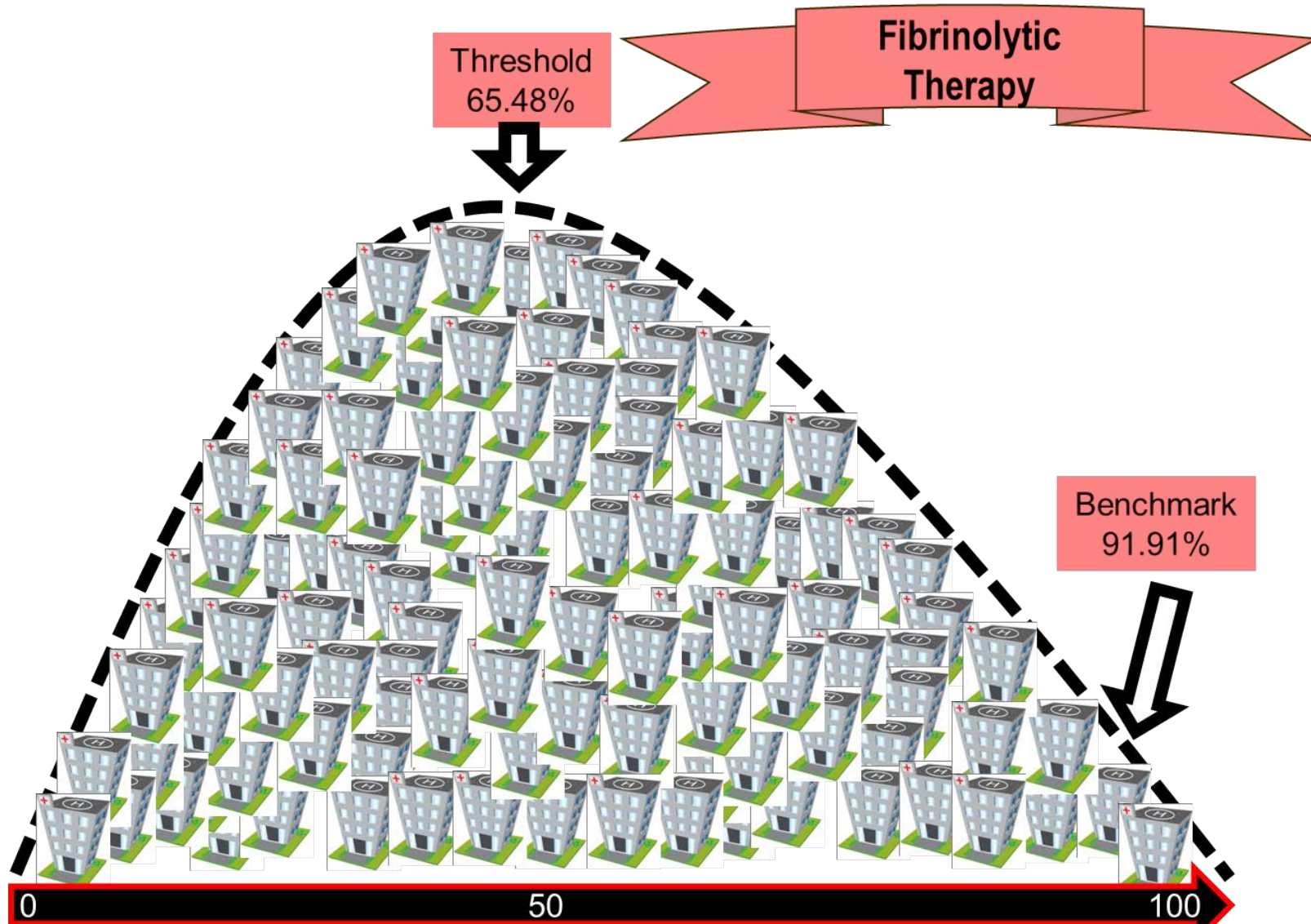
How Will Hospitals Be Evaluated?

Total Performance Score



How Will Hospitals Be Evaluated? Baseline Performance Data

7/1/2009 - 3/31/2010

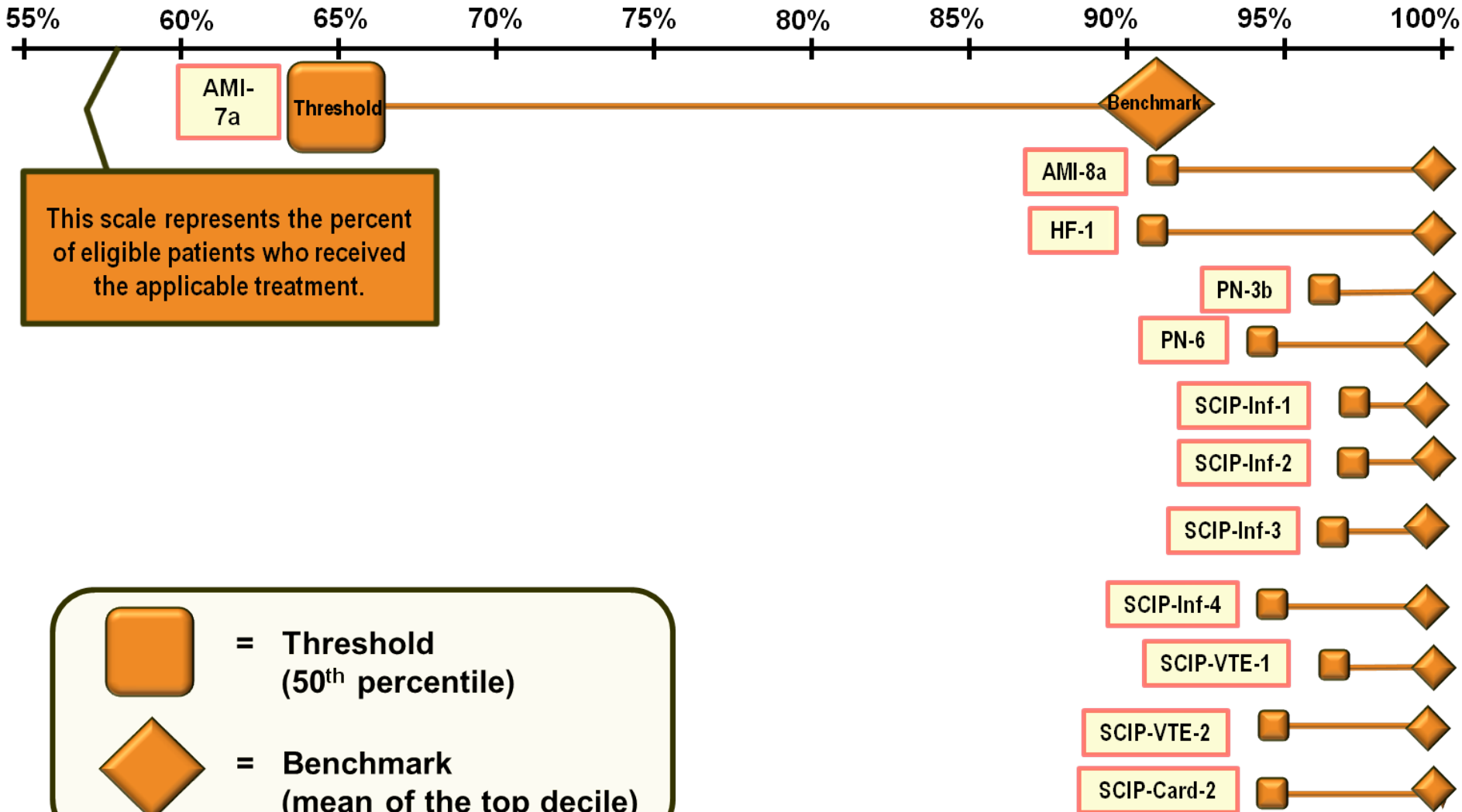


Clinical Process of Care Domain



This scale represents the percent of eligible patients who received the applicable treatment.

Clinical Process of Care Domain Performance Standards based on National Measure Rates





Clinical Process of Care Domain

Example: *AMI-7a – Fibrinolytic Therapy*

(Slide 1 of 8)



 = Threshold
(50th percentile)

 = Benchmark
(mean of the top decile)

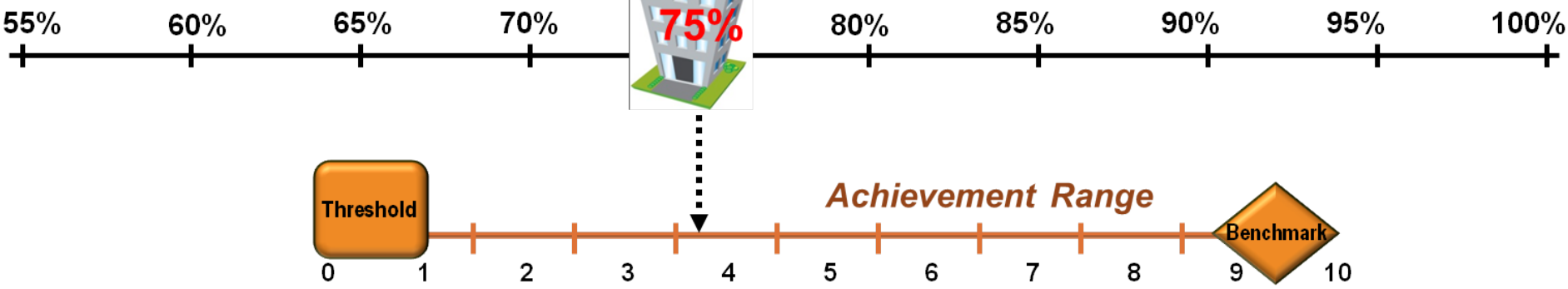
The achievement range “is a scale between the achievement threshold (the minimum level of hospital performance required to receive achievement points) and the benchmark (the mean of the top decile of hospital performance during the baseline period).”


Clinical Process of Care Domain


Example: *AMI-7a – Fibrinolytic Therapy*

(Slide 2 of 8)

A performance rate of 75% means that 75% of eligible AMI patients received fibrinolytic therapy.



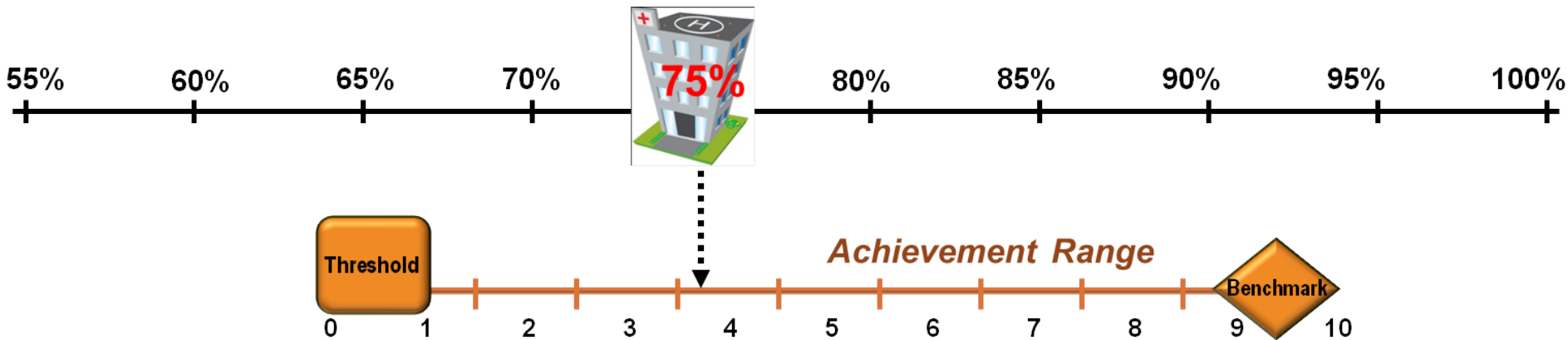
 = Threshold (50th percentile)

 = Benchmark (mean of the top decile)

Clinical Process of Care Domain

Example: AMI-7a – Fibrinolytic Therapy

(Slide 3 of 8)



Formula

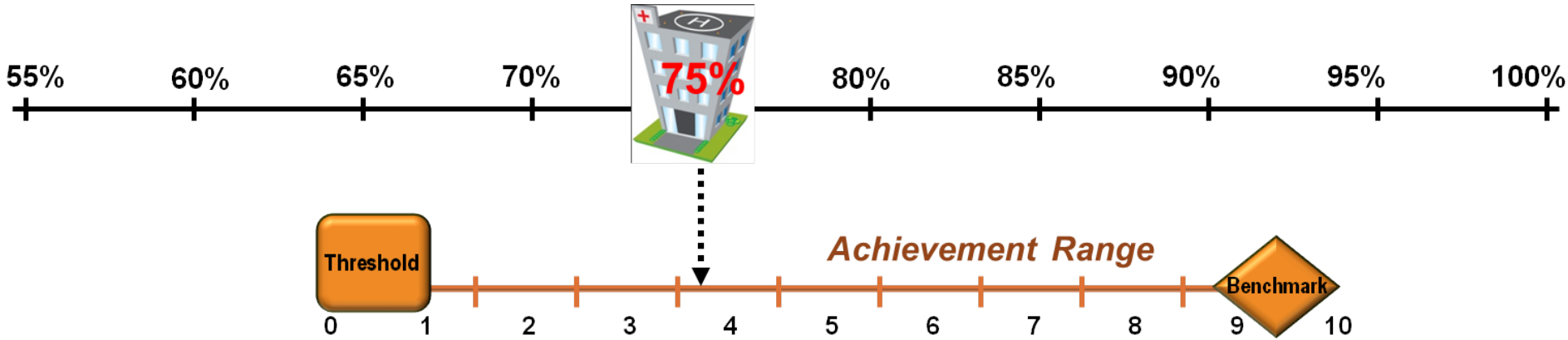
$$9 \times \left(\frac{\text{Hospital's Performance Period Score}^1 - \text{Achievement Threshold}}{\text{Benchmark} - \text{Achievement Threshold}} \right) + 0.5$$

¹ As used in these formulas, the “score” refers to the hospital’s performance rate.

Clinical Process of Care Domain

Example: AMI-7a – Fibrinolytic Therapy

(Slide 4 of 8)



Formula

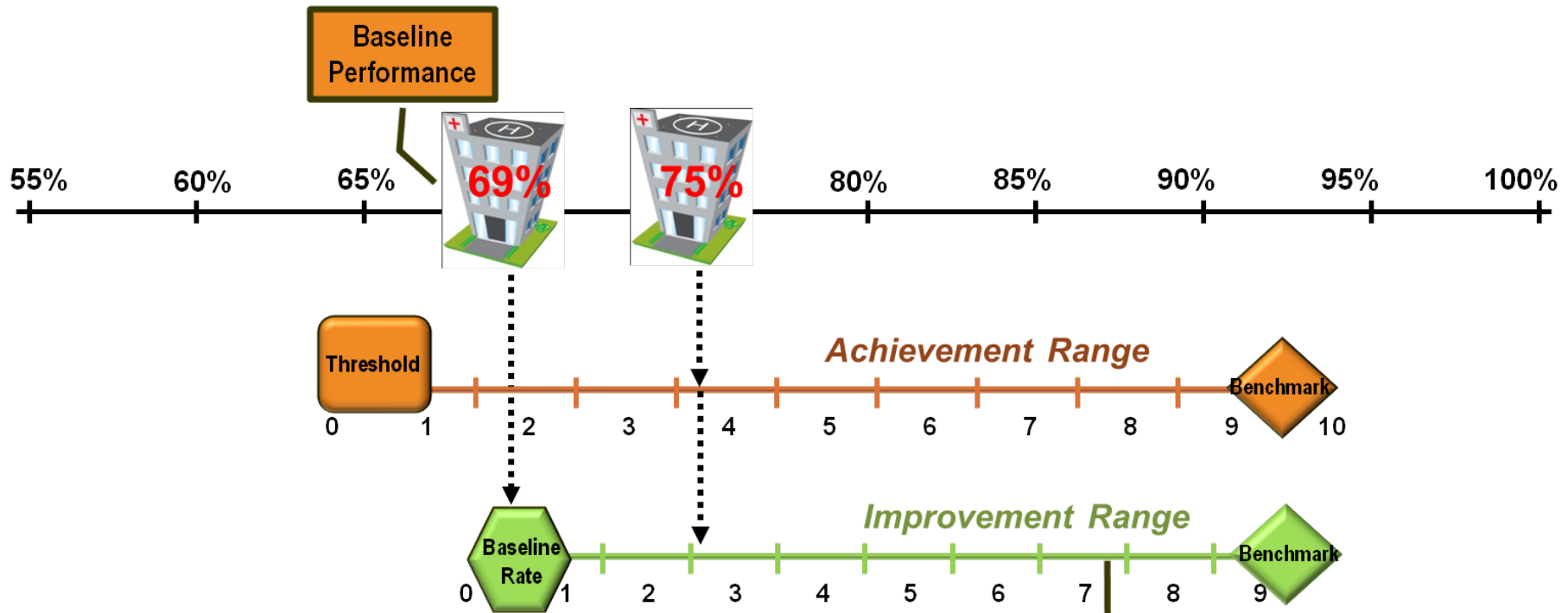
$$9 \times \left(\frac{\text{Hospital's Performance Period Score} - \text{Achievement Threshold}}{\text{Benchmark} - \text{Achievement Threshold}} \right) + 0.5$$



$$9 \times \left(\frac{75\% - 65.48\%}{91.91\% - 65.48\%} \right) + 0.5 = 9 \times \left(\frac{9.52\%}{26.43\%} \right) + 0.5 = 3.74 = 4$$

Clinical Process of Care Domain

Example: AMI-7a – Fibrinolytic Therapy

(Slide 5 of 8)



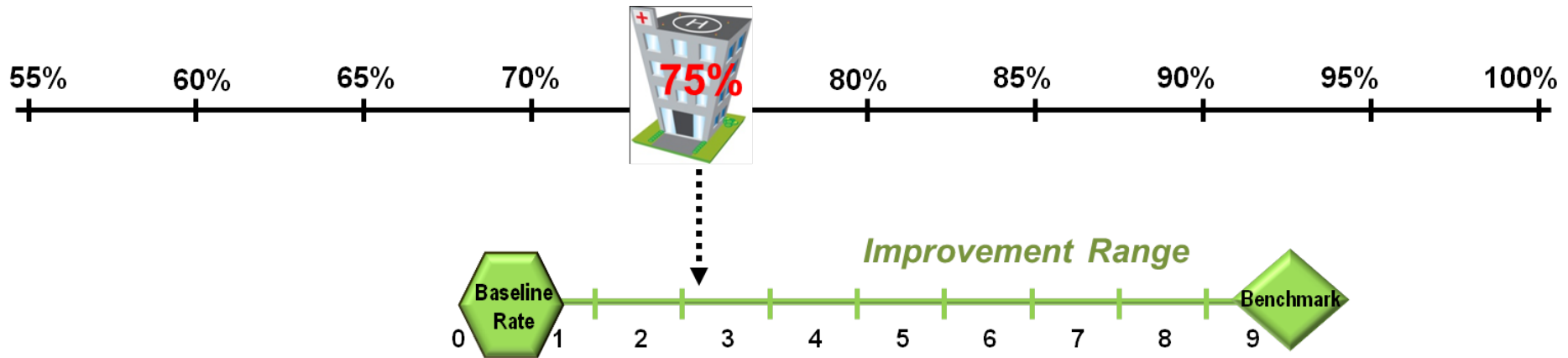
 = Baseline Period Rate
 = Benchmark (mean of the top decile)

The improvement range “is a scale between the hospital’s prior performance rate on the measure during the baseline period and the benchmark.”

Clinical Process of Care Domain

Example: AMI-7a – Fibrinolytic Therapy

(Slide 6 of 8)



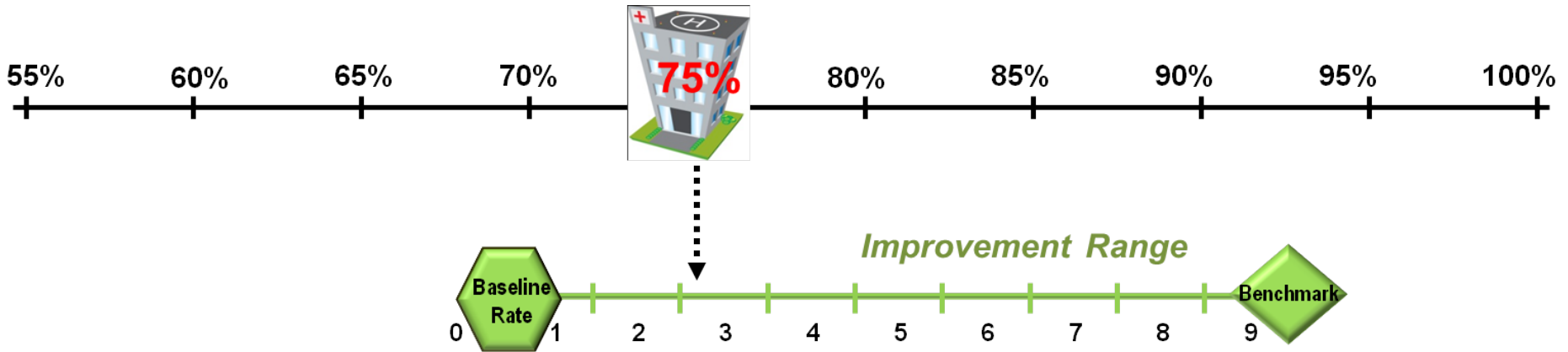
Formula

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

Clinical Process of Care Domain

Example: AMI-7a – Fibrinolytic Therapy

(Slide 7 of 8)



Formula

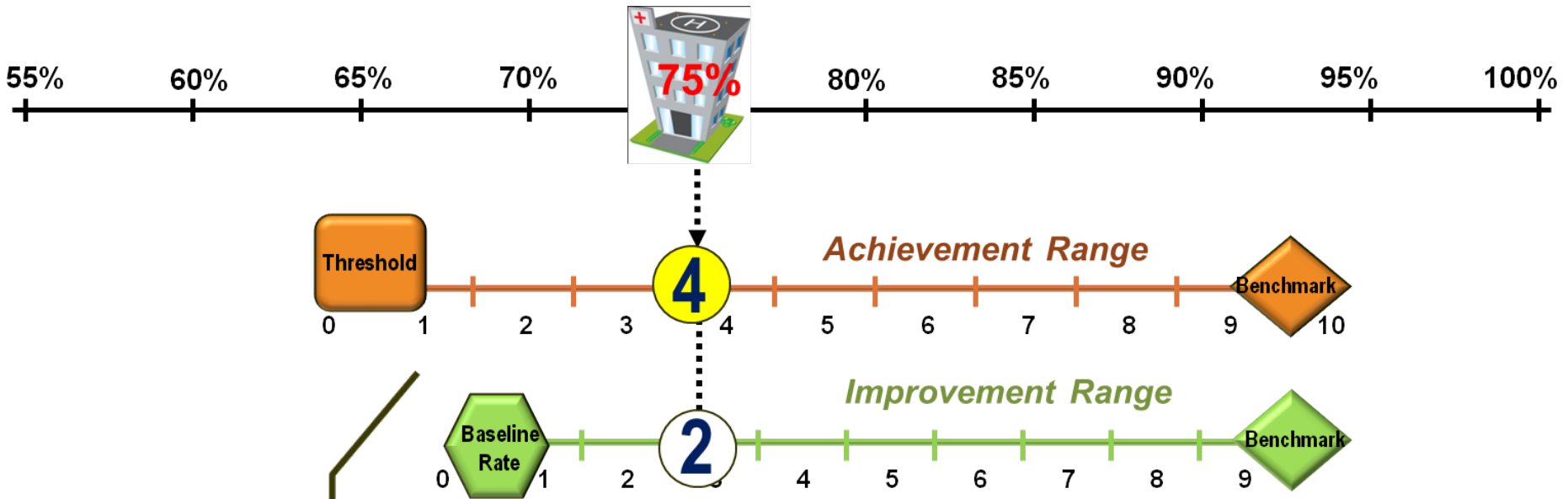
$$10 \times \left(\frac{\text{Hospital's Performance Period Score} - \text{Hospital Baseline Period Score}}{\text{Benchmark} - \text{Hospital Baseline Period Score}} \right) - 0.5$$

$$10 \times \left(\frac{75\% - 69\%}{91.91\% - 69\%} \right) - 0.5 = 10 \times \left(\frac{6\%}{22.91\%} \right) - 0.5 = 2.12 = 2$$

Clinical Process of Care Domain

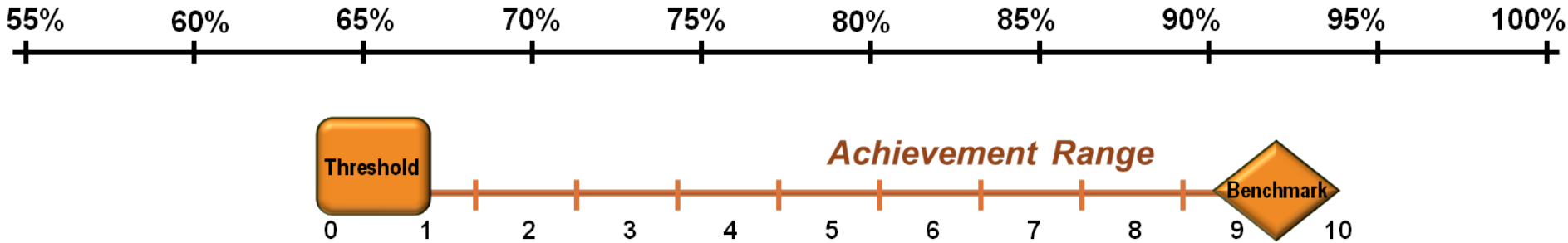
Example: AMI-7a – Fibrinolytic Therapy

(Slide 8 of 8)




The greater of achievement or improvement points is awarded; in this case, 4.

AMI-7a – Fibrinolytic Therapy Hospital-Specific Improvement Ranges



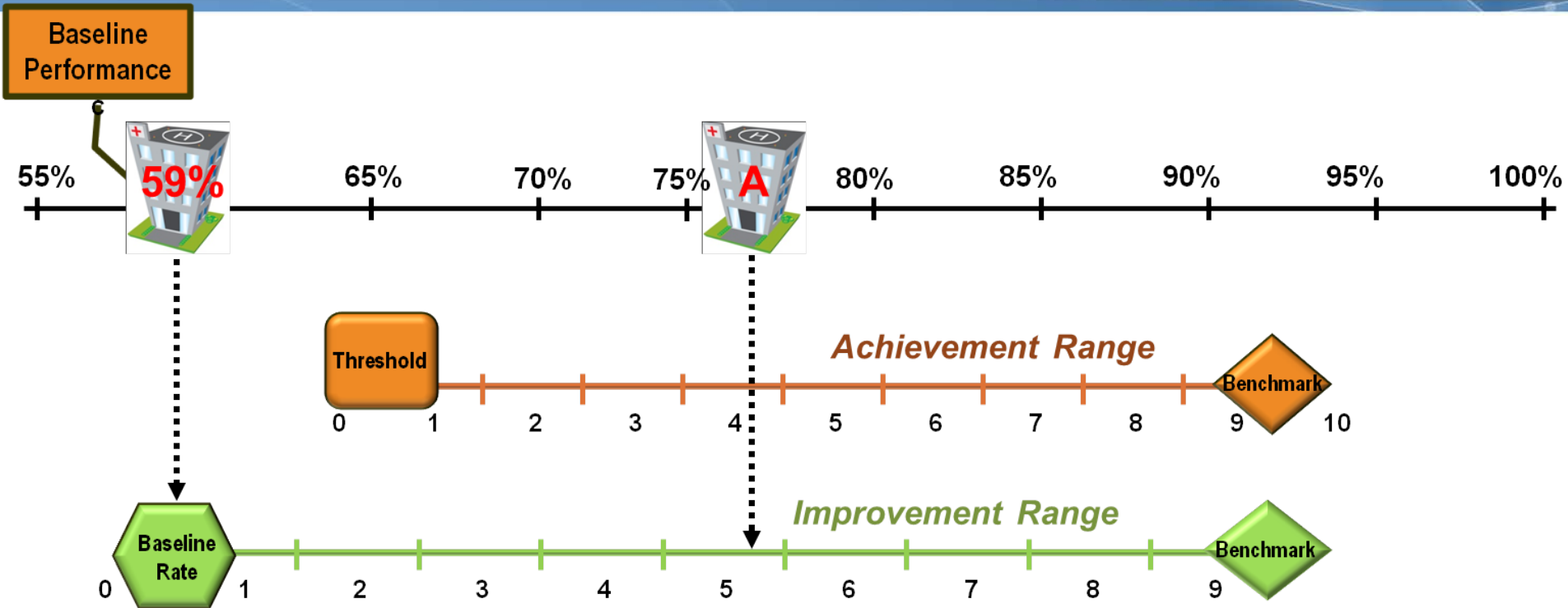
For each measure, every hospital will have the same achievement range, but a unique improvement range based on its own baseline rate.



 = Threshold
(50th percentile)

 = Benchmark
(mean of the top decile)

AMI-7a – Fibrinolytic Therapy

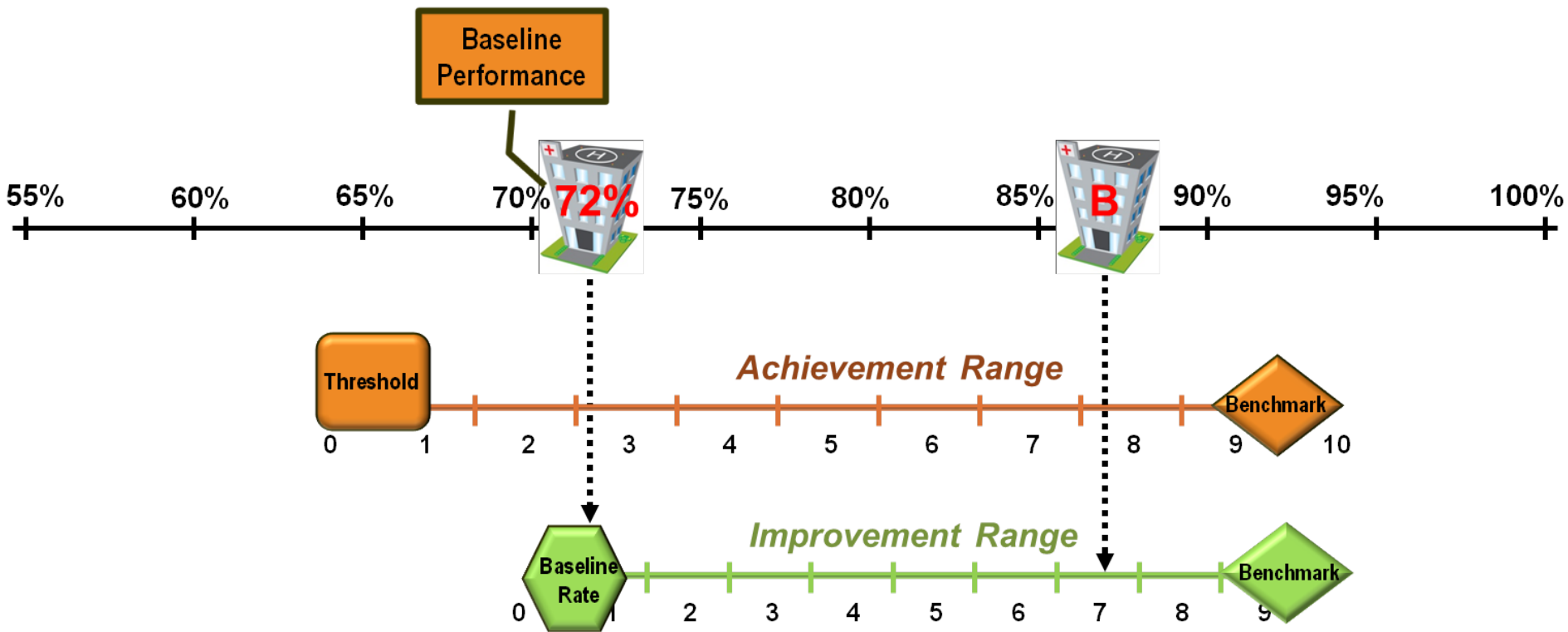
Hospital A's Unique Improvement Range



 = **Baseline Period Rate**
 = **Benchmark**
 (mean of the top decile)

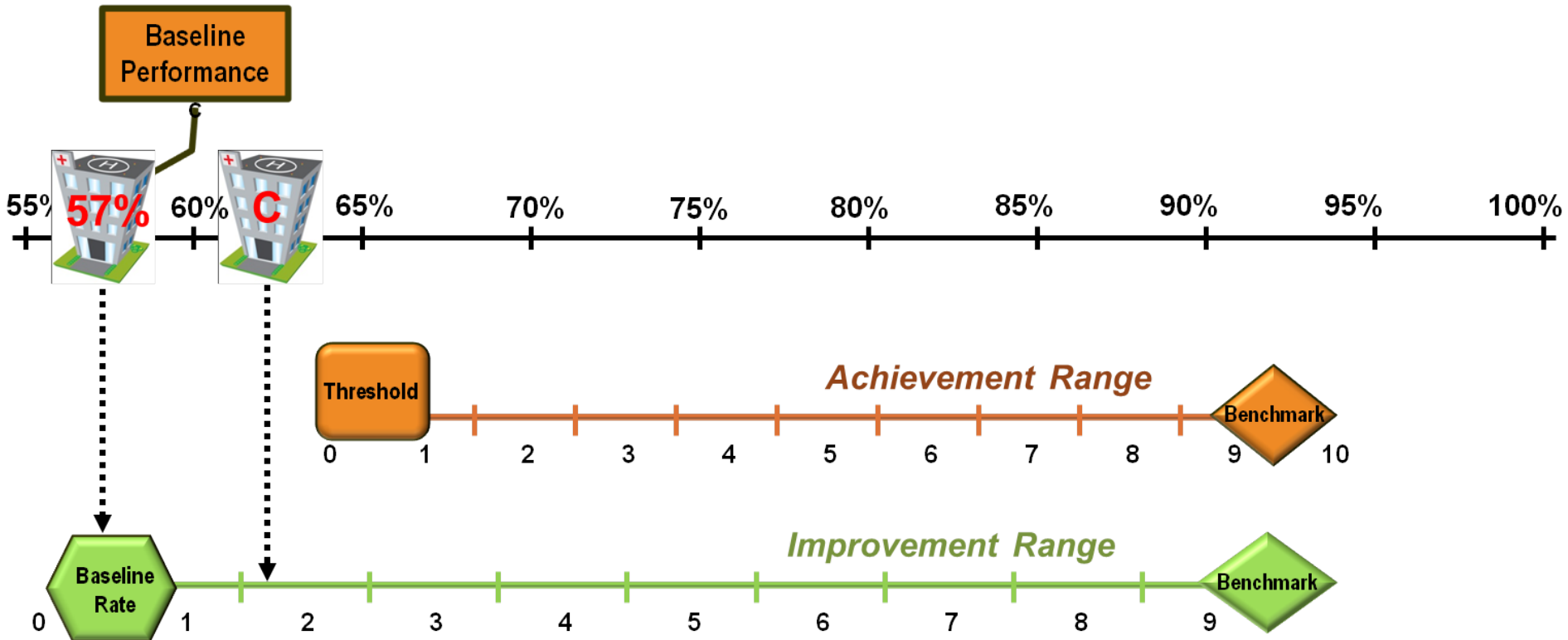
AMI-7a – Fibrinolytic Therapy

Hospital B's Unique Improvement Range

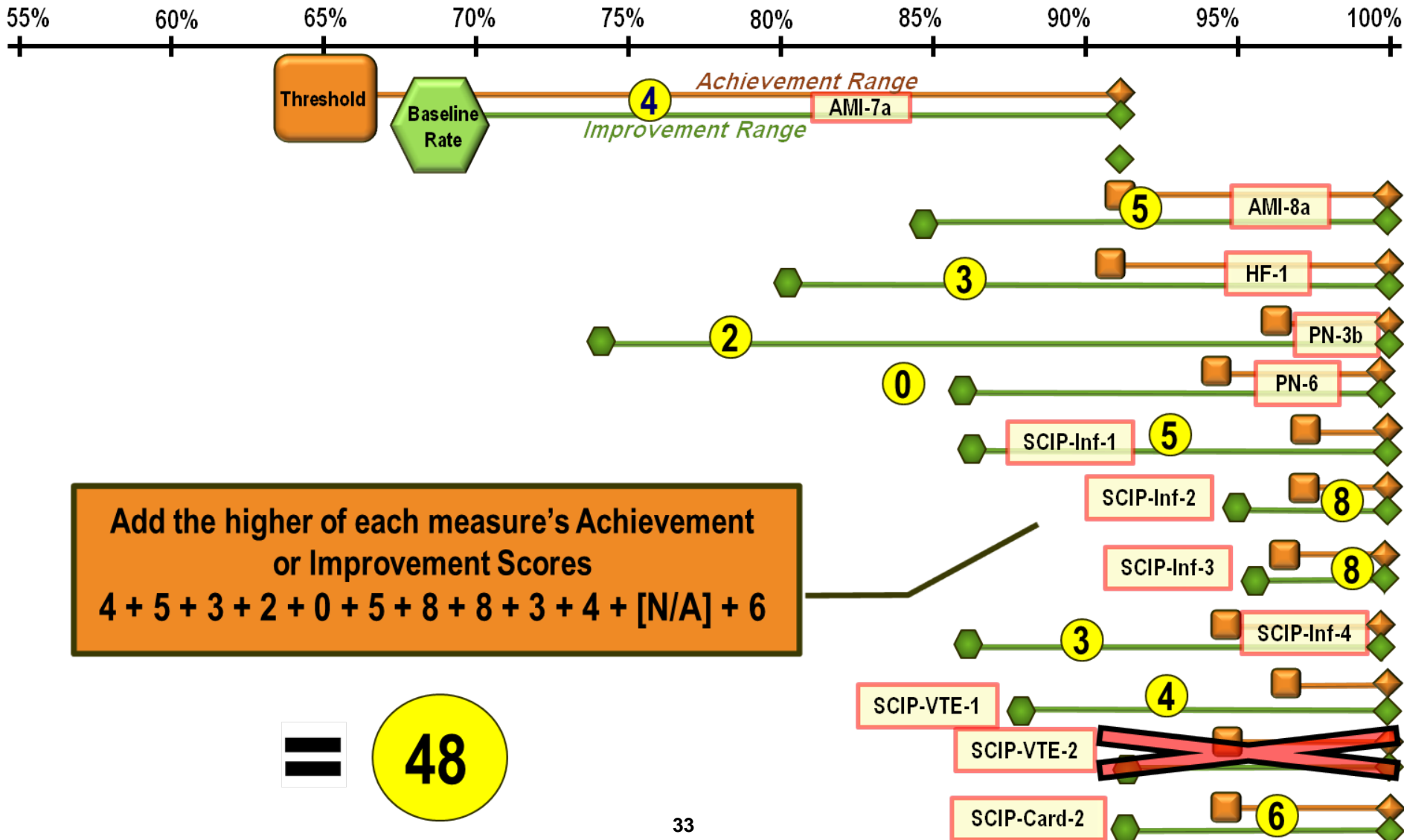


AMI-7a – Fibrinolytic Therapy

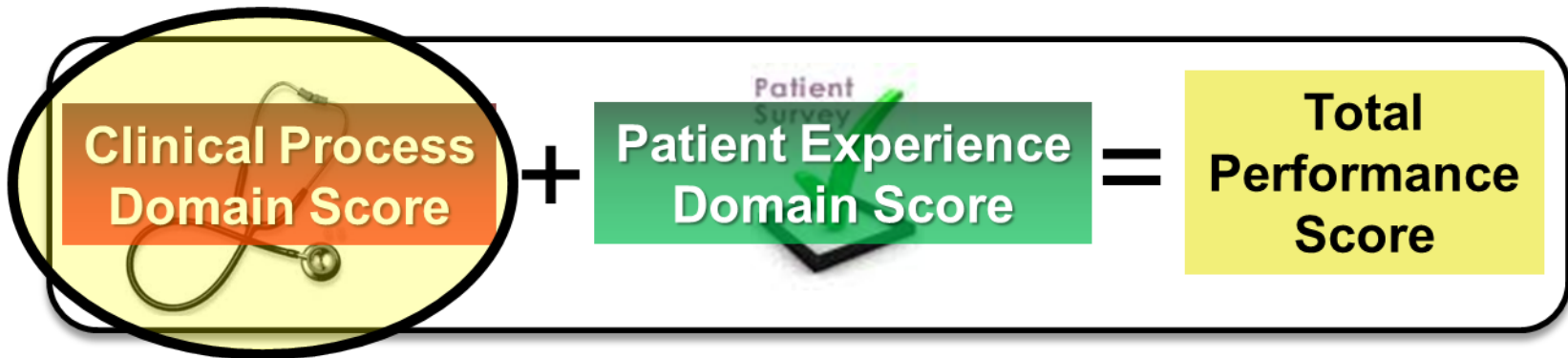
Hospital C's Unique Improvement Range



Clinical Process of Care Domain Example: Greater of Achievement or Improvement



How Will Hospitals Be Evaluated? Total Performance Score

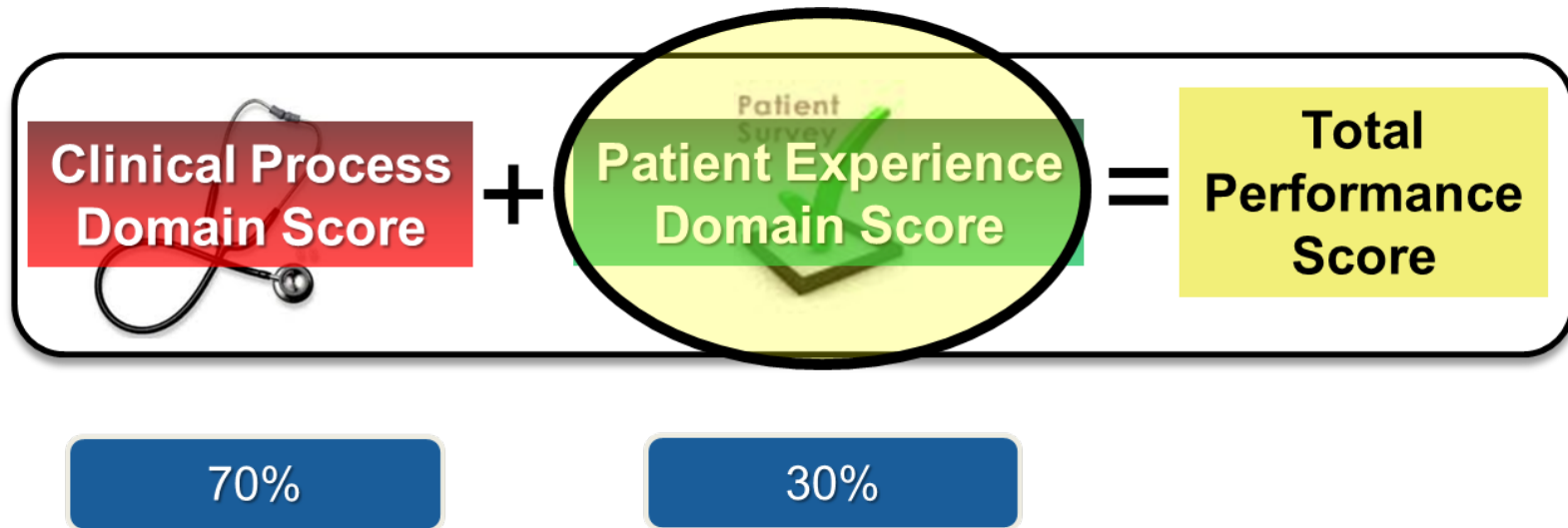


CMS will normalize the clinical domain scores by converting a hospital's points earned to a percentage of total points.

$$48 \div 110 \times 100 = 43.6$$

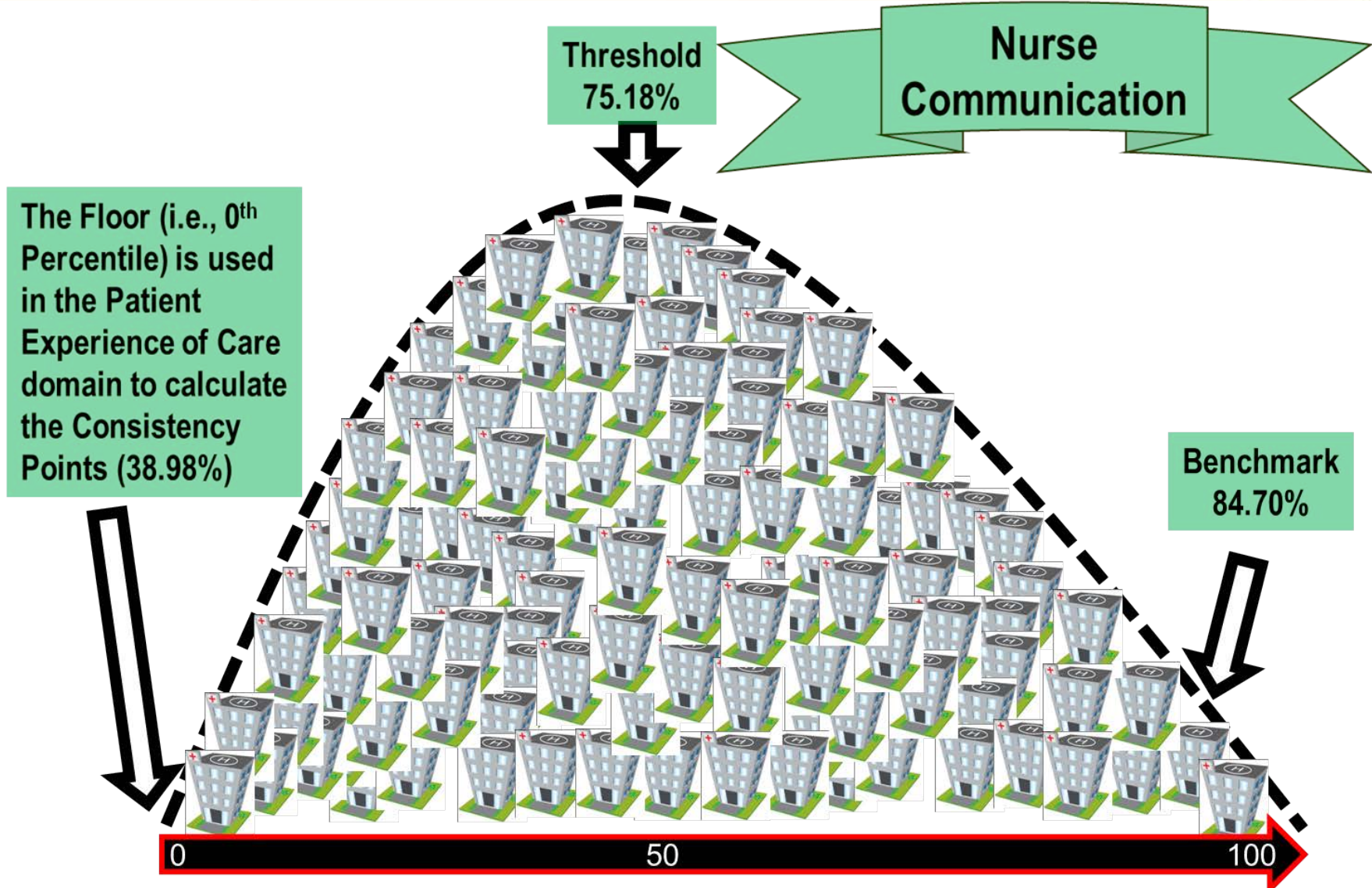
How Will Hospitals Be Evaluated?

Total Performance Score



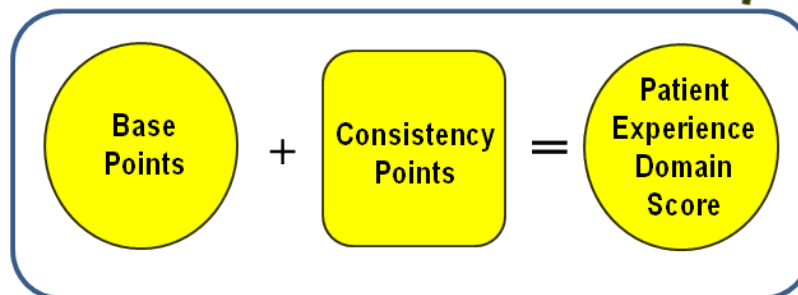
How Will Hospitals Be Evaluated? Baseline Performance Data

7/1/2009 - 3/31/2010



How Will Hospitals Be Evaluated?

Total Performance Score



The Patient Experience Domain comprises the HCAHPS Base Points and the Consistency Points.

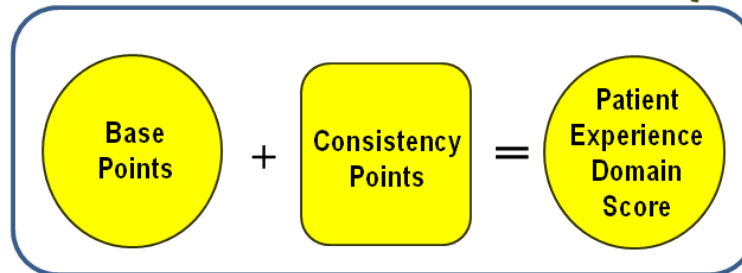
How Will Hospitals Be Evaluated? Total Performance Score



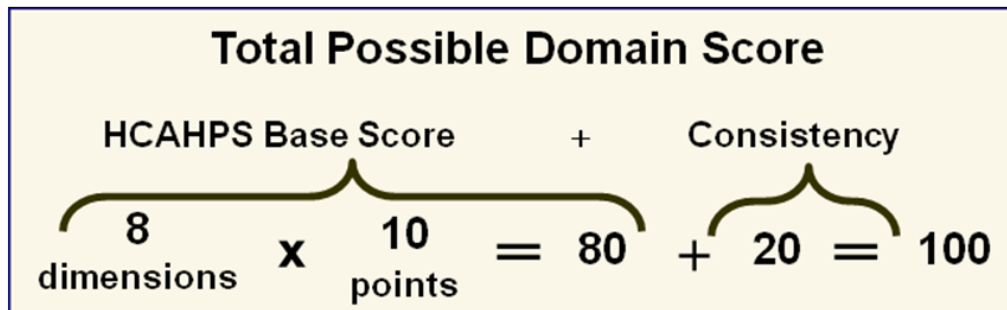
70%

+

30%



The Patient Experience Domain comprises the HCAHPS Base Points and the Consistency Points.



Patient Experience of Care Base Points



- **Patient Experience of Care Domain Score equals (Greater of Improvement or Achievement Points for each HCAHPS dimension) plus Consistency Points**

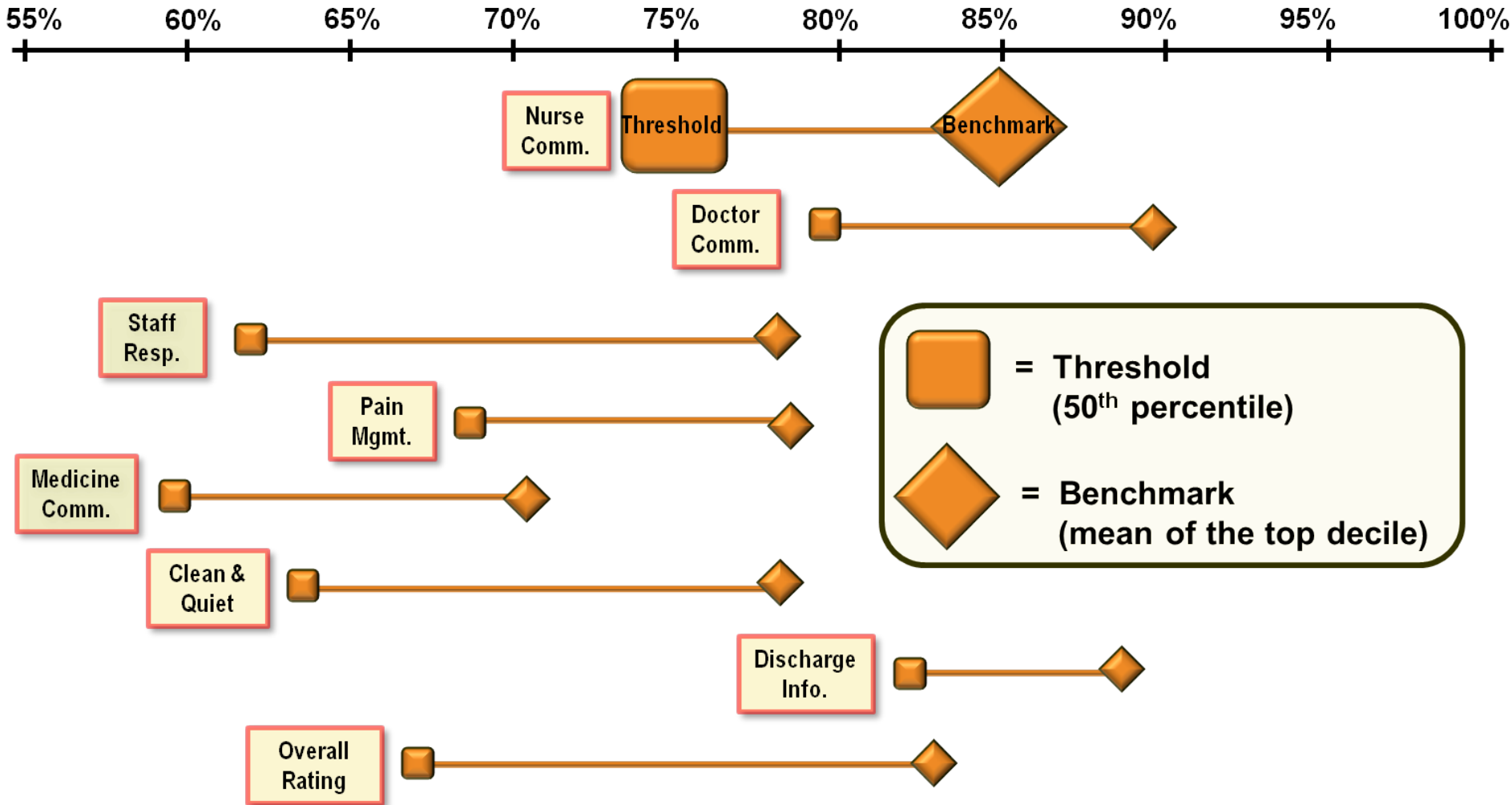
- **Up to 80 Base Points are possible based on each of the eight HCAHPS dimensions:**
 - For each of the eight dimensions, determine the greater of the Achievement Points or the Improvement Points.
 - Add these 8 values to arrive at the total HCAHPS Base Points.

Patient Experience of Care Domain Achievement Ranges



This scale represents the top-box score (percent of patients who chose the most positive response option to HCAHPS survey questions).

Patient Experience of Care Domain Achievement Range for the 8 HCAHPS Dimensions





Patient Experience of Care

Example: *Nurse Communication Dimension*

(Slide 1 of 8)

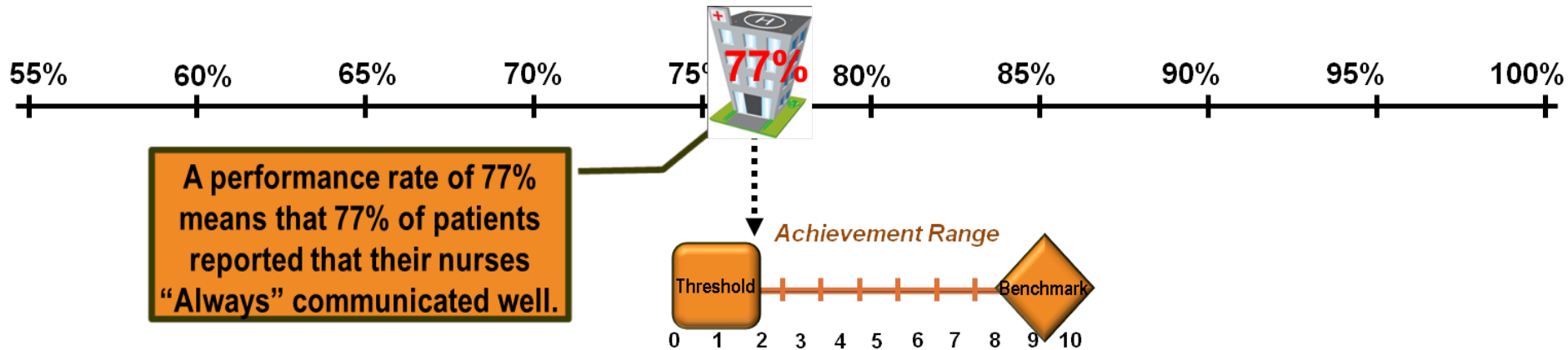


 = **Threshold**
(50th percentile)

 = **Benchmark**
(mean of the top decile)

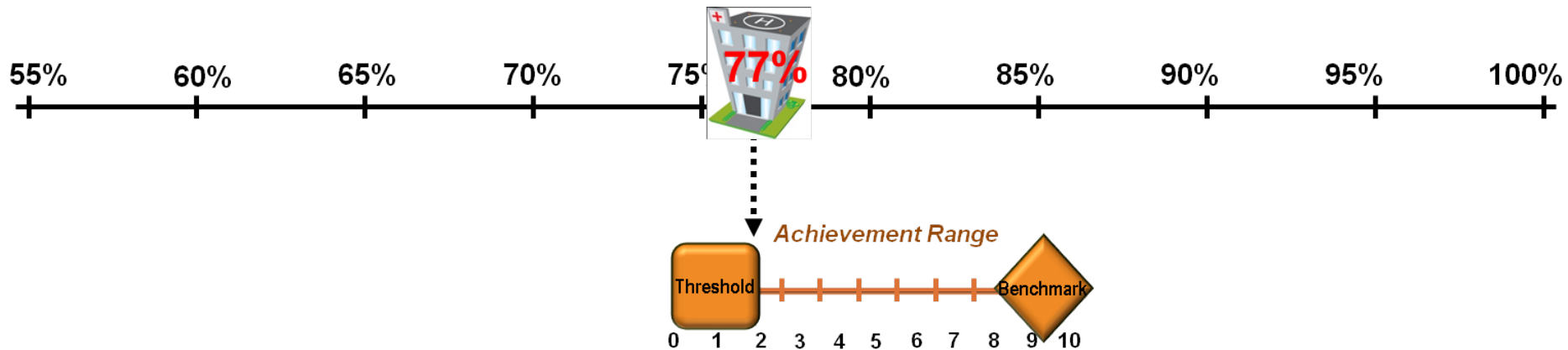
Patient Experience of Care Example: *Nurse Communication Dimension*

(Slide 2 of 8)



Patient Experience of Care Example: *Nurse Communication Dimension*

(Slide 3 of 8)

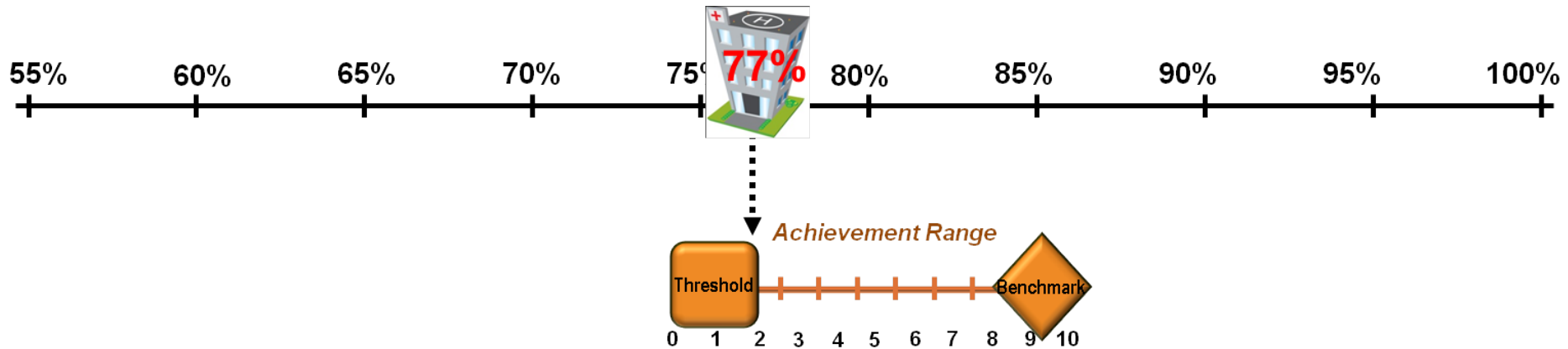


Formula

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

Patient Experience of Care Example: *Nurse Communication Dimension*

(Slide 4 of 8)



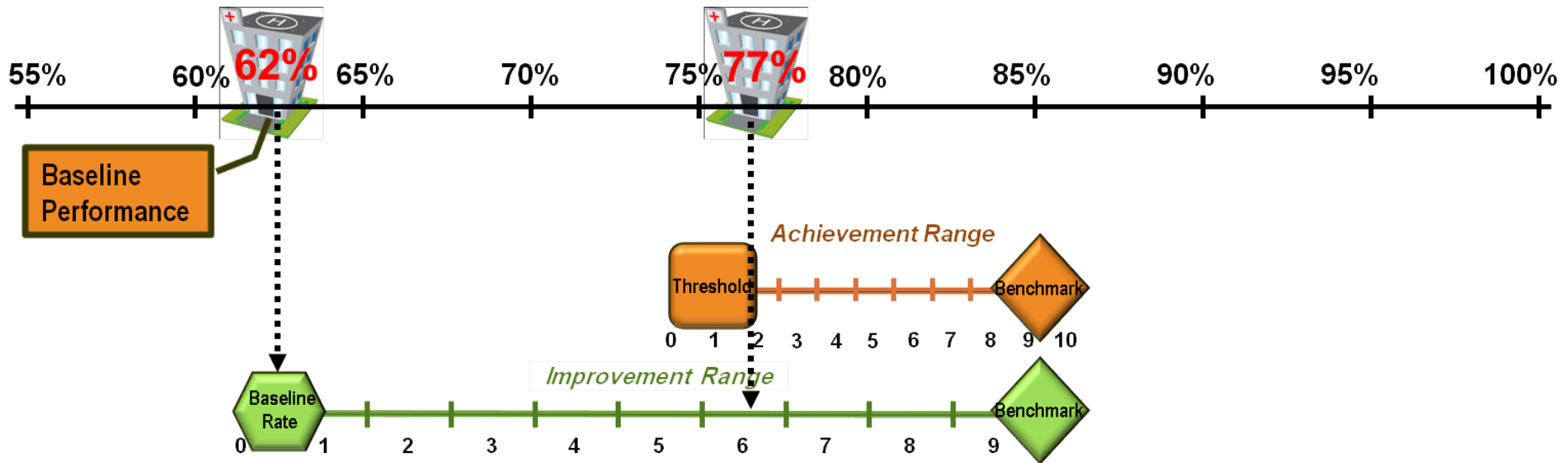
Formula



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

$$9 \times \left(\frac{77\% - 75.18\%}{84.70\% - 75.18\%} \right) + 0.5 = 9 \times \left(\frac{1.82\%}{9.52\%} \right) + 0.5 = 2.22 = 2$$

Patient Experience of Care Example: *Nurse Communication Dimension*

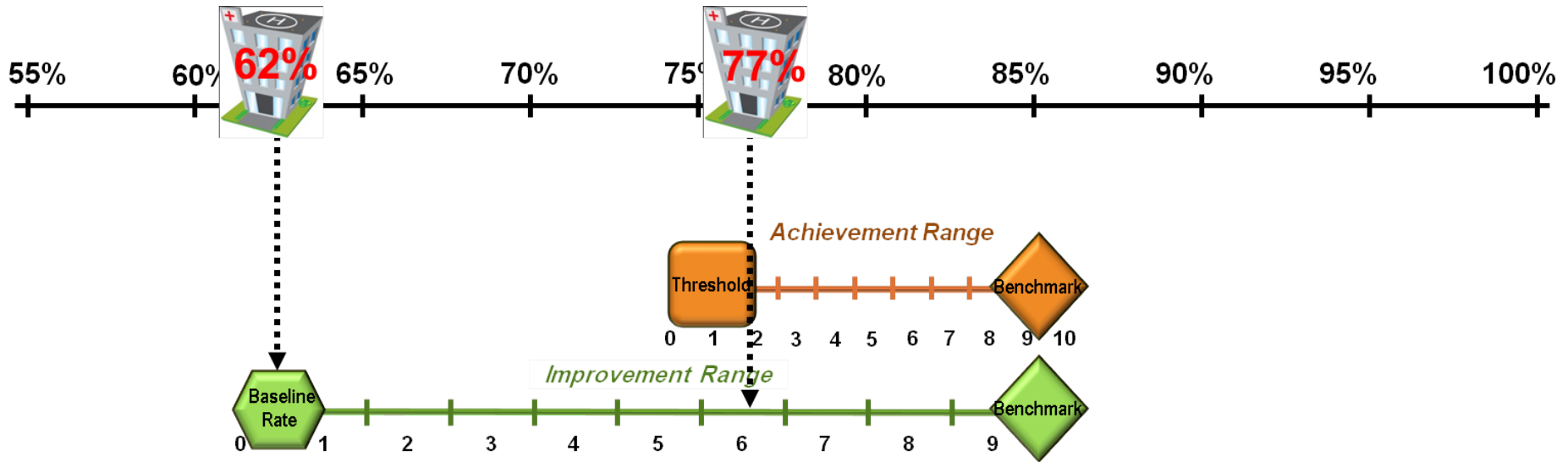
(Slide 5 of 8)



-  = Baseline Period Rate
-  = Benchmark
(mean of the top decile)

Patient Experience of Care Example: *Nurse Communication Dimension*

(Slide 6 of 8)



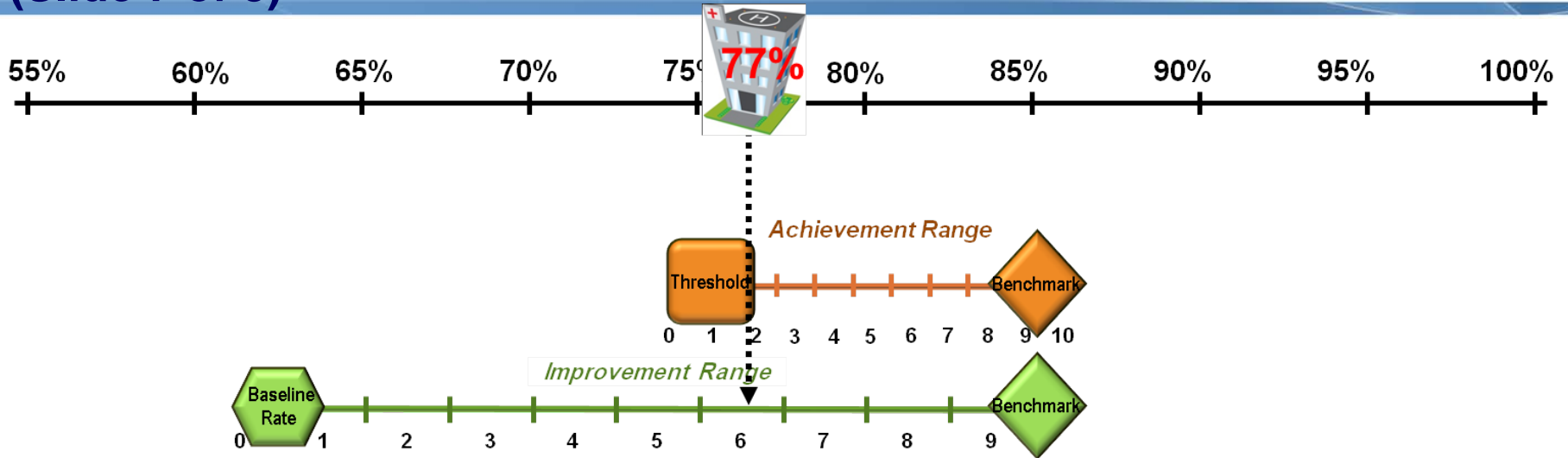
Formula

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

Patient Experience of Care

Example: *Nurse Communication Dimension*

(Slide 7 of 8)



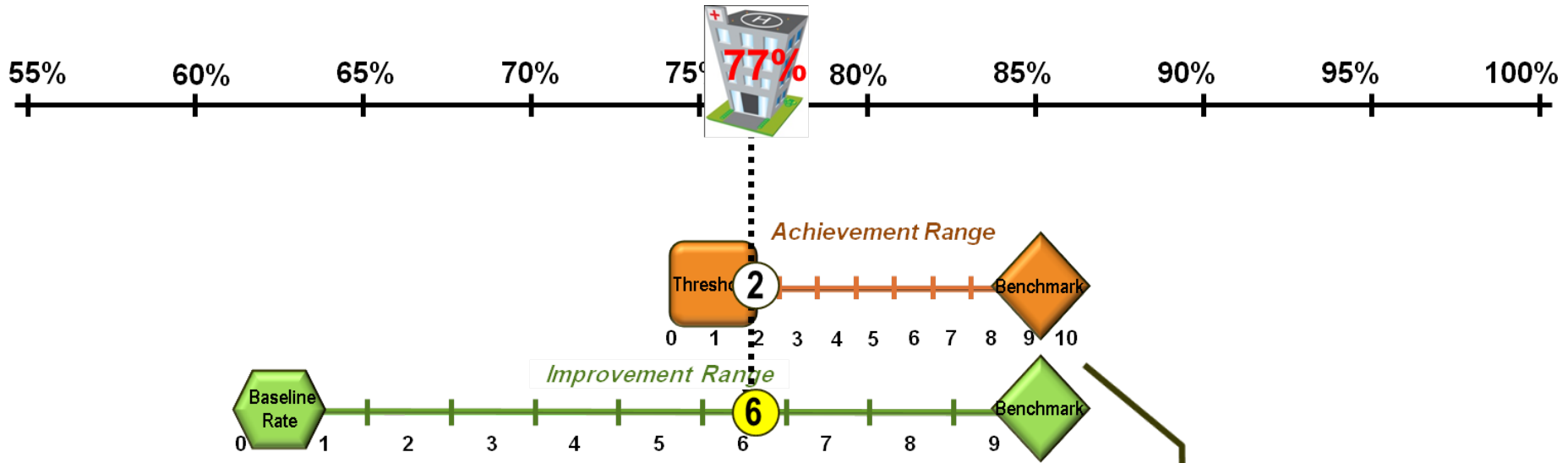
Formula

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

$$10 \times \left(\frac{77\% - 62\%}{84.70\% - 62\%} \right) - 0.5 = 10 \times \left(\frac{15\%}{22.7\%} \right) - 0.5 = 6.11 = \mathbf{6}$$

Patient Experience of Care Example: *Nurse Communication Dimension*

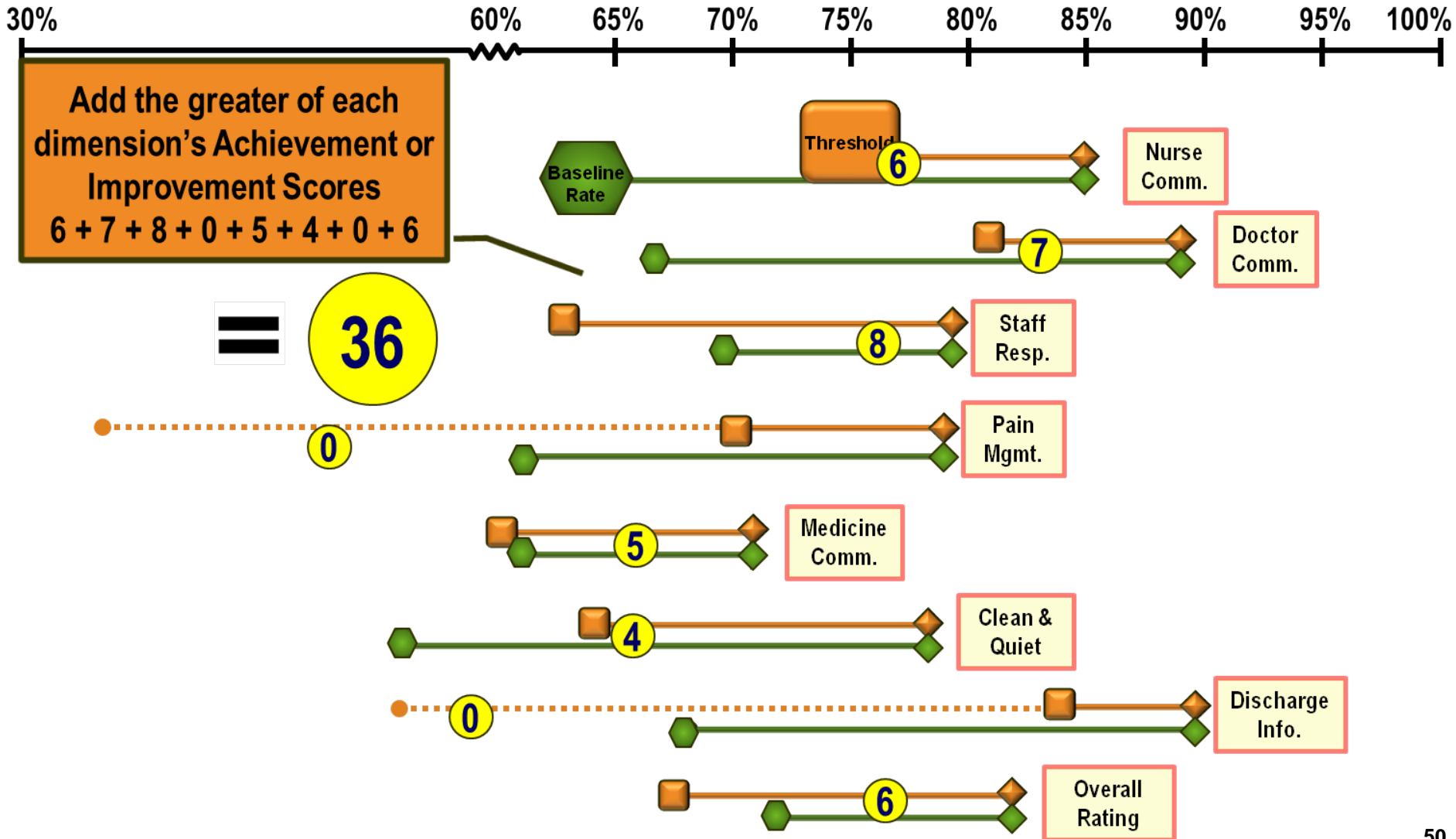
(Slide 8 of 8)



The greater of Achievement or Improvement Points is awarded; in this case, 6.

Patient Experience of Care Domain

Example: Greater of Achievement or Improvement



Patient Experience of Care HCAHPS Consistency Points



- **Patient Experience of Care Domain Score equals
(Greater of Improvement or Achievement Points for each dimension)
plus Consistency Points**

- **Up to 20 Consistency Points may be earned based on the
LOWEST dimension:**
 - Lowest dimension is compared to the 50th percentile of Baseline Period performance rate for that dimension.
 - Consistency Points encourage hospitals to meet or exceed the Achievement Threshold in all HCAHPS dimensions.
 - 20 points are awarded if all dimension rates are greater than or equal to the Achievement Threshold.
 - If any dimension rate is less than the Achievement Threshold, then Consistency Points are awarded based on that dimension's location relative to the Floor.

Patient Experience of Care HCAHPS Consistency Points



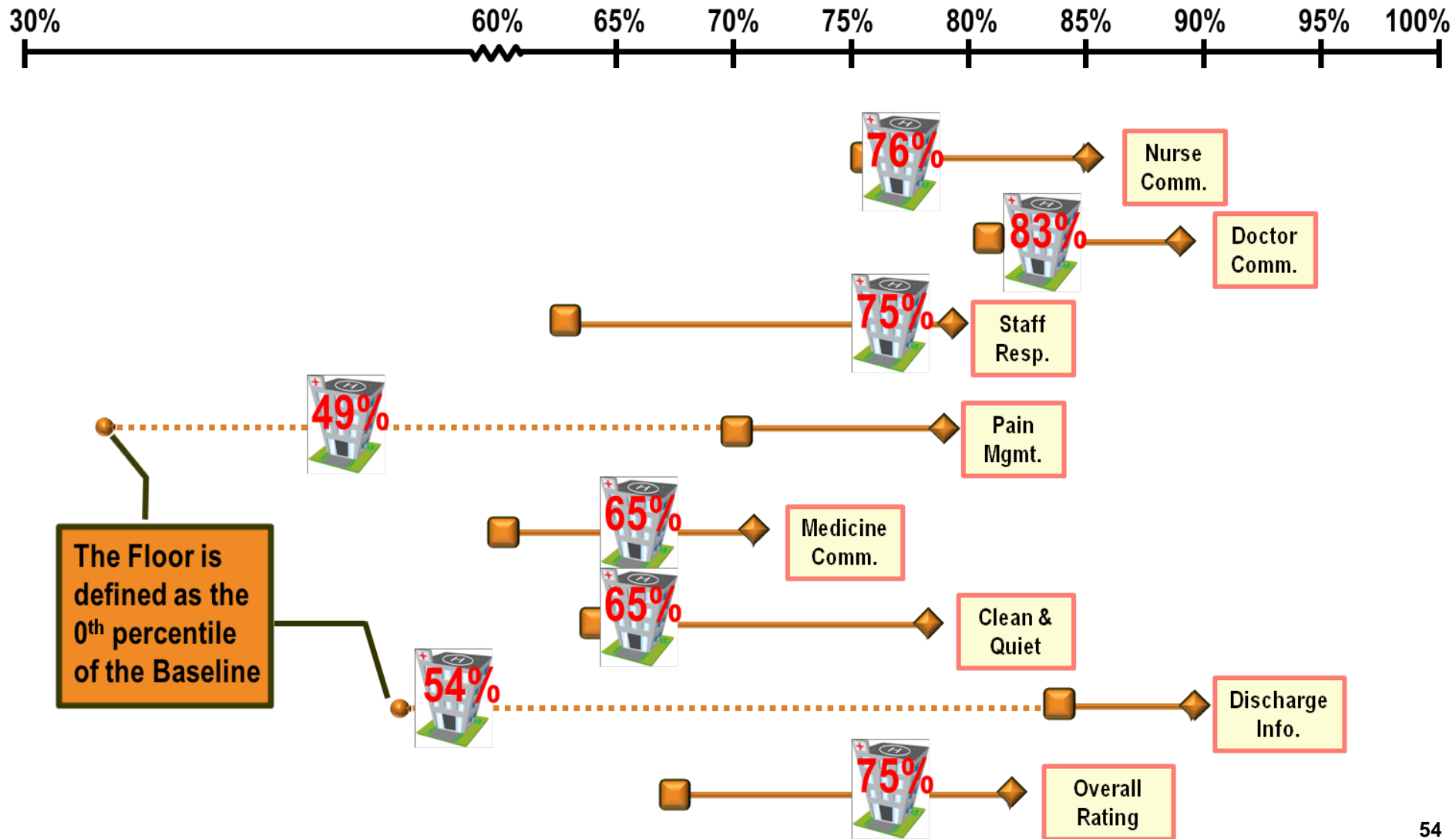
- **Encourage higher performance across all HCAHPS dimensions**
- **Promote wider systems changes within hospitals to improve quality by offering hospitals additional incentives**

How will hospitals be evaluated? HCAHPS Consistency Points



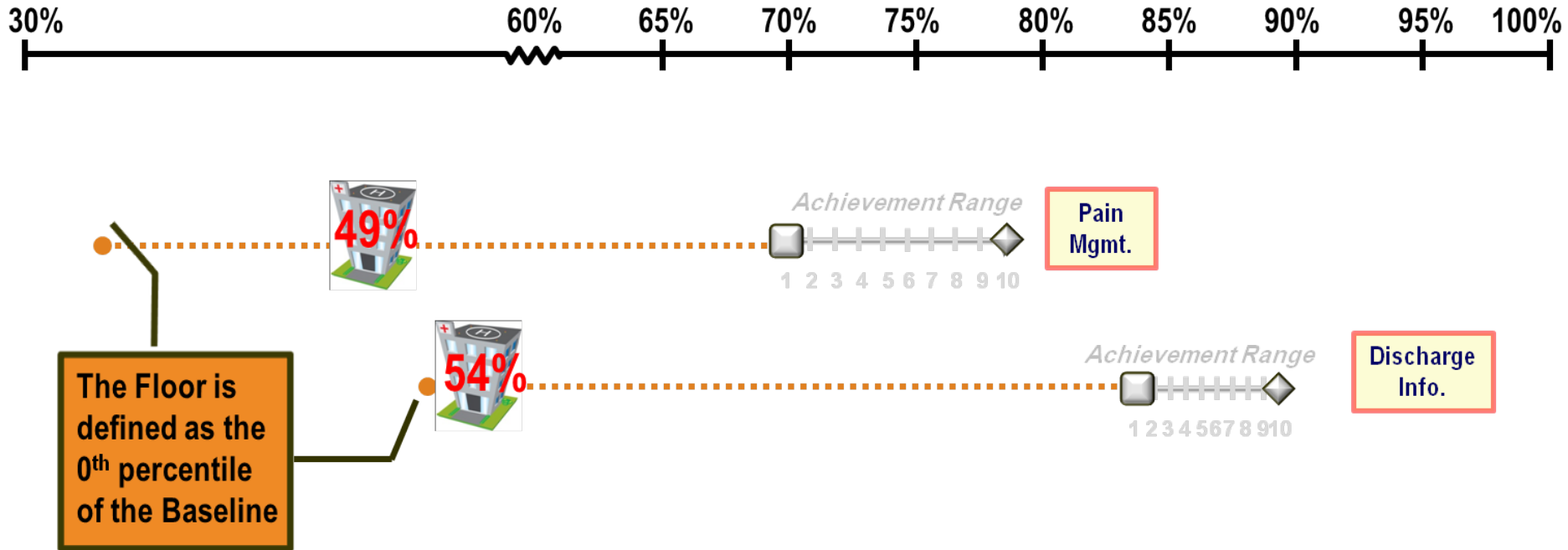
- **How are HCAHPS Consistency Points calculated?**
 - **If all dimension rates are greater than or equal to the Achievement Thresholds:**
 - ❖ 20 Consistency Points
 - **If any individual dimension rate is less than or equal to the worst-performing hospital dimension rate from the Baseline Period:**
 - ❖ 0 Consistency Points
 - **If the lowest dimension rate is greater than the worst-performing hospital's rate but less than the Achievement Threshold:**
 - ❖ 0-20 Consistency Points awarded based on consistency formulas

8 HCAHPS Dimensions and Consistency Points



Consistency Points

Pain Management & Discharge Information



Consistency Points Calculation

(Slide 1 of 6)



Formula

Hospital's Performance Period Score – Floor

Achievement Threshold – Floor

Consistency Points Calculation

(Slide 2 of 6)

Formula

$$\frac{\text{Hospital's Performance Period Score} - \text{Floor}}{\text{Achievement Threshold} - \text{Floor}}$$

Pain Management



$$\frac{49\% - 34.76\%}{68.75\% - 34.76\%} = \frac{14.24\%}{33.99\%} = 0.419$$

This hospital's rate of 49 represents 41.9% of the distance from the Floor to the Threshold.

Consistency Points Calculation

(Slide 3 of 6)

Formula

$$\frac{\text{Hospital's Performance Period Score} - \text{Floor}}{\text{Achievement Threshold} - \text{Floor}}$$

Discharge Information



Achievement Range



$$\frac{54\% - 50.47\%}{81.93\% - 50.47\%} = \frac{3.53\%}{31.46\%} = 0.112$$

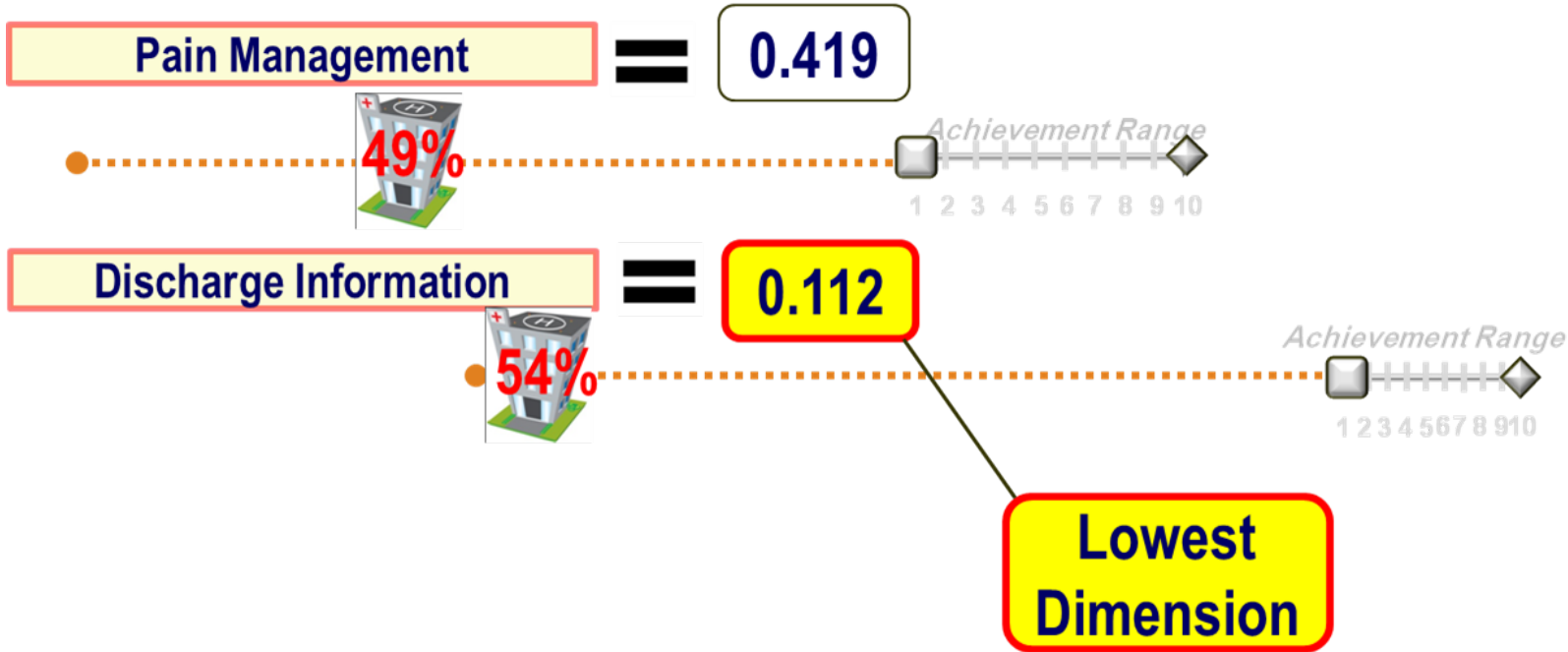
This hospital's rate of 54 represents 11.2% of the distance from the Floor to the Threshold.

Consistency Points Calculation

(Slide 4 of 6)

Formula

$$\frac{\text{Hospital's Performance Period Score} - \text{Floor}}{\text{Achievement Threshold} - \text{Floor}}$$



Consistency Points Calculation

(Slide 5 of 6)

Formula

Hospital's Performance Period Score – Floor

Achievement Threshold – Floor

(20 x Lowest Dimension Score) – 0.5

Rounded to the nearest whole number,
with a minimum of zero and a maximum of 20 points.

Consistency Points Calculation

(Slide 6 of 6)

Formula

$$\frac{\text{Hospital's Performance Period Score} - \text{Floor}}{\text{Achievement Threshold} - \text{Floor}}$$

$$(20 \times \text{Lowest Dimension Score}) - 0.5$$

Rounded to the nearest whole number,
with a minimum of zero and a maximum of 20 points.



Achievement Range



Discharge Information

=

0.112

$$(20 \times 0.112) - 0.5$$

=

1.74

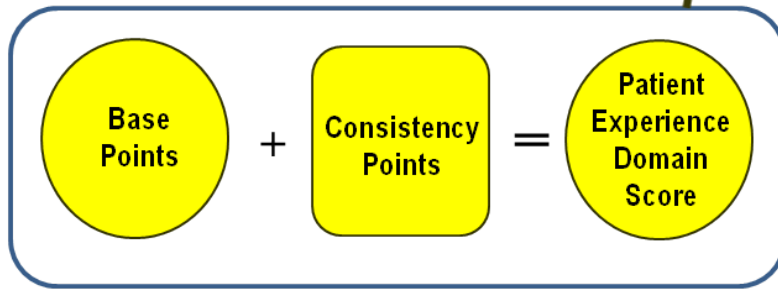
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2

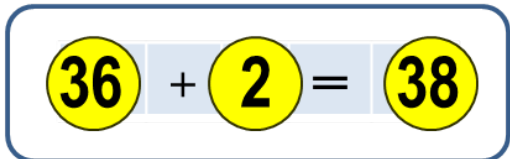
How Will Hospitals Be Evaluated?

Total Performance Score

(Slide 1 of 6)



The Patient Experience Domain comprises the HCAHPS Base Points and the Consistency Points.



How Will Hospitals Be Evaluated?

Total Performance Score

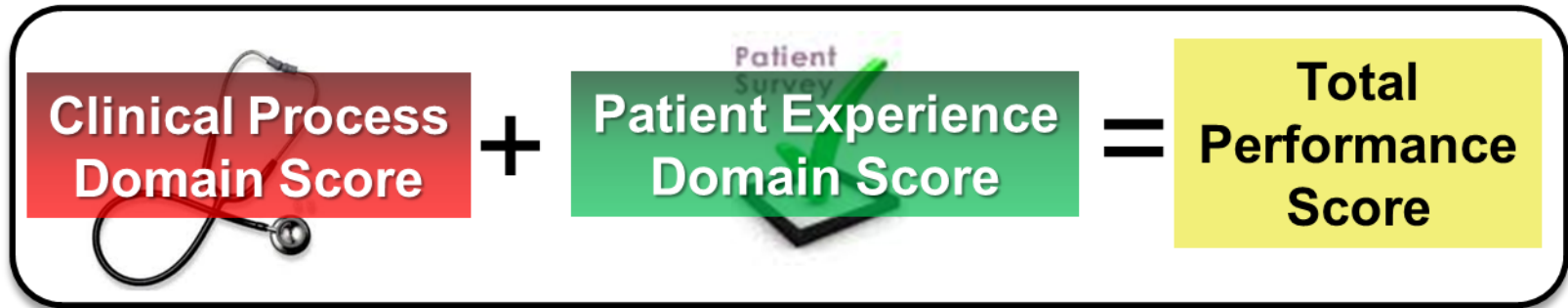
(Slide 2 of 6)



How Will Hospitals Be Evaluated?

Total Performance Score

(Slide 3 of 6)



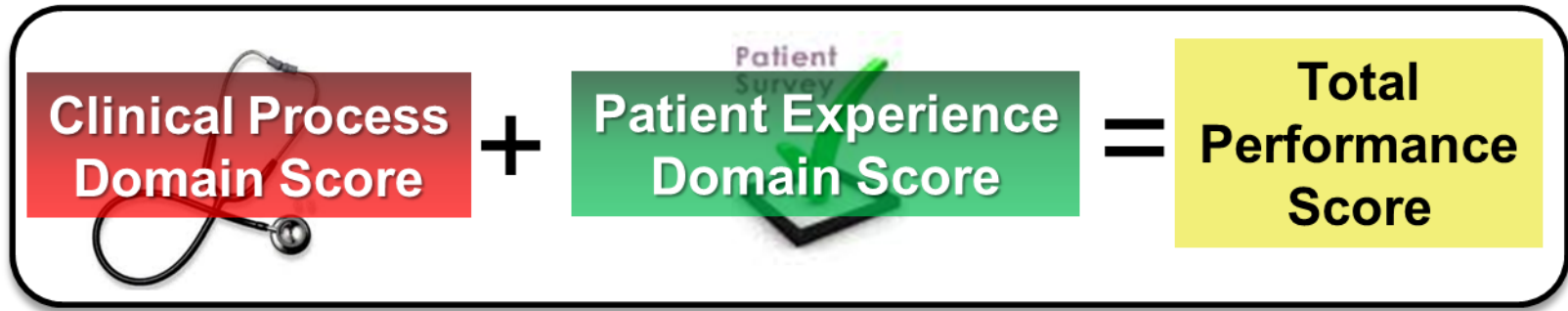
43.6

38

How Will Hospitals Be Evaluated?

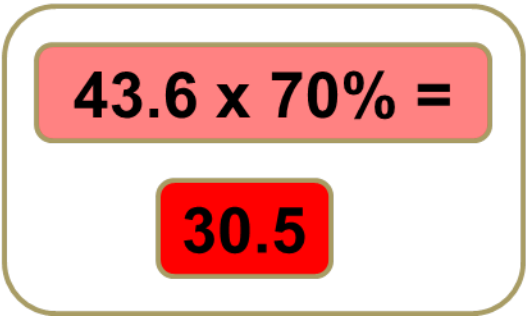
Total Performance Score

(Slide 4 of 6)



43.6

38



How Will Hospitals Be Evaluated?

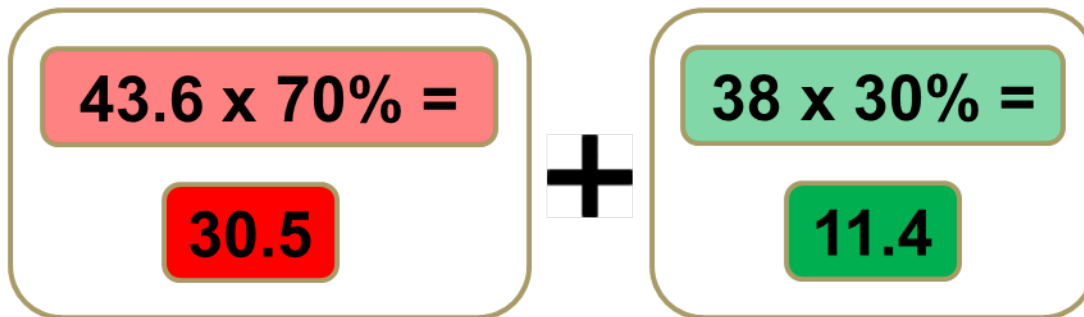
Total Performance Score

(Slide 5 of 6)



43.6

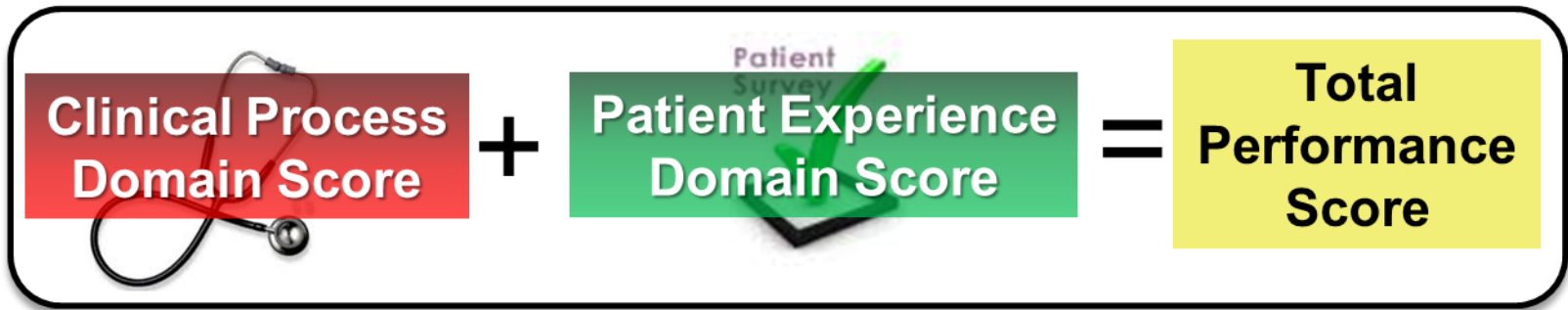
38



How Will Hospitals Be Evaluated?

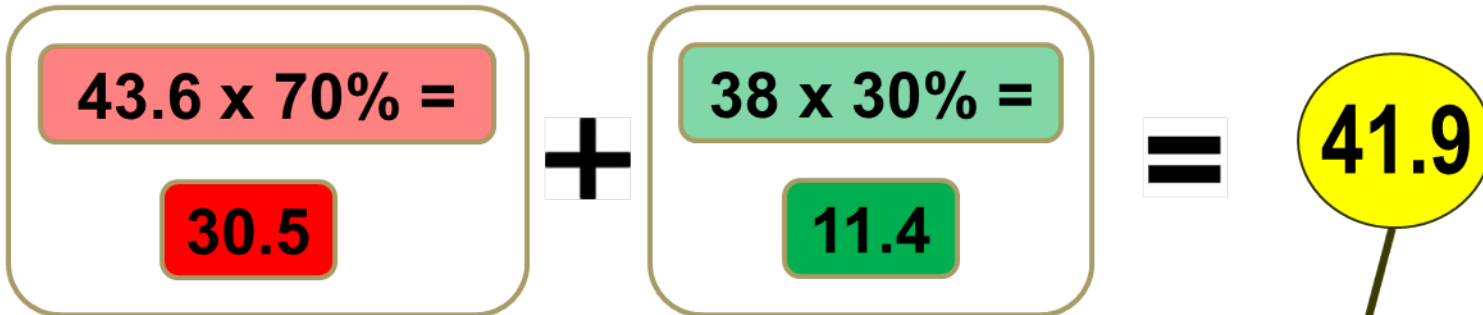
Total Performance Score

(Slide 6 of 6)



43.6

38



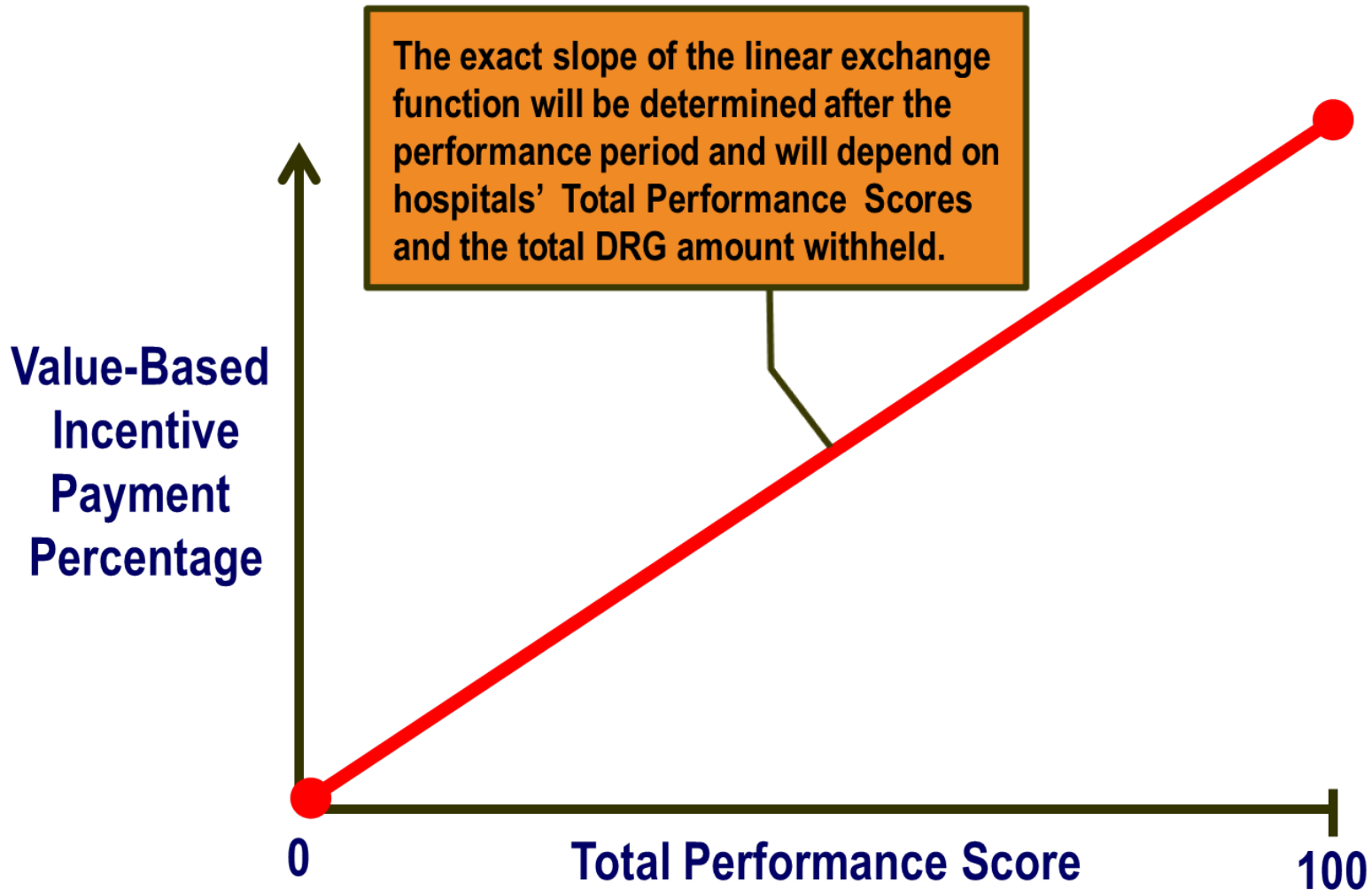
This score is translated into the incentive payment by the exchange function.

How is a hospital's Total Performance Score converted into a value-based incentive payment?



- 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% for FY 2013).
- 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.
- 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.
- 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 and on the amount of money available for redistribution.
- 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



Questions about FY 13?



OPENING DOORS
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Additional FY 2014 Hospital VBP Program Proposals



- **Included in the proposed Outpatient Prospective Payment System (OPPS) rule, published in the Federal Register on July 18, 2011 and available online at: <http://www.gpo.gov/fdsys/pkg/FR-2011-07-18/pdf/2011-16949.pdf>**
- **The public comment period is currently open and continues until August 30, 2011.**
- **The proposals include:**
 - An additional clinical process measure for FY 2014
 - A minimum number of cases and measures for all FY 2014 domains, except efficiency
 - Performance and baseline periods for all FY 2014 domains (except mortality measures, which were already finalized)
 - Performance standards for all FY 2014 domains (except mortality measures, which were already finalized, and efficiency measures, which were outlined in the FY 2012 Inpatient Prospective Payment System rule)
 - FY 2014 domain weighting



Questions?

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

An audio recording and transcript of this Special Open Door Forum will be posted to the Special Open Door Forum website:

<http://www.cms.gov/OpenDoorForums>

This will be accessible for downloading beginning August 24, 2011 and will be available for 30 days.