Unscrambling Pay for Performance

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Overview

- Each year pay for performance in health care is becoming more deeply ingrained in the reimbursement process for hospitals and other health care providers. For the federally funded programs the Centers for Medicare and Medicaid Services (CMS) has been developing their program since the early 1990s. While it started with reporting compliance for the Core Quality Measures, the program now has many components which will be covered in this presentation. In addition to the CMS programs, private payers are also incorporating quality improvements into their contracts. These contracts vary by facility so you will have to discuss any additional programs with your quality department.
Objectives

1. Participants will outline the quality measures associated with Value Based Purchasing, Hospital Acquired Conditions and Readmissions within 30 days.

2. Participants will discuss the reimbursement implications to the facility for any non-compliance to these quality measures.
Medicare
Pay for Performance Program Components

- Value Based Purchasing
- Hospital Acquired Conditions
- Readmissions within 30 Days
Let’s start with Value Based Purchasing!
What is value based purchasing?

- "The concept of value-based health care purchasing is that buyers should hold providers of health care accountable for both cost and quality of care. Value-based purchasing brings together information on the quality of health care, including patient outcomes and health status, with data on the dollar outlays going towards health. It focuses on managing the use of the health care system to reduce inappropriate care and to identify and reward the best-performing providers. This strategy can be contrasted with more limited efforts to negotiate price discounts, which reduce costs but do little to ensure that quality of care is improved." (Meyer, Rybowski, Eichler, 1997)

What is included in the CMS Value Based Purchasing Program?

• There are currently five domains included in the program.
• These are: clinical outcomes, clinical process of care, safety, efficiency and cost reduction and the patient perception of care (HCAHPS) survey results.
• Each domain has been assigned a percent of the total score. Each year the weights are reviewed and adjusted accordingly. This year’s scoring is shown on the next slide.
We will look at each of the domain measures individually

• **Outcome domain** - 25%
30-day mortality is the outcome measure included in VBP. For FY 2017, there are three diagnosis included in this measure.

- Acute Myocardial Infarction (AMI) 30-Day Mortality Rate
- Heart Failure (HF) 30-Day Mortality Rate
- Pneumonia (PN) 30-Day Mortality Rate
Clinical Process of Care Domain - 5%

The process of care measures are taken from the traditional core quality measure program.
These clinical care measures are:

- Fibrinolytic therapy received within 30 minutes of hospital arrival for AMI patients.
- Influenza Immunization
- Perinatal Early Elective Delivery
Efficiency and Cost Reduction Domain - 25%

Medicare Spending Per Beneficiary (MSPB)
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- There are two components to MSPB.
  - The cost of care from 3 days prior to admission through 30 days after discharge for Medicare patients with a diagnosis of Heart Failure or Pneumonia is reported as the MSPB.
  - 30-day AMI payment per episode of care.
HCAHPS- 25%

To obtain this score, the questions from the patient survey are grouped into nine categories each of which are scored and combined to get the VBP score. The questions and their grouping are included on the next slide.
<table>
<thead>
<tr>
<th>Survey question number and grouping</th>
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<tbody>
<tr>
<td>Questions 1, 2 &amp; 3</td>
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<td>Questions 5, 6 &amp; 7</td>
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<td>Questions 19 &amp; 20</td>
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<td>Question 21</td>
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Safety- 20%

- This is a new domain for FY 2017 and has the most components. Each component is listed below. The items in red are those indicators that are included more than once in the pay for performance program, therefore the hospital can be penalized several times for the same event.
The AHRQ PSI 90 Patient Safety Composite Score will include the following events:

• PSI 03 Pressure Ulcer Rate
• PSI 06 Iatrogenic Pneumothorax Rate
• PSI 07 CLABSI Rate
• PSI 08 Postoperative Hip Fracture Rate
• PSI 12 Postoperative Pulmonary Embolism or DVT Rate
• PSI 13 Postoperative Sepsis Rate
• PSI 14 Postoperative Wound Dehiscence Rate
• PSI 15 Accidental Puncture or Laceration Rate
Other Safety Measures

- **CLABSI**
  
  Central Line Associated Blood Stream Infection

- **CAUTI**
  
  Catheter Associated Urinary Tract Infection

- **SSI**
  
  Surgical Site Infection- Colon and abdominal hysterectomy

- Hospital- onset methicillin-resistant staphylococcus aureus (MRSA) bacteremia

- Clostridium difficile infection
VBP FY 2017 Summary

Clinical Care Process:
- AMI- 7a
- IMM-2
- PC-01

Clinical Care Outcomes:
- MORT -30-AMI
- MORT-30_HF
- MORT-30-PN

8 Patient Experience of Care Dimensions
- Nurse Communication
- Doctor Communication
- Hospital Staff Responsiveness
- Pain Management
- Communication about medicines
- Hospital Cleanliness & Quietness
- Discharge Information
- Overall Hospital Rating

Domain Weights

Safety 20%
Clinical Care Process 5%
Outcomes 25%
Efficiency Measure 25%
Patient Experience 25%

Efficiency and Cost Reduction
MSPB- Medicare Spending per Beneficiary Measure

Safety
- CAUTI
- CLABSI
- C.Diff
- MRSA
- PSI 90
- SSI Colon
- SSI Hysterectomy

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How does the value based purchasing program impact reimbursement?

• Each year since the program was initiated, the penalty for poor performance had increased.
The VBP program-withholds a payment reduction as shown below and hospitals can earn the money back with good performance.

- 1% in Fiscal Year (FY) 2013
- 1.25% for FY 2014
- 1.5% for FY 2015
- 1.75% for FY 2016
- 2% for FY 2017 and subsequent years.

Reminder! While it is just the beginning of 2015, the care being provided now will impact the FY 2017 payment.
What this reduction means in potential $$ lost per $1,000,000 paid by Medicare

![Bar chart showing the amount of money lost per $1,000,000 paid by Medicare from 2013 to 2017.](chart.png)
Part Two Hospital – Acquired Condition (HAC) Reduction Program

- The lowest performing quartile of hospitals will receive a 1% reduction in Medicare payment. This means that there will always be hospitals that will be penalized until there are zero HACs nationwide.
As with VBP, the score is calculated for each domain and the two scores weighted to determine total score

- Domain 1

  PSI- 90- composite score for 8 measures: pressure ulcer, iatrogenic pneumothorax, CLABSI, postoperative hip fracture, postoperative PE or DVT, postoperative sepsis, postoperative wound dehiscence and accidental puncture or laceration

- Domain 2

  CLABSI, CAUTI, SSI

Please note the items in red are also included in the VBP program.
Part Three- Readmissions within 30 days-
3% reduction
All cause Readmissions* within 30 days-

- CHF
- Pneumonia
- Hip and knee arthroplasty
- COPD
- CABG surgical procedure

*In the final rule for 2015 there is methodology to address some planned readmissions.
The Financial Impact of CMS Pay for Performance
Total potential loss from the Medicare pay for performance programs

- Value based purchasing- 2%
- Hospital acquired conditions- 1%
- 30 day readmissions- 3%
- Total 6%

This equals a $60,000 loss on every $1,000,000 Medicare pays the hospital.
Most “bang for the buck”

Based on the CMS Pay for Performance program, these are the measures that have the greatest financial impact on the hospital.

• A readmission reduction program
• Efforts to reduce the occurrence of CAUTI, CLABSI and SSI
• Patient centered care that leads to improved HCAHPS scores
Here is a parting thought about the pay for performance program in health care today

• Tom Beeman (President and CEO of Lancaster General Health) says “managing a health care organization today is like changing the tires on a moving car.”

• The pay for performance programs will continually change as healthcare services continue to evolve.

Test your knowledge

1. The CMS Value Based Purchasing program has ________ domains in its scoring process.

   A. four
   B. five
   C. six
Test your knowledge

2. The hospital acquired conditions (HAC) include:

   Domain 1- PSI- 90- composite score for 8 measures: pressure ulcer, iatrogenic pneumothorax, CLABSI, postoperative hip fracture, postoperative PE or DVT, postoperative sepsis, postoperative wound dehiscence and accidental puncture or laceration and Domain 2- CLABSI, CAUTI, SSI.

   A. True
   B. False
Test your knowledge

3. There are no readmission measures in the CMS pay for performance program.

A. True

B. False
4. The total financial impact for hospitals not performing well in the CMS pay for performance program could be a ________________ % payment reduction.

A. 1
B. 3
C. 4
D. 6
References


### AHA Health Reform Tools: Summary

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<td>Market Basket (MB) Cuts for Productivity(P) Assignment and Medicare Savings</td>
<td>MB(-P+0.1)</td>
<td>MB(-P+0.3)</td>
<td>MB(-P+0.2)</td>
<td>MB(-P+0.2)</td>
<td>MB(-P+0.75)</td>
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<td>Hospital Value-Based Purchasing</td>
<td>MB-1.0</td>
<td>MB-1.25</td>
<td>MB-1.5</td>
<td>MB-1.75</td>
<td>MB-2.0</td>
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<tr>
<td>Readmissions</td>
<td>MB- Hospital specific amount capped at 1.0</td>
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<td>Hospital Acquired Conditions</td>
<td>MB-1.0 For Bottom Quartile Hospitals</td>
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<td>Health Information Technology Meaningful Use (MU)</td>
<td>MB-1/4 MB If failure to Meet MU</td>
<td>MB-3/4 MB If failure to Meet MU</td>
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**Note:** All numeric reductions represent a percentage point reduction from the market basket rate. For example if the market basket is projected to be 3% and the reduction is 2 percentage 2 points, then the remaining update is 1%.