Value-Based Purchasing (VBP)

P4P Programs

Key Information

**Medicare P4P Programs**
- Hospital Quality Reporting Programs (IQR and OQR)
- Hospital Value-Based Purchasing (VBP) Program
- Hospital Readmissions Reduction Program (HRRP)
- Hospital–Acquired Conditions (HACs)

**Medicaid P4P Programs**
- Potentially Preventable Readmissions (PPR)
- Potentially Preventable Complications (PPC)
- Potentially Preventable Admissions (PPA)
- Potentially Preventable Emergency Room Visits (PPV)
- Potentially Preventable Ancillary Services (PPS)
VBP Program

Key Information

Key Dates (Measurement Periods)
- Baseline Periods
- Performance Periods

Key Measures

Key Domains

Key Calculations
- Improvement Points
- Achievement Points
- Consistency Points
- Hospital Scores (Baseline and Performance)
- National Scores (Floor, Threshold, Benchmark)
- Hospital Total Performance Scores (TPS)

Hospital Quality Reporting Programs

- Established by the Medicare Prescription Drug, Improvement and Modernization Act (MMA) of 2003
- Intended to provide consumers with quality of care information to assist in making more informative decisions about their health care options
- Encourages hospitals and clinicians to improve quality of care provided to all patients
- Data made available to the public through Hospital Compare website
- Requires hospitals to submit data for specific quality measures, or be penalized by a 2% reduction in the annual market basket update
Value-Based Purchasing (VBP) Program—Overview

- Allows hospitals to receive value-based incentive payments if they meet performance standards during a defined performance period.
- Funded by a reduction from participating hospitals’ base operating diagnosis-related group (DRG) payments:
  - FY 2013 = 1.00%
  - FY 2014 = 1.25%
  - FY 2015 = 1.50%
  - FY 2016 = 1.75%
  - FY 2017 and subsequent years = 2.00%
- Uses some quality measures reported through the Hospital IQR program and results from the HCAHPS survey.

### VBP Program—Domain Measures

**FY2013 (10/1/12—9/30/13)**

<table>
<thead>
<tr>
<th>Domains</th>
<th>Measures</th>
</tr>
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<tbody>
<tr>
<td>Clinical Process</td>
<td>12 Quality Measures (AMI, HF, PN, Healthcare-associated Infections &amp; Surgical Care Improvements)</td>
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<td>Patient Experience</td>
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**FY2014 (10/1/13—9/30/14)**

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**FY2015 (10/1/14—9/30/15)**

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<tr>
<td>Safety</td>
<td>Central Line-associated Blood Stream Infection (CLABSI)</td>
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<tr>
<td>Efficiency</td>
<td>Complications/Patient Safety for Selected Indicators (AHFQ PSI Composite)</td>
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<td>Medicare Spending Per Beneficiary (MSPB)</td>
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</table>
Key Calculations

**Achievement Points**
- 10 point maximum/measure
- Performance compared to:
  - National threshold (median)
  - National benchmark (top decile)
- Below threshold = 0 points
- At or above benchmark = 10 points
- 1 to 9 points if in between

**Improvement Points**
- 9 point maximum/measure
- Performance compared to:
  - Prior performance (baseline)
  - National benchmark
- Below baseline = 0 points
- At or above benchmark = 9 points
- 1 to 8 points if in between

**Consistency Points**
- 20 points maximum
- Lowest HCAHPS measure compared to:
  - National floor (lowest score in country)
  - National threshold (median)
- At floor = 0 points
- At or above threshold = 20 points
- 1 to 19 points if in between

Hospital-Acquired Conditions (HACs)

- The Medicare program currently reduces payments to hospitals for certain cases where one of the conditions recognized under 11 HAC categories was not present on admission (POA) and, therefore, considered to be acquired in the hospital. Hospitals have been reporting POA on claims since FY 2007 (with 8 HAC categories).
- The current 11 HAC categories include those listed below, but could be updated through the Inpatient Prospective Payment System rule making process:

<table>
<thead>
<tr>
<th>HAC Category</th>
<th><strong>New for FY 2013</strong></th>
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<tbody>
<tr>
<td>1. Foreign Object Retained After Surgery</td>
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<td>2. Air Embolism</td>
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<td>3. Blood Incompatibility</td>
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<td>4. Pressure Ulcer Stages III &amp; IV</td>
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<td>5. Falls and Trauma</td>
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<td>6. Catheter-Associated UTI</td>
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<td>7. Vascular Catheter-Associated Infection</td>
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<td>8. Poor Glycemic Control</td>
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<tr>
<td>9a. Surgical Site Infection (SSI) &amp; Mediastinitis CABG (CC)</td>
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<tr>
<td>9b. SSI Following Certain Orthopedic Procedures (CC)</td>
<td></td>
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<tr>
<td>9c. SSI Following Bariatric Surgery for Obesity (CC)</td>
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<tr>
<td>9d. SSI Following Cardiac Implantable Electronic Device (CIED) Procedures**</td>
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<td>9e. SSI Following Cardiac Implantable Electronic Device (CIED) Procedures**</td>
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<td>9f. SSI Following Cardiac Implantable Electronic Device (CIED) Procedures**</td>
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<tr>
<td>10. Pulmonary Embolism &amp; DVT Orthopedic [MCC]</td>
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<td>11. Iatrogenic Pneumothorax with Venous Catheterization**</td>
<td></td>
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</table>

- Beginning in October 2014, hospitals in the bottom quartile of risk-adjusted HAC rates will be subject to a 1.0% Medicare inpatient payment penalty.
- The performance or measurement period for this program has not been published by CMS yet. CMS will provide an updated detailed to review prior to the effective date through the QualityNet account.
Helpful Links


Hospital Readmissions Reduction Program: [https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/AcuteInpatientPPS/Readmissions-Reduction-Program.html](https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/AcuteInpatientPPS/Readmissions-Reduction-Program.html)

Hospital Compare Data: [http://www.medicare.gov/hospitalcompare/Data/AboutData/About.aspx](http://www.medicare.gov/hospitalcompare/Data/AboutData/About.aspx)

QualityNet Website: [http://qualitynet.org/dcs/ContentServer?c=Page&pagename=QnetPublic%2FPage%2FQnetTier2&cid=1138115987129](http://qualitynet.org/dcs/ContentServer?c=Page&pagename=QnetPublic%2FPage%2FQnetTier2&cid=1138115987129)

Medicaid PPE Programs: [http://www.tmhp.com/Pages/Medicaid/Hospital_PPR.aspx](http://www.tmhp.com/Pages/Medicaid/Hospital_PPR.aspx)