

# Medicare Hospital Value-Based Purchasing Plan

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# Overview of the Presentation

- CMS' VBP Goals
- Hospital VBP Plan Development Process
- Performance Assessment Model
- Measures

# CMS' VBP Goals

- Improve clinical quality
- Reduce adverse events and improve patient safety
- Encourage patient-centered care
- Avoid unnecessary costs
- Stimulate investments in effective systems
- Make performance results transparent
  - To empower consumers to make value-based healthcare decisions
  - To encourage hospitals and clinicians to improve performance

# What Does VBP Mean to CMS?

- Transforming Medicare from a passive payer to an active purchaser of higher quality, more efficient health care
- Tools and initiatives for promoting better quality, while avoiding unnecessary costs
  - Tools: measurement, payment incentives, public reporting, conditions of participation, coverage policy, QIO program
  - Initiatives: pay for reporting, pay for performance, gainsharing, competitive bidding, coverage decisions, direct provider support

# Legislative Background

- Deficit Reduction Act (DRA) Section 5001(b) authorized CMS to develop a Medicare Hospital VBP Plan
  - IPPS hospitals
  - Assumption of FY 2009 start date
  - Must consider
    - Measures
    - Data infrastructure and validation
    - Incentive structure
    - Public reporting
  - Must consult stakeholders and consider experience with relevant demonstrations and private-sector programs

# Hospital VBP Plan Development Process

- Hospital VBP Workgroup with Subgroups to address
  - Incentive Structure
  - Measures
  - Data Infrastructure and Validation
  - Public Reporting
- Contractor Support
  - RAND for overall project
  - Brandeis, Booz|Allen|Hamilton, and Boston University for in-depth measures issues

# Hospital VBP Workgroup Tasks & Timeline

- 2006
  - Oct ■ Environmental Scan
  - Dec ■ Issues Paper
- 2007
  - Jan 17 ■ Listening Session #1 for Stakeholder Input on Issues Paper
  - Options Paper
  - Apr 12 ■ Listening Session #2 for Input on Hospital VBP Options Paper
  - May ■ Final Design
  - June ■ Final Report, Including Design, Process, and Environmental Scan
  - Nov 21 ■ Report Submitted to Congress

# Performance Model Overview

- Hospitals submit data for all VBP measures that apply
- CMS determines each hospital's performance score on each measure: higher of 0 - 10 points on attainment or improvement
- For each hospital, CMS aggregates scores across all measures within a domain (*e.g.*, clinical process-of-care measures, HCAHPS)
- CMS weights and combines each hospital's domain scores to determine the hospital's Total Performance Score
- CMS translates each hospital's Total Performance Score into an incentive payment using an exchange function



# Scoring Performance

- Scoring Based on Attainment
  - 0 to 10 points scored relative to the attainment threshold and the benchmark
  - Thresholds and benchmarks determined from national hospital performance in prior year
- Scoring Based on Improvement
  - 0 to 9 points for improvement based on hospital improving its score on the measure from its prior year performance.

# Performance Assessment Model Terminology

**Benchmark:** Reference point defining high level of performance

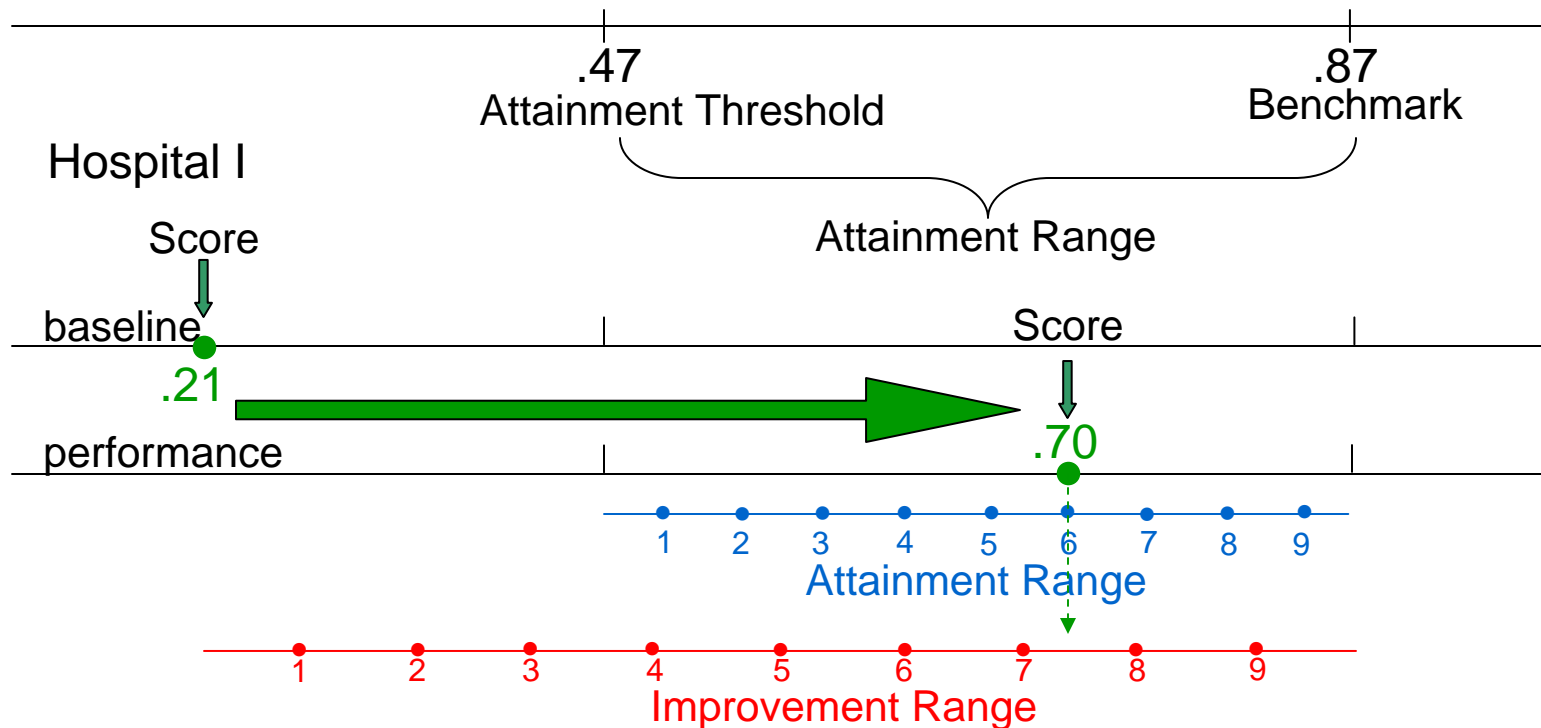
**Attainment threshold:** Minimum level of performance required to receive attainment points

**Attainment range:** Scale between the attainment threshold and benchmark

**Improvement range:** Scale between the hospital's prior year score (baseline) on the measure and the benchmark

# Earning Clinical Process of Care Points: Example

Measure: PN Pneumococcal Vaccination



Hospital I Earns: 6 points for attainment

7 points for improvement

Hospital I Score: maximum of attainment or improvement  
= 7 points on this measure

# Calculation of Clinical Process of Care Performance Score

Total Earned Points =

Sum of points earned across all reported measures

Total Possible Points =

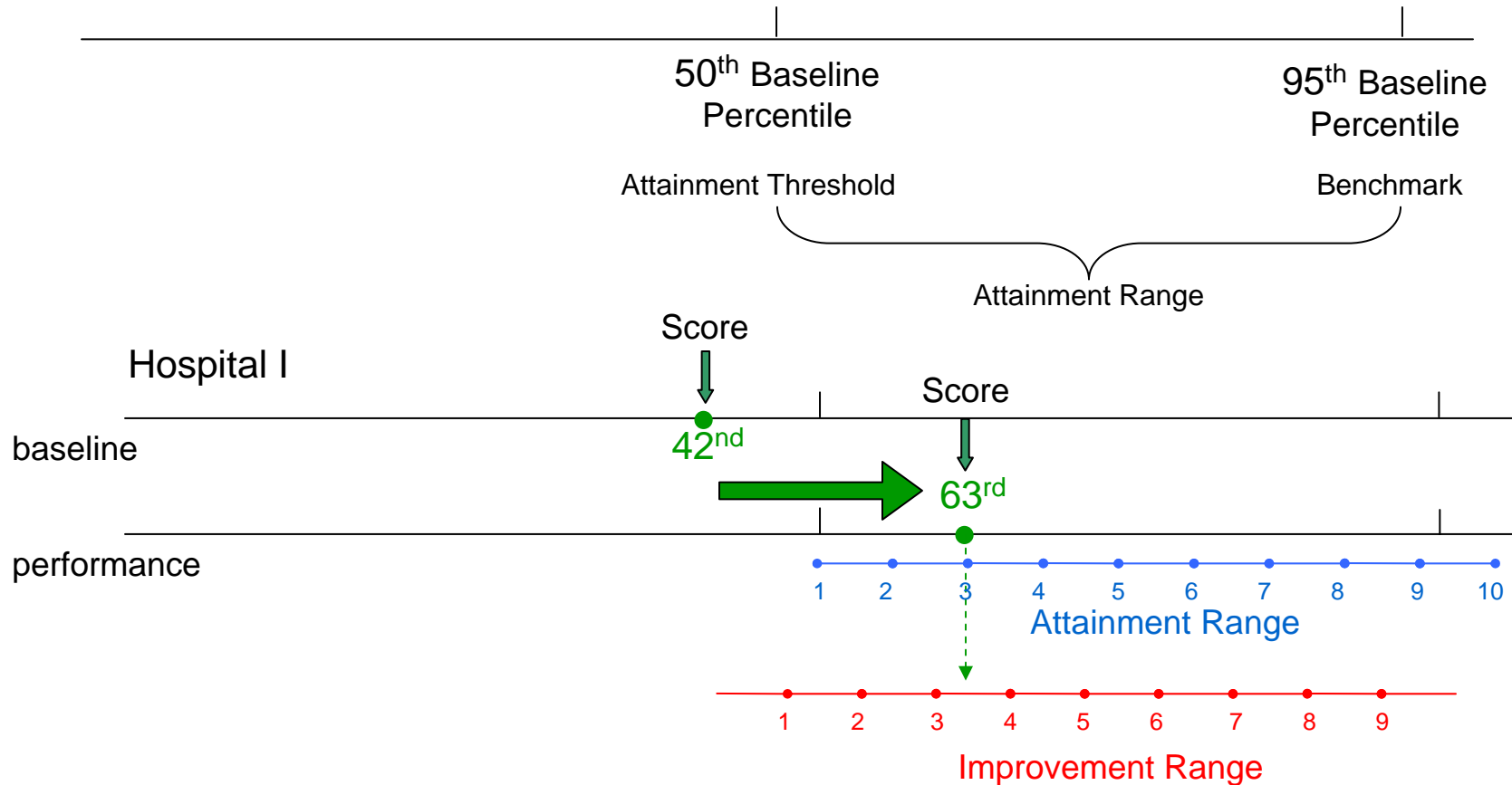
Number of measures reported by hospital x 10

Clinical Process of Care Performance Score =

Total Earned Points / Total Possible Points x 100

# Earning HCAHPS Points: Example

Dimension: Doctor Communication

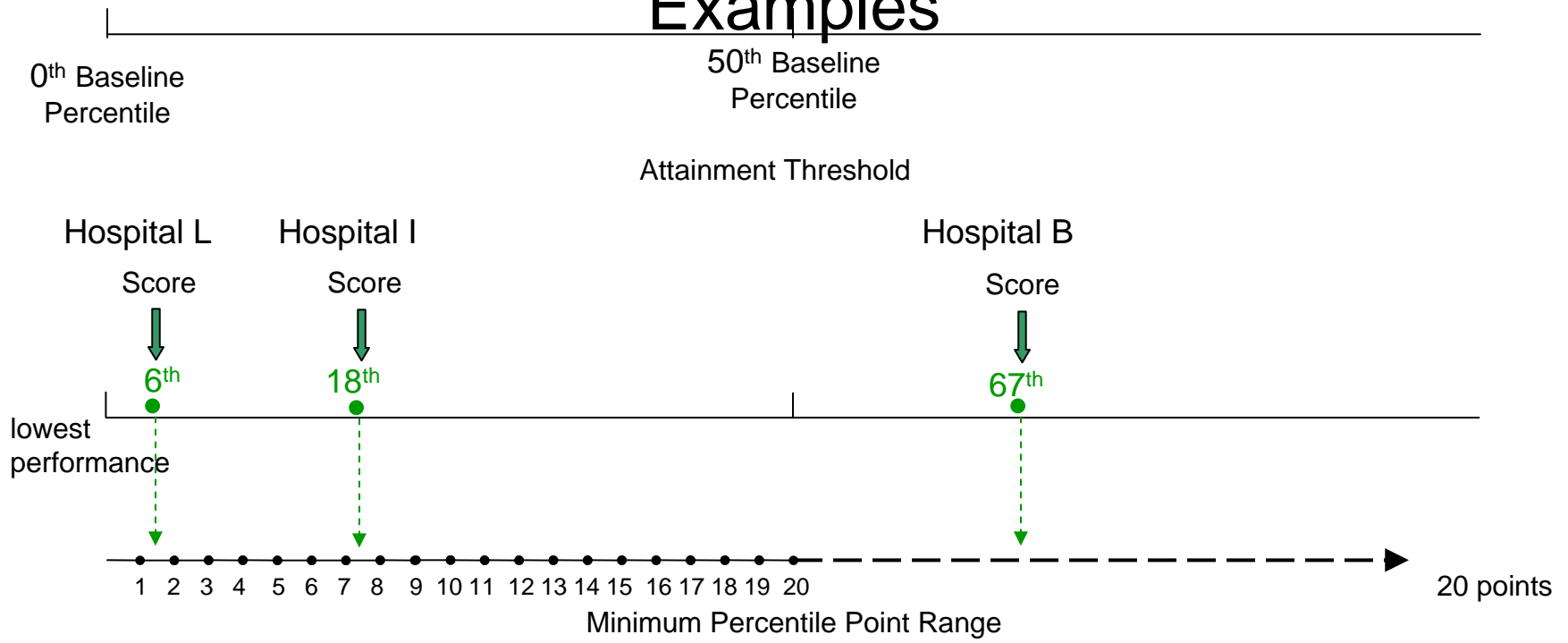


Hospital I Earns: 3 points for attainment

4 points for improvement

Hospital I Score: maximum of attainment or improvement  
= 4 points on this measure

# Hospitals Earning Points Based on Minimum Performance Across All Eight HCAHPS Dimensions: Examples



Hospital L's Lowest Percentile: 6<sup>th</sup>  
Hospital L Earns: 2 minimum percentile points

Hospital I's Lowest Percentile: 18<sup>th</sup>  
Hospital I Earns: 8 minimum percentile points

Hospital B's Lowest Percentile: 67<sup>th</sup>  
Hospital B Earns: 20 minimum percentile points

# Calculation of HCAHPS Performance Score

Total Earned Points =

Sum of points earned across all dimensions

Total Possible Points = 100

HCAHPS Performance Score =

Total Earned Points / 100 Total Possible Points x 100

# Calculation of VBP Total Performance Score

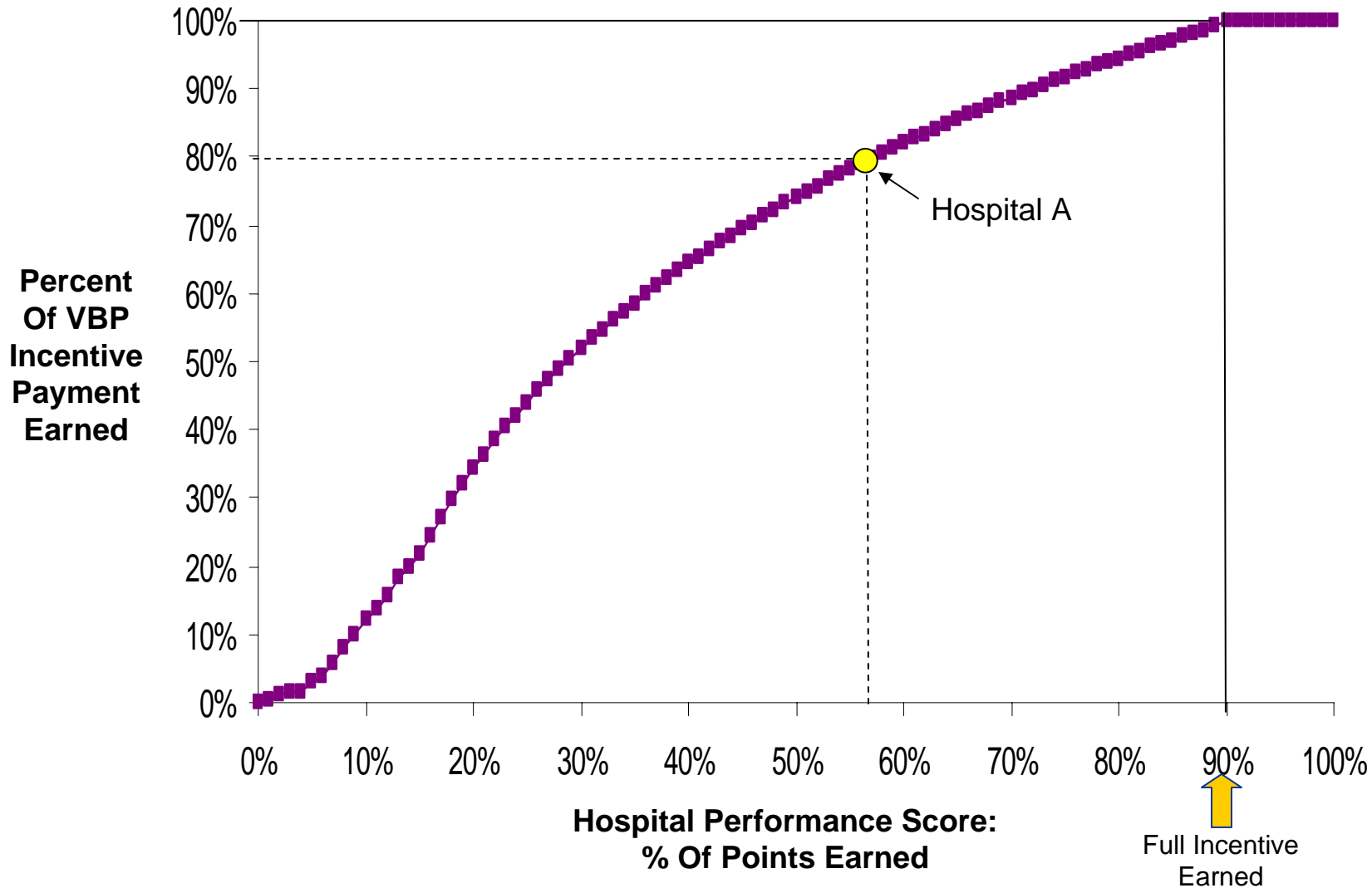
- Each domain of measures is initially scored separately, weighting each measure within that domain equally
- All domain scores are then combined, with the potential for different weighting by domain
- Possible weighting to combine clinical process measures and HCAHPS:
  - 70% clinical process + 30% HCAHPS
- As new domains are added (*e.g.*, outcomes), weights will be adjusted



# Combining Clinical Process and HCAHPS Scores for Total Performance Score: Example

	Hospital A	Hospital B	Hospital I	Hospital L
Performance Score on Process Measures (PSPM)	58%	100%	75%	6%
Performance Score on HCAHPS (PSH)	54%	79%	30%	24%
Total Performance Score (TPS) (.7*PSPM) + (.3*PSH)	57%	98%	62%	11%

# Translating Performance Score into Incentive Payment: Example



# Source of Incentive Payments

- VBP incentive proposed to be a percent of base operating DRG payment
  - Base payment would include geographic and DRG relative weight adjustments
  - Approach links incentive payment most directly to clinical services provided
  - Would apply to all DRGs, not just clinical areas measured

# Allocation of Unearned Incentive Payments

- Not all hospitals would earn the full VBP incentive payment
- Pool of unearned incentive dollars could be the source of additional quality incentive distributed to hospitals and/or Medicare savings
- Additional quality incentive would be distributed to hospitals in proportion to their VBP Total Performance Scores

# VBP Measures Overview

- Measure selection considerations
- Proposed process for introducing and managing measures in VBP
- FY 2009 candidate measures for VBP financial incentive
- Additional measures for FY 2010 and beyond
- Small numbers issue

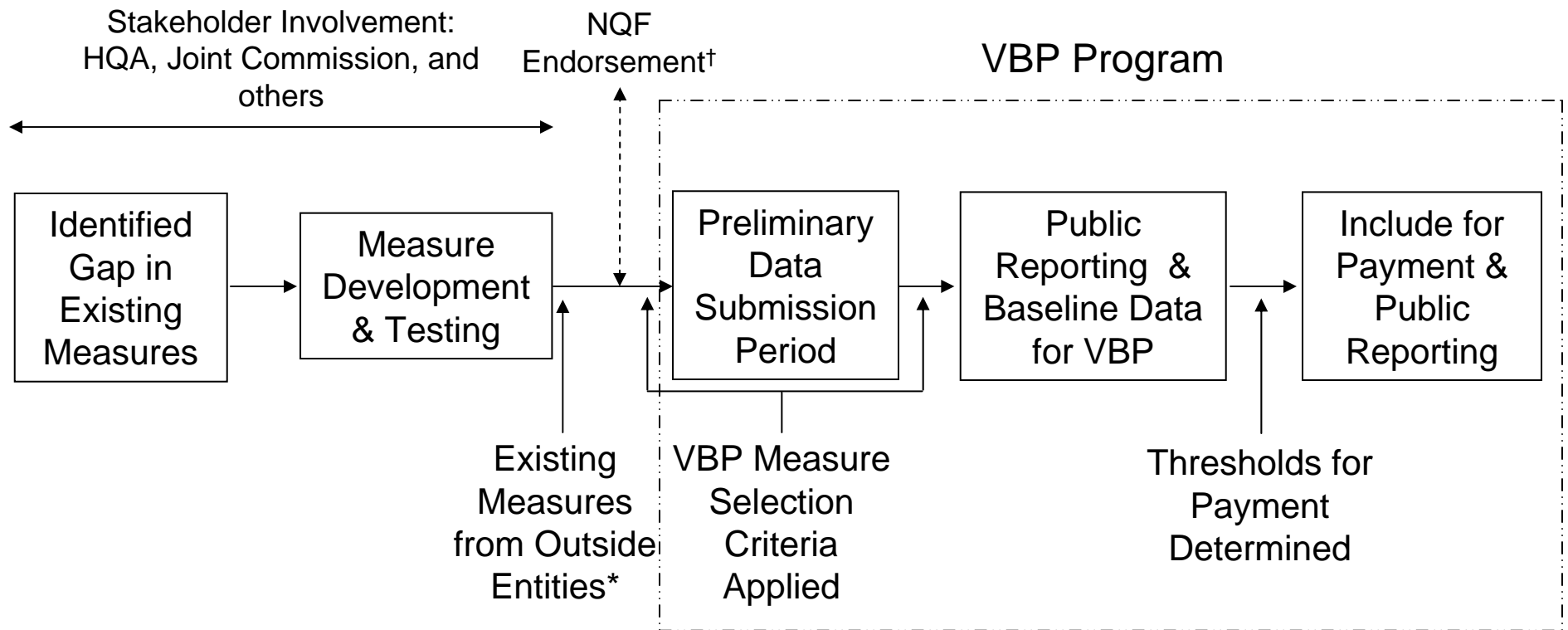
# Proposed Measure Selection Criteria for VBP Incentive

- NQF
  - Importance
  - Scientific acceptability
  - Feasibility
  - Usability
  
- Additional CMS
  - Improvability
  - Controllability
  - Potential for unintended consequences
  - Contribution to comprehensiveness

# Proposed Process for Introducing Newly Developed Measures into VBP Program

Measure Development,  
Testing, Endorsement

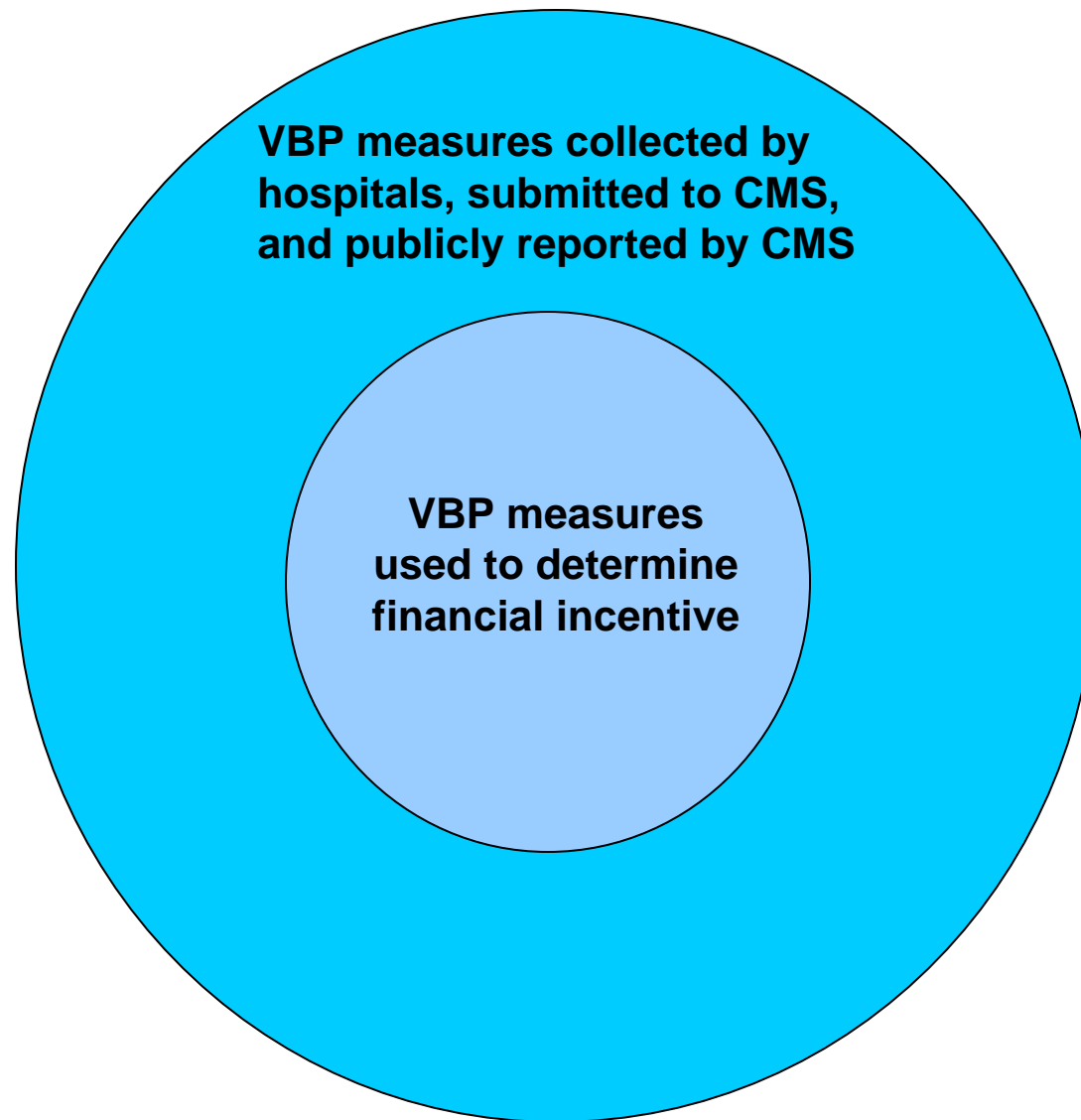
Measure Introduction



\*Measures without substantial field experience will be tested as needed

†Measures will be submitted for NQP endorsement, but need not await final endorsement before proceeding to the next step in the introduction process

# Universe of VBP Measures





# FY 2009 Candidate Measures for VBP Financial Incentive

Clinical Quality Process-of-Care Measures – Acute Myocardial Infarction (AMI)		Entered Public Reporting on Hospital Compare
AMI-1	Aspirin at arrival	4/2005
AMI-2	Aspirin prescribed at discharge	4/2005
AMI-3	ACE inhibitor (ACE-I)/Angiotensin receptor blocker (ARB) for left ventricular systolic dysfunction	4/2005
AMI-4	Adult smoking cessation advice/counseling	4/2005
AMI-5	Beta blocker at discharge	4/2005
AMI-7a	Thrombolytic agent received within 30 minutes of hospital arrival	4/2005
AMI-8a	Primary percutaneous coronary intervention (PCI) received within 90 minutes of hospital arrival	4/2005

# FY 2009 Candidate Measures for VBP Financial Incentive

Clinical Quality Process-of-Care Measures – Heart Failure (HF)		Entered Public Reporting on Hospital Compare
HF-1	Discharge instructions	4/2005
HF-3	ACE inhibitor (ACE-I)/Angiotensin receptor blocker (ARB) for left ventricular systolic dysfunction	4/2005
HF-4	Adult smoking cessation advice/counseling	4/2005

# FY 2009 Candidate Measures for VBP Financial Incentive

Clinical Quality Process-of-Care Measures – Pneumonia (PN)		Entered Public Reporting on Hospital Compare
PN-2	Pneumococcal vaccination status	4/2005
PN-3b	Blood culture performed in emergency department before first antibiotic received in hospital	4/2005
PN-4	Adult smoking cessation counseling	4/2005
PN-6	Appropriate antibiotic selection	9/2005
PN-7	Influenza vaccination status	12/2006

# FY 2009 Candidate Measures for VBP Financial Incentive

<b>Surgical Care Improvement/Surgical Infection Prevention (SCIP/SIP)</b>		<b>Entered Public Reporting on Hospital Compare</b>
SCIP-Inf-1	Prophylactic antibiotic selection received within 1 hour prior to surgical incision	9/2005
SCIP-Inf-3	Prophylactic antibiotics discontinued within 24 hours after surgery end time	9/2005

# FY 2009 Candidate Measures for VBP Financial Incentive

<b>Clinical Quality – Outcome Measures</b>		<b>Scheduled to Enter Public Reporting on Hospital Compare</b>
	30-day AMI mortality	6/2007
	30-day HF mortality	6/2007
<b>Patient-Centered Care Measures</b>		
	HCAHPS	3/2008

# HCAHPS Dimensions

- Communication with Doctors
- Communication with Nurses
- Responsiveness of Hospital Staff
- Cleanliness and Quiet of Hospital Environment
- Pain Management
- Communication about Medicines
- Discharge Information
- Overall Rating