



# ***Understanding the Patient Protection and Affordable Care Act: Its Data and Impact on Hospitals***

MARCH 31, 2014



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Welcome!

# TODAY'S AGENDA

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- 1. Warm Up – Picturing Health Care Reform**
- 2. Health Care Reform**
- 3. Trends Impacting the Workforce**
- 4. Payment Reform and the Patient Protection & Affordable Care Act**
- 5. Value-Based Purchasing**
- 6. Readmission Penalties**
- 7. Hospital-Acquired Conditions Program**
- 8. What's at Risk?**

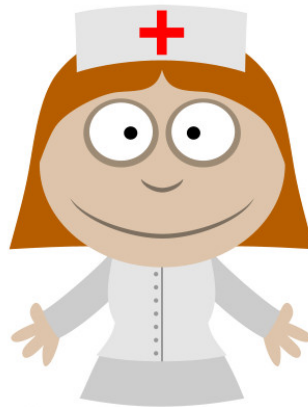
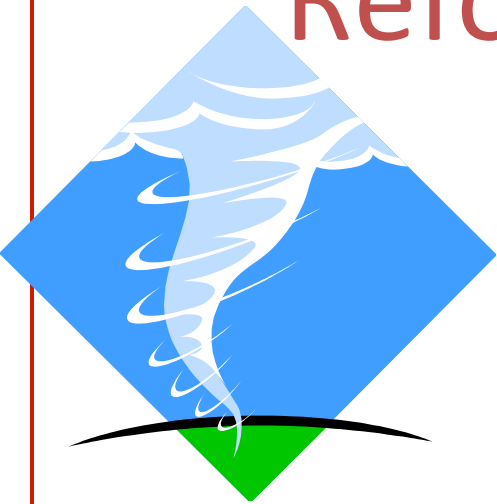




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# What Does Health Care Reform Look Like to You?



# Let's Collect Some Data



# Where are You in Birth Order in Your Family?

- A. Only child
- B. Youngest
- C. Oldest
- D. Somewhere in the middle

# How Long Have You Worked in Health Care?

- A. Less than 2 years
- B. Two to 5 years
- C. 5 ½ to 10 years
- D. More than 10 years

# I Came to this Breakfast Because...

- A. There is free food
- B. It is a topic that is important to me
- C. I was told to come
- D. I am curious

# **Staff at my Hospital(s) understand the Affordable Care Act**

- A. Strongly Agree
- B. Somewhat Agree
- C. Somewhat  
Disagree
- D. Strongly Disagree

**My hospital(s) is placing a lot of attention  
on HCAHPS (patient experience/  
satisfaction surveys)**

- A. Strongly Agree
- B. Somewhat Agree
- C. Somewhat  
Disagree
- D. Strongly Disagree

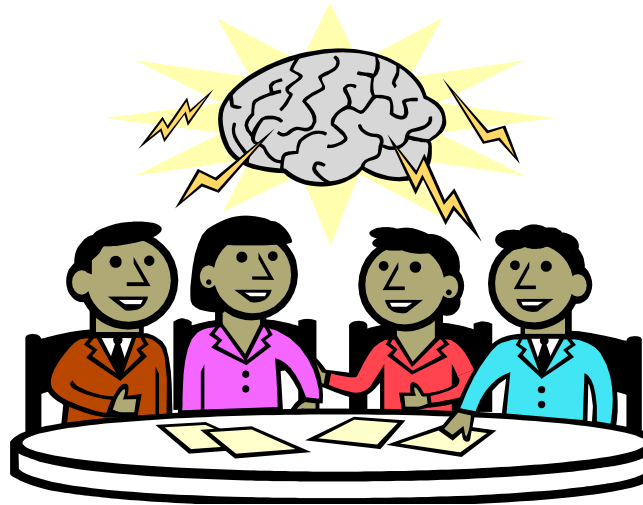
**I am worried about how the changes in  
the health care industry will affect my  
hospital(s)**

- A. Strongly Agree
- B. Somewhat Agree
- C. Somewhat  
Disagree
- D. Strongly Disagree

# WHAT IS HEALTH CARE REFORM?

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## BRAINSTORM



# HEALTH CARE REFORM

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- The Patient Protection and Affordable Care Act (PPACA) is part of a larger reform effort that began before 2010
- Reform is aimed at expanding access, increasing quality, and decreasing cost

Health Care  
Reform?



# HEALTH REFORM CHANGES

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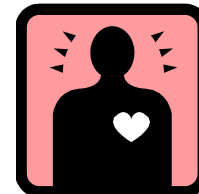
- **Payment reform** - incentives and penalties



- Shift in focus to **primary and preventive care**



- Emphasis on effective management of **chronic diseases**



- Emerging **models of care** (ACO, Health Home...)



# CONVERGING TRENDS ARE DRIVING THE SHIFT TO PRIMARY CARE AND OTHER REFORMS

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- Current system:
  - Reactive, fragmented, disease-oriented, fee-for-service driven
  - Rising epidemic of chronic illness
  - Soaring health care costs combined with budgetary crises, especially at the State level

# CHRONIC DISEASES

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- Chronic diseases are a major contributor to health care costs
- The costs of medical care for people with chronic diseases represent 75 percent of the \$2 trillion in U.S. annual health care spending.
- Institute of Medicine Report, January 2012



# OTHER MAJOR DEVELOPMENTS AND TRENDS IMPACTING THE HEALTH WORKFORCE

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## MORE PATIENTS

- Demand rising as the US population is growing and aging
- ACA will add insurance coverage for millions and improve coverage for millions more
- Concerns about health workforce shortages



# OTHER MAJOR DEVELOPMENTS AND TRENDS IMPACTING THE HEALTH WORKFORCE

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## INEFFICIENCY

- Concern with inefficiencies and potential overuse
- Increasing interest in identifying ways to improve efficiency and health outcomes



# OTHER MAJOR DEVELOPMENTS AND TRENDS IMPACTING THE HEALTH WORKFORCE

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- Consolidation/mergers – bigger health care organizations
- Increased use of inter-disciplinary teams
- Technology (EMR, Tele-health)
- Patient/consumer empowerment
- Increased attention to outcomes and metrics



# SMALL GROUP DISCUSSION

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- What are the implications of these trends for our hospitals and workers?



# REPORT OUT

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# OVERALL WORKFORCE IMPLICATIONS

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- Doing more with less
- Training and education
- Teams and collaborative practice
- Making better use of the workers we have
- New categories/variations on support personnel
- Reassessment of scope of work
- Increased use of technology
- Increased efforts to align federal funds with health workforce needs



# WHAT IS VALUE?

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$$\text{Value} = \frac{\text{Quality}}{\text{Cost}}$$

*(Outcomes, Safety, Service)*

# PAY FOR PERFORMANCE PROGRAMS (FY 2009)

- **Hospital Acquired Conditions:** CMS discontinued IPPS payments for 10 preventable HACs
- **Hospital Inpatient Quality Reporting Program:** Requirement to report outcome, process of care, structure, and patient experience data (2% penalty for failure to report) – used as baseline for **Value-Based Purchasing program**

# PAYMENT REFORM

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- **Value Based Purchasing (Pay-for-Performance)**
  - Hospital Consumer Assessment of Healthcare Survey (HCAHPS)
  - Core Measures
  - Outcomes
- **Elimination of Payments**
  - Select re-admissions
  - Healthcare-Acquired Conditions/Serious Adverse Events
  - Disproportionate share hospitals (DSH)
- **Nursing Homes**
  - Managed Long-Term Care
  - Shift to home and community based settings

# HOSPITAL PAYMENT ELEMENTS OF PPACA

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**1. Value Based  
Purchasing (VBP)  
Program**

**2. Hospital  
Readmissions  
Reduction Program**

**3. Hospital Acquired  
Condition (HAC)  
Reduction Program**

# 1. VALUE-BASED PURCHASING PROGRAM

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- Links hospitals' Medicare payment to quality performance
- Quality measures include:
  - ☐ Clinical Process of Care (FY2013)
  - ☐ Patient Experience of Care (FY2013)
  - ☐ Patient Outcomes (FY2014)
  - ☐ Efficiency (FY2015)

# HOW DOES VBP WORK?

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- Base operating Payments are reduced for all hospitals, creating **a pool of funds for re-distribution** (“Budget neutral”)
- The percent reduction increases from 1% in FY 2012 to 2% in FY 2017
- Hospitals can gain or lose, based on their performance on established measures



## CMS rewards hospitals based on meeting new Medicare measures

Well done, sweetie.  
Here's your brother's  
piggy bank.



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# HOW DID WE DO? 2013

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Percent of League Hospitals Receiving a Bonus	Average 2013 VBP Bonuses	Percent of League Hospitals Receiving a Penalty	Average 2013 VBP Penalties
30%	0.13% \$ 92,914	70%	-0.26% (\$ 183,524)

**BONUS RANGE:** \$3,868 - \$293,407

**PENALTY RANGE:** \$18,787 - \$818,384

# VBP DOMAINS AND WEIGHTS

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VBP Fiscal Year	2013	2014	2015	2016
Process of Care	70%	40%	20%	10%
Patient Experience (HCAHPS)	30%	30%	30%	25%
Outcome (Mortality, patient safety, HACs, HAIs)	--	25%	30%	40%
Efficiency (Medicare spending per Beneficiary)	--	--	20%	25%

## CMS Shift for Quality Measurement:

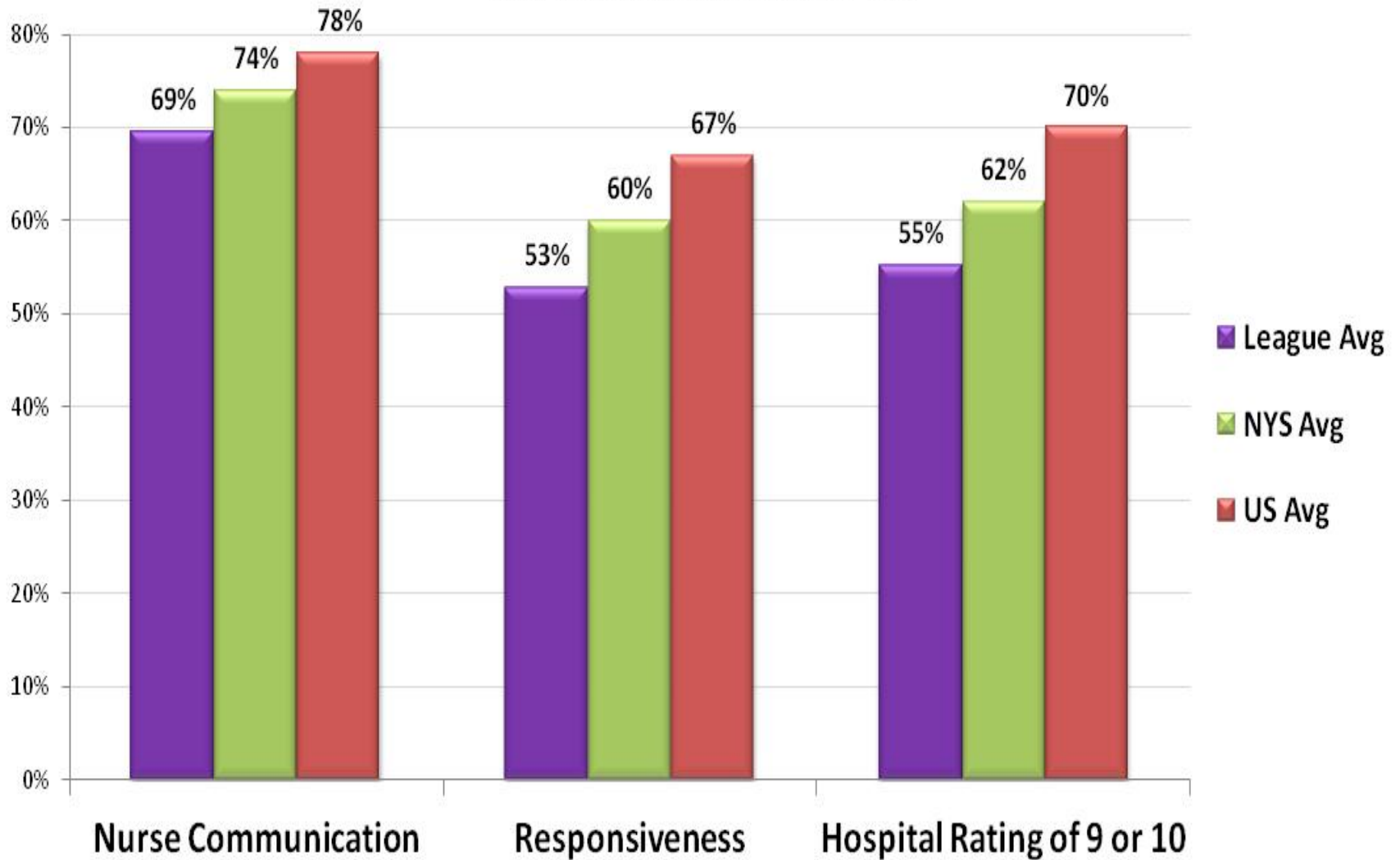
Clinical Process Measures  
*(not risk-adjusted)*



Outcomes and Efficiency Measures  
*(risk-adjusted)*

# HCAHPS Scores

(April 1, 2012 through March 31, 2013)



# **FY 2015** OUTCOME MEASURES (30% OF VBP SCORE)

## Outcome Measure

Acute Myocardial Infarction (AMI) 30-Day Mortality Rate

Heart Failure (HF) 30-Day Mortality Rate

Pneumonia (PN) 30-Day Mortality Rate

AHRQ Patient Safety Indicator Composite

Central Line-Associated Bloodstream Infection (CLABSI)



## 2. READMISSION PENALTIES BEGAN IN FY 2013

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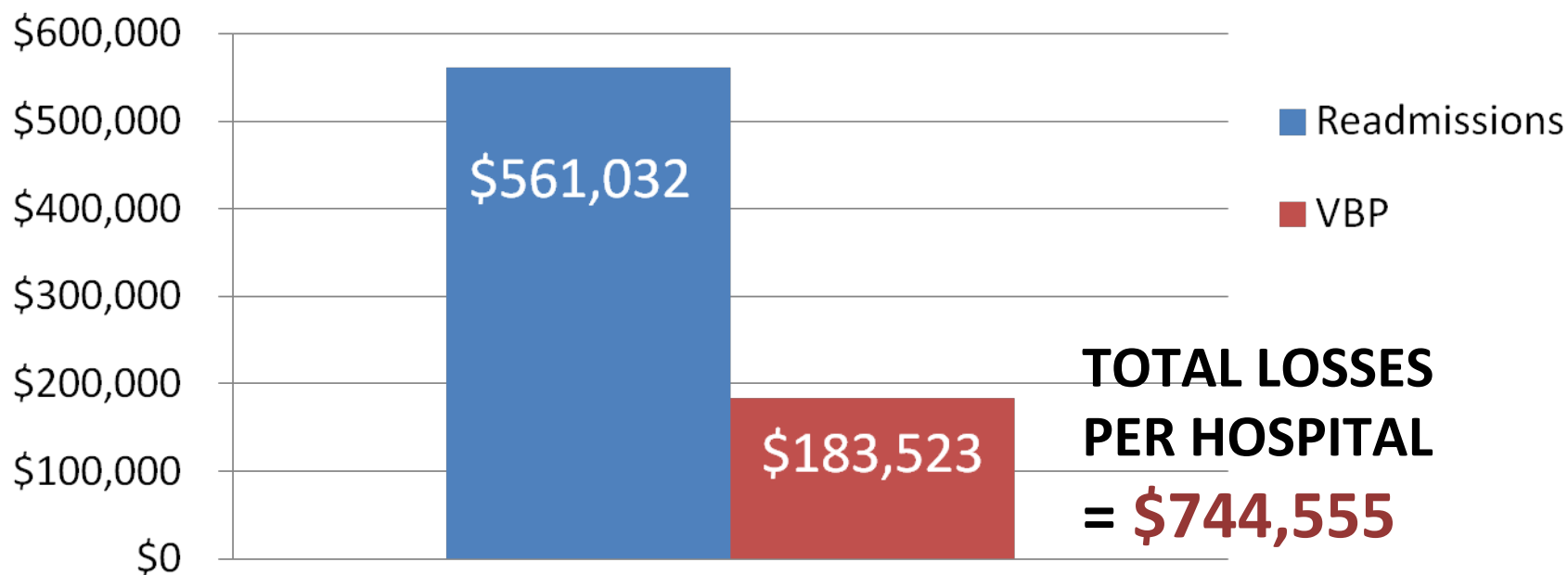
- Hospitals with higher-than-average 30-day risk-adjusted **readmission rates** for **heart failure, acute myocardial infarction, and pneumonia** receive reduced Medicare payments, capped at a maximum of 1% of inpatient payments.
- Penalties increase to a maximum of 2% of inpatient payments in FY 2014 and 3% from FY 2015 onwards.
- FY 2015 will add COPD, and elective knee and hip replacement

# HOW DID WE DO? 2013

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Average Readmissions Penalties League Hospitals 2013	Penalty Range 2013
<b>-0.76%</b>	<b>-0.10% to -1.0%</b>
<b>\$561,032</b>	<b>\$13,896 to \$2,649,510</b>

# AVERAGE REVENUE LOST IN 2013



**TOTAL LEAGUE REVENUE LOST:**  
**\$19.1 Million Readmissions + \$4.4 Million VBP**  
**= \$ 23.5 Million**

# How Many Deaths Per Day Occur in US Hospitals Due to Hospital Acquired Infections?

- A. 25
- B. 50
- C. 100
- D. 200

# 3. HOSPITAL ACQUIRED CONDITIONS

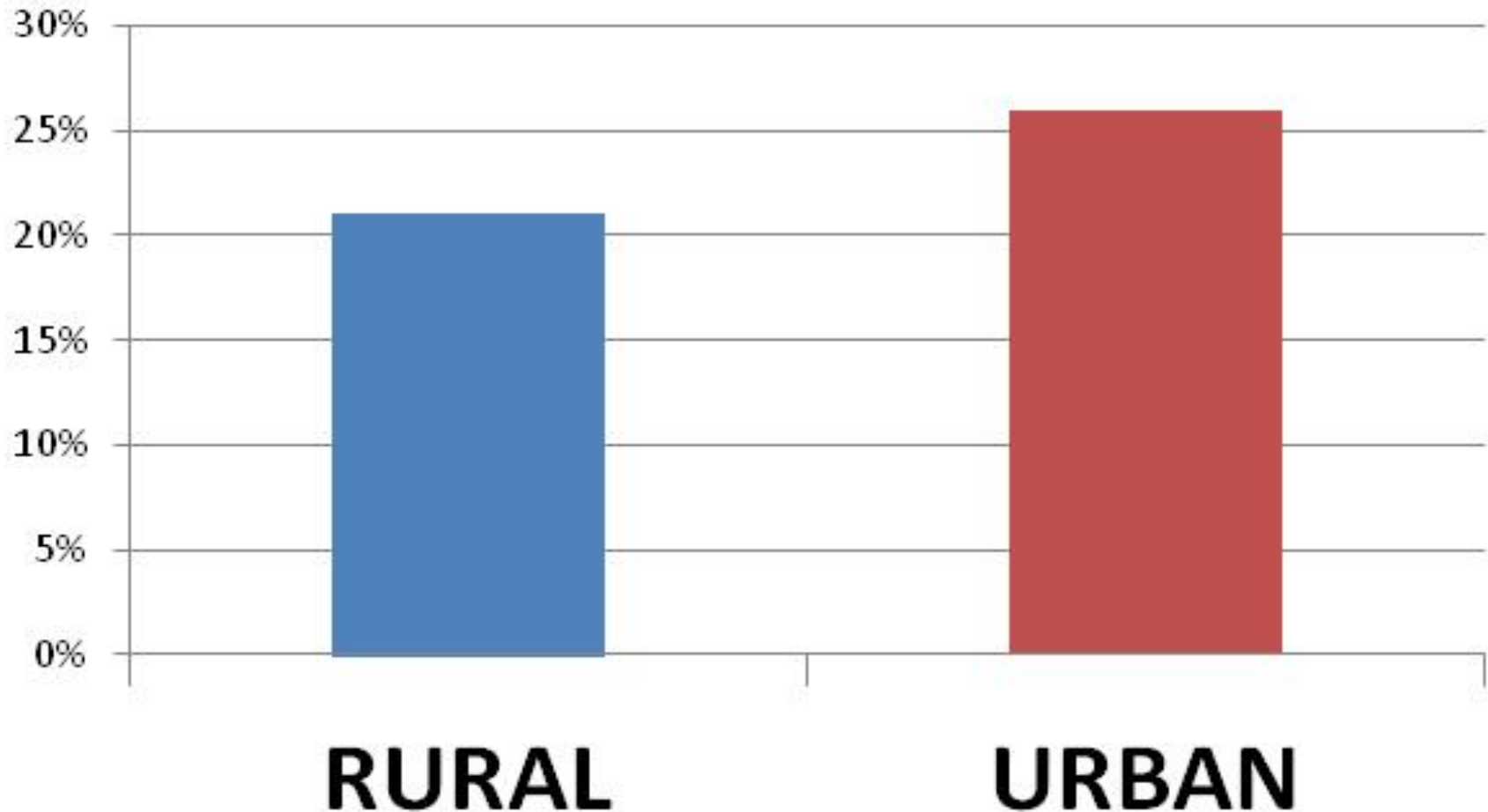
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- In FY 2015, hospitals with HAC incidence rates in top quartile (e.g. worst performers) will receive a 1% reduction in payment
- Includes Indirect Medical Education (IME) and Disproportionate Share (DSH) payments

# **Which Type of Hospital Do You Think Will be Most Affected by the HAC Reduction Program?**

- A. Rural
- B. Urban

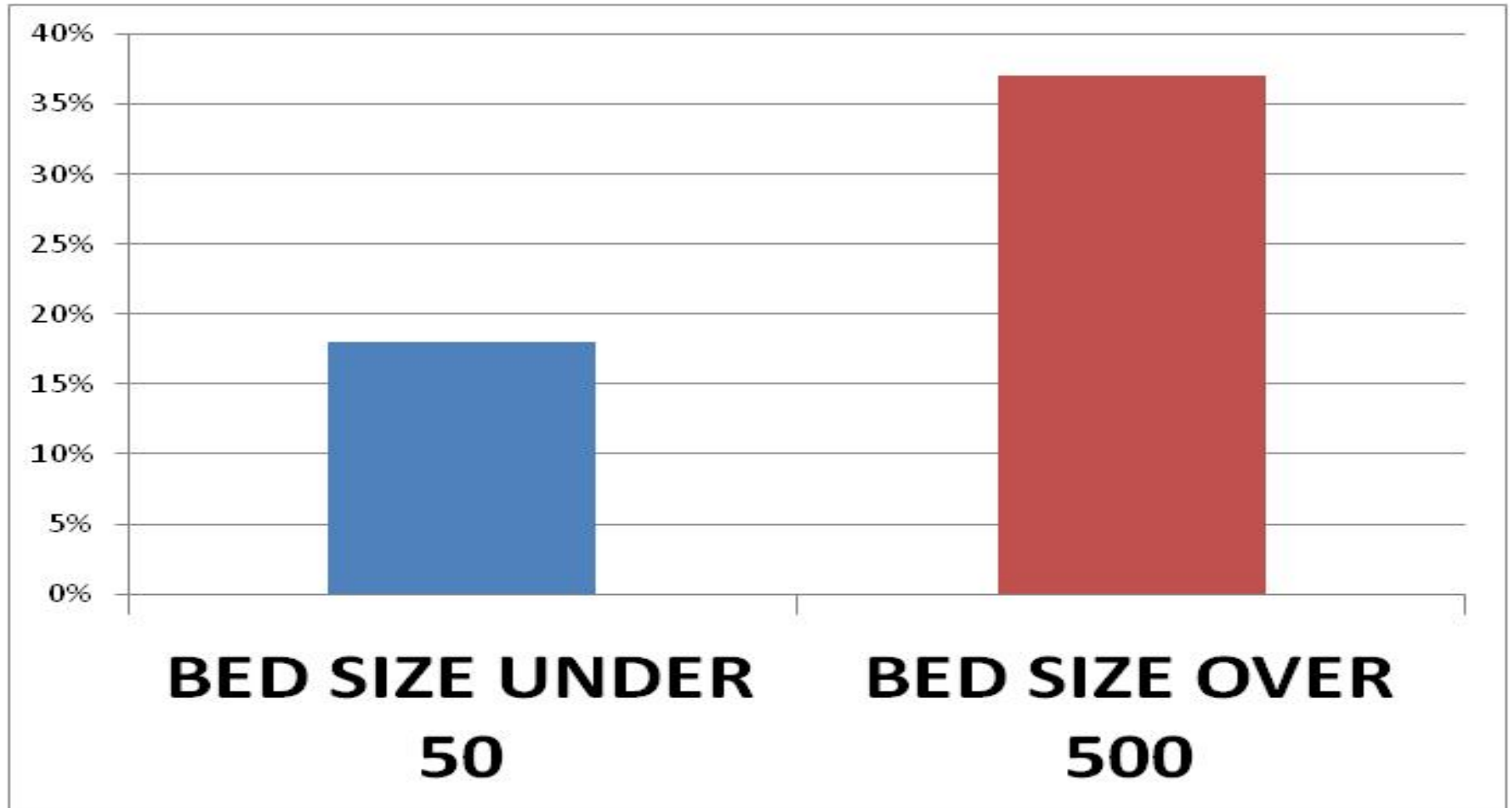
# PERCENT OF HOSPITALS **PENALIZED** BY HAC PROGRAM IN FY 2015



# **Which Type of Hospital Do You Think Will be Most Affected by the HAC Reduction Program?**

- A. Bed Size Under 50
- B. Bed Size Over 500

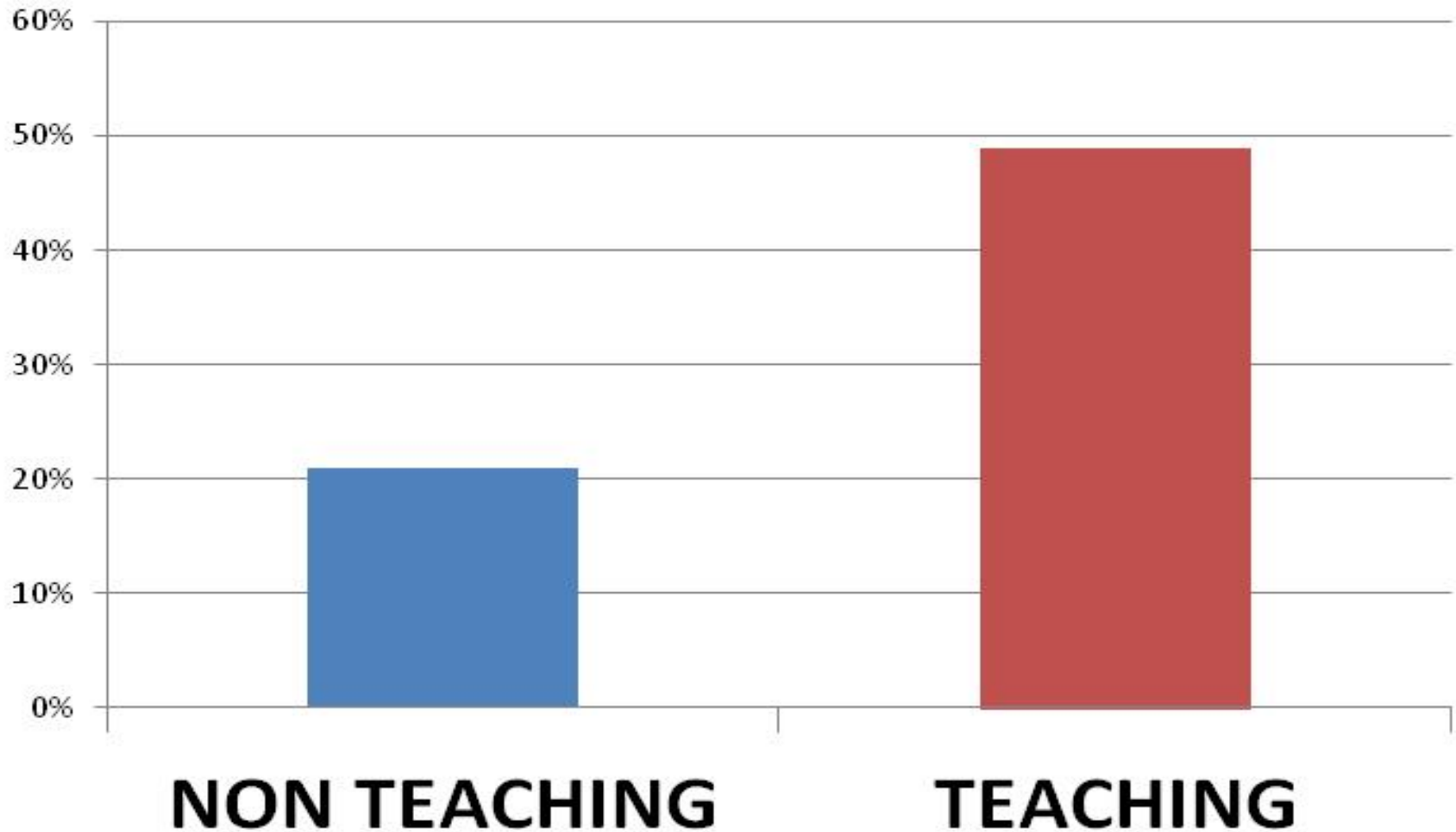
# PERCENT OF HOSPITALS **PENALIZED** BY HAC PROGRAM IN FY 2015



# **Which Type of Hospital Do You Think Will be Most Affected by the HAC Reduction Program?**

- A. Teaching Hospital
- B. Non-Teaching  
Hospital

# PERCENT OF HOSPITALS **PENALIZED** BY HAC PROGRAM IN FY 2015



# HAC TRIPLE WHAMMY

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1. Non-payment – 10 conditions (2009)
2. VBP (2015)
3. HAC Reduction Program (2015)

# UP TO 8% OF CMS PAYMENT “AT RISK” BY FY 2017

	FY14	FY15	FY16	FY17
Hospital Inpatient Quality Reporting	2% reduction for failure to report	2% reduction for failure to report	2% reduction for failure to report	2% reduction for failure to report
Hospital Acquired Conditions	No additional payment for 10 HACs	1% reduction in payment if HAC incidence is in top Quartile	1% reduction in payment if HAC incidence is in top Quartile	1% reduction in payment if HAC incidence is in top Quartile
Hospital Readmissions	2% reduction, AMI, HF, PN	3% reduction , AMI, HF, PN, COPD	3% reduction , AMI, HF, PN, COPD	3% reduction , AMI, HF, PN, COPD
Value Based Purchasing	Up to 1.25% reduction or addition	Up to 1.5% reduction or addition	Up to 1.75% reduction or addition	Up to 2% reduction or addition
<b>TOTAL CMS Payment At Risk</b>	<b>5.25%</b>	<b>7.5%</b>	<b>7.75%</b>	<b>8%</b>

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Base Operating Payments	Reduction*	Loss
\$300,000,000	6%	\$18,000,000
\$150,000,000	6%	\$9,000,000
\$75,000,000	6%	\$4,500,000
\$40,000,000	6%	\$2,400,000
\$25,000,000	6%	\$1,500,000

\* Illustrative - assumes maximum loss, excluding failure to report quality data

# NOT TO MENTION EMR MEANINGFUL USE

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- Medicare eligible hospitals (those paid under IPPS) that are not meaningful users will be subject to a payment adjustment beginning on **October 1, 2014**. This includes hospitals that are eligible but that decide not to participate.



# WHAT CAN WE DO ?

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How can labor and management work together to address some of these challenges (Patient Experience, HCAHPS, Penalties for Readmissions and Hospital Acquired Conditions) ?



# REPORT OUT

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# THE TAKE AWAY...

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- Reforms are underway affecting hospital payments and how we organize and deliver services
- Payment reform includes value-based purchasing, readmissions penalties, and penalties for hospital acquired conditions
- Union and management can work together to increase **VALUE** of health care services: maximizing quality, reducing cost and waste, and improving the overall patient experience

# WHAT'S NEXT?

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## Join us for our next **TALKING DATA BREAKFAST**

**When?** Friday, May 30, 2014

**Where?** 330 W. 42<sup>nd</sup> St., Penthouse

**What?** DATA BASICS: What Data Is,  
Where to Find Data, How to Use  
Data



# WRAP-UP and EVALUATIONS



THANK  
YOU

