



VALUE-BASED PURCHASING

FEBRUARY 4, 2012

POP QUIZ!!!

VALUE-BASED PURCHASING APPLIES TO WHAT FUNDING SOURCE?

- A. MEDICAID
- B. MEDICARE
- C. BOTH MEDICAID AND MEDICARE
- D. HCRA (HEALTH CARE REFORM ACT)

WHAT MEASURES ARE INCLUDED IN VALUE-BASED PURCHASING?

- A. HCAHPS
- B. READMISSIONS
- C. HCAHPS AND CLINICAL PROCESS MEASURES
- D. HCAHPS, READMISSIONS, AND CLINICAL PROCESS MEASURES

WHAT HEALTH SYSTEMS DOES VALUE-BASED PURCHASING APPLY TO?

- A. NURSING HOMES
- B. HOSPITALS
- C. HOSPITALS AND NURSING HOMES
- D. HOSPITALS AND OUTPATIENT CLINICS

VALUE-BASED PURCHASING

- Mandated by the Affordable Care Act (ACA) of 2010
- Links hospitals' Medicare payment to quality performance
- Quality measures include:
 - ☐ Clinical Process of Care (FFY2013)
 - ☐ Patient Experience of Care (FFY2013)
 - ☐ Patient Outcomes (FFY2014)

HOW DOES IT WORK?

- Payments are reduced by 1% in FY2013 (beginning in October 2012), for all hospitals, creating a **pool of funds for re-distribution**
 - (Reduction will rise by 0.25% each year, ending with 2% reduction in FY2017)
 - For FY2013, payments are adjusted based on performance on HCAHPS (30%) and clinical process measures (70%)
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- ☐ Baseline Period: July 1, 2009 through March 31, 2010
 - ☐ Performance Period: July 1, 2011 through March 31, 2012

VBP SCORES

- CMS calculates two scores for each HCAHPS and process measure: an **achievement** score and an **improvement** score
- Hospitals earn up to 10 achievement points and up to 9 improvement points for each measure
- The final score for each measure will be the **higher** of the two scores.
- Hospitals can also earn up to 20 consistency points for lowest HCAHPS dimension

VBP SCORES: BENCHMARKS & THRESHOLDS

- National Benchmarks: set at the average performance score for the top 10% of all hospitals during the baseline period
- National Thresholds: set at the median performance score (50th percentile) for all hospitals during the baseline period

HCAHPS Domain	Questions	Floor (Min.)	Achievemnt Threshold (50 th percentile)	Benchmark (Average of top 10% of hospitals)
Nurse Communication	<ul style="list-style-type: none"> Nurse courtesy & respect Nurses listen carefully Nurse explanations are clear 	38.98%	75.18%	84.70%
Doctor Communication	<ul style="list-style-type: none"> Doctor courtesy and respect Doctors listen carefully Doctor explanations are clear 	51.51%	79.42%	88.95%
Responsiveness	<ul style="list-style-type: none"> Staff helped with bathroom needs Call button answered 	30.25%	61.82%	77.69%
Pain Management	<ul style="list-style-type: none"> Pain well controlled Staff helped patient with pain 	34.76%	68.75%	77.90%
Communication of Medications	<ul style="list-style-type: none"> Staff explained medicine Staff clearly described side effects 	29.27%	59.28%	70.42%
Discharge Information	<ul style="list-style-type: none"> Staff discussed help needed after discharge Written symptom/health info provided 	50.47%	62.80%	77.64%
Clean & Quiet	<ul style="list-style-type: none"> Area around room kept quiet at night Room and bathroom kept clean 	36.88%	81.93%	89.09%
Overall Rating	<ul style="list-style-type: none"> Hospital rating (1-10) 	29.32%	66.02%	82.52%

Calculating VBP Scores: Achievement Scale

For baseline period 7/1/09 – 3/31/10 and performance period 7/1/11 – 3/31/12

HCAHPS Domain	Achievement Threshold (Top Box Minimum Score Necessary to Receive Any Achievement Points)		Benchmark (Top Box Score Necessary to Receive Full 10 Points Per Domain)		
Nurse Communication	0 P O I N T S	75.18%	1-9 P O I N T S	84.70%	10 P O I N T S
Doctor Communication		79.42%		88.95%	
Responsiveness		61.82%		77.69%	
Pain Management		68.75%		77.90%	
Communication about Meds		59.28%		70.42%	
Clean/Quiet Hospital		62.80%		77.64%	
Discharge Information		81.93%		89.09%	
Overall Rating		66.02%		82.52%	

Source: VBP Final Rule, Federal Register, May 6, 2011, p. 26519.

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Formulas!

Achievement

- $[9 * ((\text{Hospital performance period score} - \text{achievement threshold}) / (\text{benchmark} - \text{achievement threshold}))] + .5$
where the hospital performance period score falls in the range from achievement threshold to the benchmark

Example

- Responsiveness threshold: 61.82
- Responsiveness benchmark: 77.69
- Hospital responsiveness score: 65

$$[9 * ((65 - 61.82) / (77.69 - 61.82))] + .5 = 2.30 \text{ points}$$

Calculating VBP Scores

IMPROVEMENT SCALE

- Rewards hospitals for improving their performance from the baseline period to the performance period
- A maximum of 9 points for each HCAHPS dimension
(Compared to a maximum of 10 for achievement)

Formulas!

Improvement

- $[10 * ((\text{Hospital performance period score} - \text{hospital baseline performance score}) / (\text{benchmark} - \text{hospital baseline performance score}))] - .5$ where the hospital performance period score falls in the range from the hospital's baseline period score to the benchmark

Example

- Hospital baseline responsiveness score: 45
- Hospital performance responsiveness score: 55
- Responsiveness benchmark: 77.69

$$[10 * ((55 - 45) / (77.69 - 45))] - .5 = 2.56 \text{ points}$$

Calculating VBP Scores

CONSISTENCY POINTS

- 0-20 points based on the lowest performing HCAHPS dimension
- If the lowest VBP HCAHPS dimension is at or above the baseline period national median, the hospital will receive the full 20 consistency points

Formulas!

Lowest Dimension Score

$$\frac{((\text{Hospital's performance period score} - \text{floor}))}{(\text{achievement threshold} - \text{floor}))}$$

- **Hospital performance period responsiveness score: 35**
- **Responsiveness floor: 30.25**

$$\text{Lowest Dimension} = ((35 - 30.25) / (61.82 - 30.25)) = .15$$

Consistency

- $(20 * (\text{lowest dimension score}) - 0.5)$, rounded to the nearest whole number, with a minimum of zero and a maximum of 20 consistency points

- $(20 * (0.15) - 0.5) = 2.5 \longrightarrow 3 \text{ consistency points}$

How Have We Done?

GAINS

- 10 League Hospitals will receive bonus payments based on VBP scores (HCAHPS and Clinical Process Measures), ranging from .01% to .40% increases

PENALTIES

- 24 League Hospitals will receive a reduction in DRG reimbursement based on VBP scores (HCAHPS and Clinical Process Measures), ranging from .06% to 0.65% reduction

Source: <http://www.kaiserhealthnews.org/Stories/2012/December/21/value-based-purchasing-chart.aspx>

Hospital Payments, Performance Period July 2011 - March 2012, Effective October 2012

Ranked by Value-Based Purchasing (HCAHPS and Clinical Process of Care)

Hospital Name	Change In Payment From Value-Based Purchasing Program	Change In Payment Based On Number Of Readmissions	Total Change For Each Medicare Patient Stay
ST BARNABAS HOSPITAL	0.12%	-0.74%	-0.62%
MOUNT SINAI HOSPITAL	0.09%	-0.94%	-0.85%
NYU HOSPITALS CENTER	0.08%	-0.10%	-0.02%
FOREST HILLS HOSPITAL	0.02%	-1.00%	-0.98%
BROOKLYN HOSPITAL CENTER	0.01%	-1.00%	-0.99%
BRONX-LEBANON HOSPITAL CENTER	-0.08%	-1.00%	-1.08%
PLAINVIEW HOSPITAL	-0.08%	-0.50%	-0.58%
KINGSBROOK JEWISH MEDICAL CENTER	-0.12%	-0.86%	-0.98%
ST LUKE'S ROOSEVELT HOSPITAL	-0.15%	-1.00%	-1.15%
BETH ISRAEL MEDICAL CENTER	-0.16%	-1.00%	-1.16%
NEW YORK-PRESBYTERIAN HOSPITAL	-0.17%	-0.75%	-0.92%
BROOKDALE HOSPITAL MEDICAL CENTER	-0.21%	-0.48%	-0.69%
JAMAICA HOSPITAL MEDICAL CENTER	-0.23%	-1.00%	-1.23%
RICHMOND UNIVERSITY MEDICAL CENTER	-0.25%	-0.43%	-0.68%
FLUSHING HOSPITAL MEDICAL CENTER	-0.38%	-1.00%	-1.38%
MONTEFIORE MEDICAL CENTER	-0.44%	-1.00%	-1.44%
MAIMONIDES MEDICAL CENTER	-0.45%	-1.00%	-1.45%
ST JOHN'S EPISCOPAL HOSPITAL	-0.65%	-0.93%	-1.58%

READMISSION PENALTIES BEGIN IN FY 2013

- 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.
- Performance period: July 1, 2008, through June 30, 2011
- Penalties will increase in subsequent years to a maximum of 2% of inpatient payments in FY 2014 and 3% from FY 2015 onwards.

WHY HCAHPS MATTERS

Patient Satisfaction

Creating Consistent Experiences

HCAHPS

Financial Impact

*Value-Based Purchasing
(HCAHPS account for **30%** of VBP
Score)*

Reputation

Public Reporting

HCAHPS ARE PREDICTIVE OF READMISSIONS

Readmissions. Medicare reduces payments to hospitals for higher than expected readmission rates for select conditions, beginning October 1, 2012 (FFY 2013), starting with Acute Myocardial infarction, Congestive heart failure, and Pneumonia.

For the core clinical areas (HF, PN), HCAHPS performance was more predictive of readmission rates “than the objective clinical performance measures often used to assess the quality of hospital care.”

Source: Boulding W et al. Relationship between Patient Satisfaction with Inpatient Care and Hospital Readmissions Within 30 Days, Am J Manag Care. 2011; 17(1): 41-48.

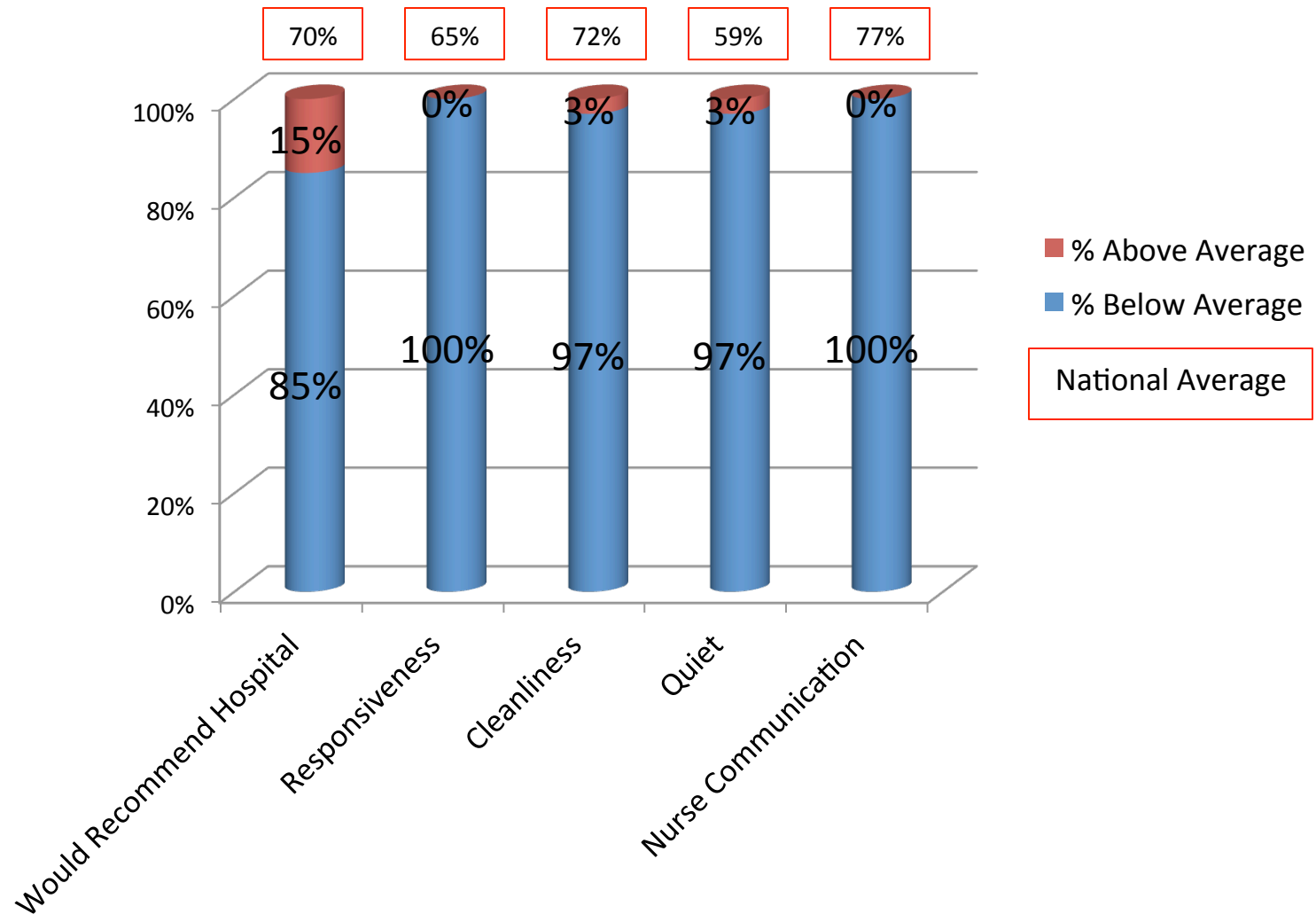
PATIENT EXPERIENCE AND OUTCOMES

“[W]hen we controlled for a hospital’s clinical performance, higher hospital-level patient satisfaction scores were independently associated with lower hospital inpatient mortality rates.”

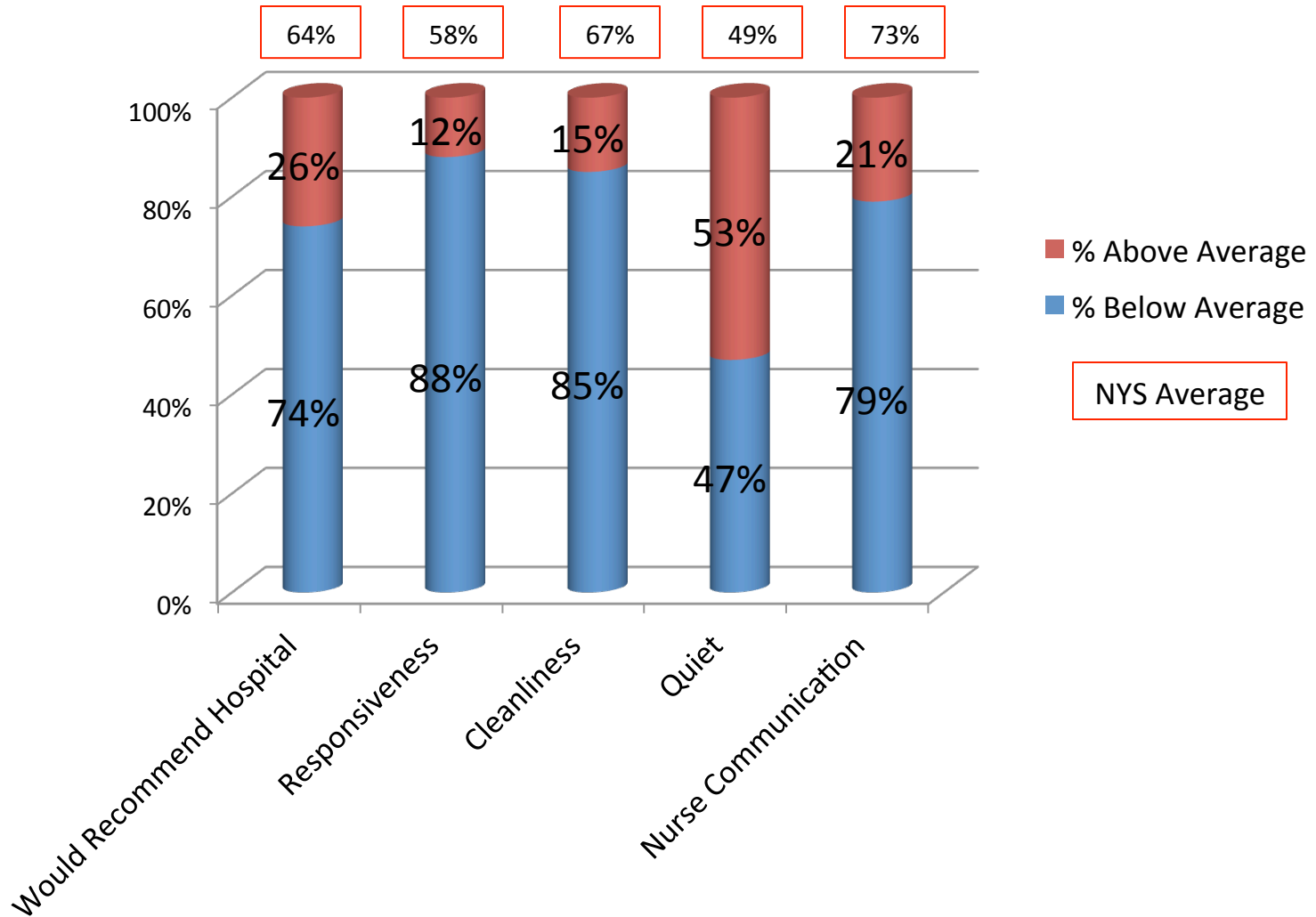
Source: Glickman SW et al, Patient Satisfaction and Its Relationship with Clinical Quality and Inpatient Mortality in Acute Myocardial Infarction, Circ Cardiovasc Qual Outcomes 2010;3:188-195.

How are We Doing on
HCAHPS?

LEAGUE HOSPITALS HCAHPS – COMPARISON TO NATIONAL AVERAGE, 2011



LEAGUE HOSPITALS HCAHPS – COMPARISON TO STATE AVERAGE, 2011



HOW CAN LABOR-MANAGEMENT WORK HELP?

- Literature review shows that Labor-Management partnerships contribute to:
 - Increased patient satisfaction
 - Improved productivity and efficiency
 - Enhance quality of care
 - Increased staff satisfaction and retention
 - Increased profits and reduced expenses
 - Increased employee engagement

Value-Based Purchasing FY 2014



Process of
Care (12
measures):

45%

HCAHPS:

30%

Outcomes:

25%

2014 VBP Reimbursement Periods

Process of Care & HCAHPS

- Baseline: April – Dec 2010
- Performance: April – Dec 2012

Outcomes

- Baseline: July 2009 – June 2010
- Performance: July 2011 – June 2012

Outcome Measures

- Mortality Measures (AMI, HF, PN)
- Hospital Acquired Conditions (8)
- Patient Safety Indicators (9)