

# Understanding the Fiscal Year (FY) 2022 Hospital Value-Based Purchasing (VBP) Program



## FY 2022 Hospital VBP Program

This program summary highlights the major elements and changes to the FY 2022 Hospital VBP Program, administered by the Centers for Medicare & Medicaid Services (CMS). You can find previous program summaries on the [Quality Reporting Center website's VBP Tools and Resources page](#).

The COVID-19 Public Health Emergency (PHE) continues to have significant and enduring effects on health care systems around the world. The PHE affects care decisions, including those made on clinical topics covered by the Hospital VBP Program's measures. As a result of the COVID-19 PHE, hospitals could provide care to their patients that meets underlying clinical standards but results in worse measured performance, prompting lower incentive payments in the Hospital VBP Program.

It is not our intention to penalize hospitals based on measure scores that we believe are distorted by the COVID-19 PHE and not reflective of the quality of care that the measures in the Hospital VBP Program were designed to assess. Therefore, CMS is suppressing the following measures for the FY 2022 Program Year:

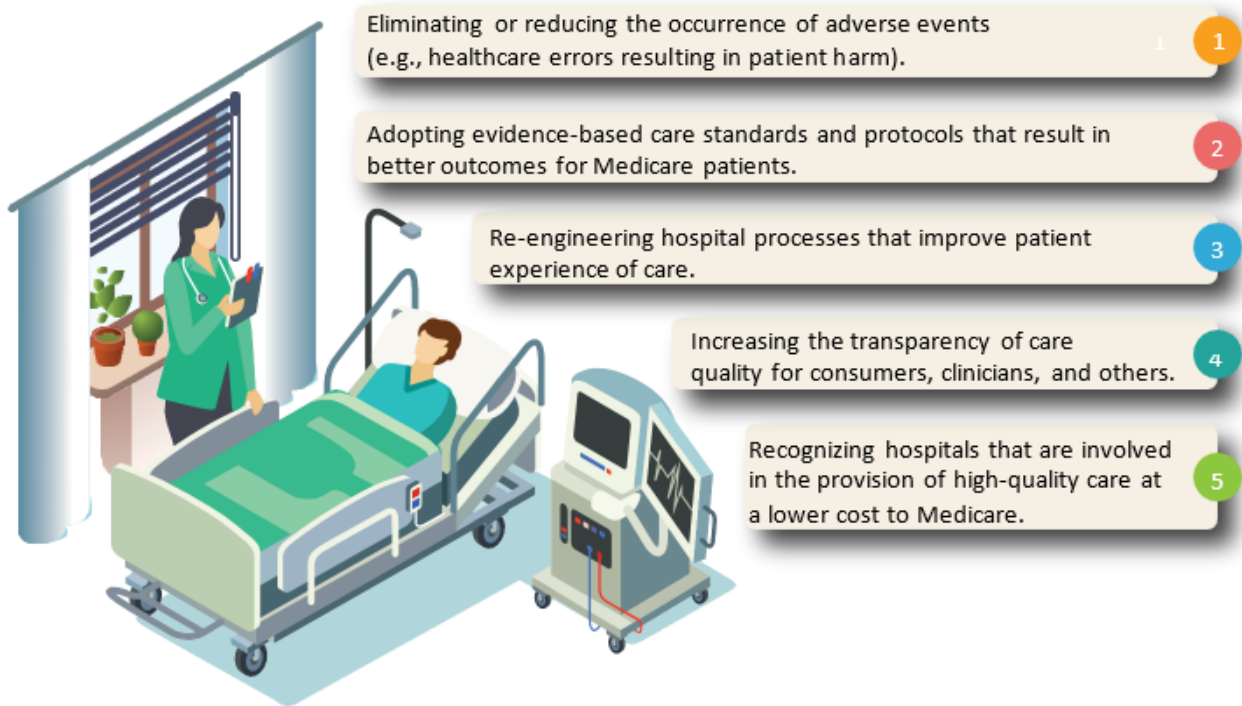
- Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) Survey
- Medicare Spending Per Beneficiary (MSPB) measure
- Five Healthcare-Associated Infection (HAI) measures

Under this special rule for FY 2022, we will calculate measure rates for all measures, including the measures we are suppressing. However, we will only calculate achievement and improvement scores for the measures in the Clinical Outcomes domain, which will not be suppressed. Domain scores for the Clinical Outcomes domain will be calculated, but we will not calculate Total Performance Scores (TPSs) for hospitals because the Clinical Outcomes domain is only weighted at 25 percent of the TPS and there will be no other domain scores.

Each hospital's base-operating Diagnosis Related Group (DRG) payment amount will be reduced by 2 percent, as required under the Social Security Act. Since no hospital will receive a TPS for FY 2022, each hospital will be assigned a value-based incentive payment percentage that results in a value-based incentive payment amount that matches the 2 percent reduction to the base operating DRG payment amount. The net result of these payment adjustments will be neutral for all hospitals. That is, a hospital's base operating DRG payment amount would remain unchanged for FY 2022.

The Hospital VBP Program is designed to improve the quality, efficiency, experience, and safety of care that Medicare beneficiaries receive during acute care inpatient stays by:

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## Hospital VBP Program Background

Section 1886(o) of the Social Security Act sets forth the Hospital VBP Program requirements, affecting Medicare fee-for-service payment for inpatient stays at approximately 3,000 hospitals across the country. This program is part of CMS' larger quality strategy to reform how health care is delivered and paid for by rewarding hospitals with incentive payments for the quality of care provided in the inpatient hospital setting.

In the Hospital VBP Program, CMS rewards hospitals based on the **quality** of care provided to Medicare patients, not just **quantity** of services provided.

## Funding and Payments

CMS funds the Hospital VBP Program incentive payments by reducing the base operating Medicare Severity diagnosis-related group (MS-DRG) payment amounts that determine the Medicare payment for each hospital inpatient discharge by 2 percent. For FY 2022, each hospital's base-operating DRG payment amount will be reduced by 2 percent, as required under the Social Security Act. Since no hospital will receive a TPS for FY 2022, each hospital will be assigned a value-based incentive payment percentage that results in a value-based incentive payment amount that matches the 2 percent reduction to the base operating DRG payment amount. The net result of these payment adjustments will be neutral for all hospitals. That is, a hospital's base operating DRG payment amount would remain unchanged for FY 2022.

## Purpose of the Percentage Payment Summary Report (PPSR)

The PPSR provides hospitals that are participating in the Hospital VBP Program with the opportunity to review their measure scores for all domains that meet the minimum requirements FY 2022. The PPSR also provides improvement and achievement scores for hospitals that meet the minimum requirements for the Clinical Outcomes domain.

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## Performance Measurement

CMS bases hospital performance on an approved set of measures and dimensions grouped into specific quality domains. Domains are assigned weights (percentages) of the TPS.

## Domains

CMS believes that the COVID-19 PHE distorted performance data and data are not reflective of the quality of care that the measures in the Hospital VBP Program were designed to assess. Therefore, CMS is suppressing 3 out of the 4 domains for FY 2022 Program Year.



1. The **Clinical Outcomes Domain** is comprised of five mortality measures and one surgical complication measure that are weighted together for 25 percent of the TPS.
2. The **Person and Community Engagement Domain** is comprised of eight dimensions of the Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) patient experience survey and will be suppressed for FY 2022.
3. The **Safety Domain** is comprised of five healthcare-associated infection (HAI) measures and will be suppressed for FY 2022.
4. The **Efficiency and Cost Reduction Domain** is comprised of one Medicare spending measure and will be suppressed for FY 2022.

## Measures

Domain	Measure ID	Measure Name
Clinical Outcomes	MORT-30-AMI	Acute Myocardial Infarction (AMI) 30-Day Mortality Rate
	MORT-30-COPD	Chronic Obstructive Pulmonary Disease (COPD) 30-Day Mortality Rate
	MORT-30-HF	Heart Failure (HF) 30-Day Mortality Rate
	MORT-30-PN	Pneumonia (PN) 30-Day Mortality Rate
	MORT-30-CABG	Coronary Artery Bypass Graft Surgery 30-Day Mortality
	COMP-HIP-KNEE	Elective Total Hip Arthroplasty (THA) and/or Total Knee Arthroplasty (TKA) Complication Rate

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Domain	Measure ID	Measure Name
Person and Community Engagement*	HCAHPS	Communication with Nurses
		Communication with Doctors
		Responsiveness of Hospital Staff
		Communication about Medicines
		Cleanliness and Quietness of Hospital Environment
		Discharge Information
		Care Transitions
		Overall Rating of Hospital
Safety*	CLABSI	Central Line-Associated Bloodstream Infection
	CAUTI	Catheter-Associated Urinary Tract Infection
	CDI	<i>Clostridium difficile</i> Infection
	MRSA	Methicillin-Resistant <i>Staphylococcus aureus</i> Bacteremia
	SSI	Surgical Site Infection: <ul style="list-style-type: none"> <li>• Colon Surgery</li> <li>• Abdominal Hysterectomy</li> </ul>
Efficiency and Cost Reduction*	MSPB	Medicare Spending per Beneficiary

\*These domains have been suppressed for FY 2022.

## Baseline and Performance Periods

A Hospital VBP Program *baseline period* is a designated time span when data are captured. The data captured during the baseline period are compared to data captured during a later time period known as the performance period. The data indicate how well a hospital is performing on an established set of quality measures. Data collected during the *performance period* are compared to data collected for each participating hospital during a baseline period as well as to all other eligible hospitals in the Hospital VBP Program during the performance period. CMS uses this comparison to determine achievement and improvement in quality.

Domain	Measure	Baseline Period	Performance Period
Clinical Outcomes	Mortality Measures (AMI, COPD, HF, CABG)	July 1, 2012–June 30, 2015	July 1, 2017–June 30, 2020*
	Mortality Measure (PN)	July 1, 2012–June 30, 2015	Sep. 1, 2017–June 30, 2020*
	Complication Measure	April 1, 2012–March 31, 2015	April 1, 2017–March 31, 2020*
Person and Community Engagement	HCAHPS Survey	Jan. 1, 2018–Dec. 31, 2018	Jan. 1, 2020–Dec. 31, 2020**
Safety	HAI Measures	Jan. 1, 2018–Dec. 31, 2018	Jan. 1, 2020–Dec. 31, 2020**
Efficiency and Cost Reduction	MSPB	Jan. 1, 2018–Dec. 31, 2018	Jan. 1, 2020–Dec. 31, 2020*

\* The ECE granted by CMS on March 22, 2020, impacts these performance periods. CMS issued a press release: <https://www.cms.gov/newsroom/press-releases/cms-announces-relief-clinicians-providers-hospitals-and-facilities-participating-quality-reporting>. The scope was further explained in a March 27, 2020, CMS memorandum: <https://www.cms.gov/files/document/guidance-memo-exceptions-and-extensions-quality-reporting-and-value-based-purchasing-programs.pdf>. Please also see the COVID-19 Interim Final Rule with Comment Period (IFC) (85 FR 54820).

\*\* Data submission for the National Healthcare Safety Network (NHSN) HAI measures and HCAHPS surveys were made optional for Q1 2020 and Q2 2020.

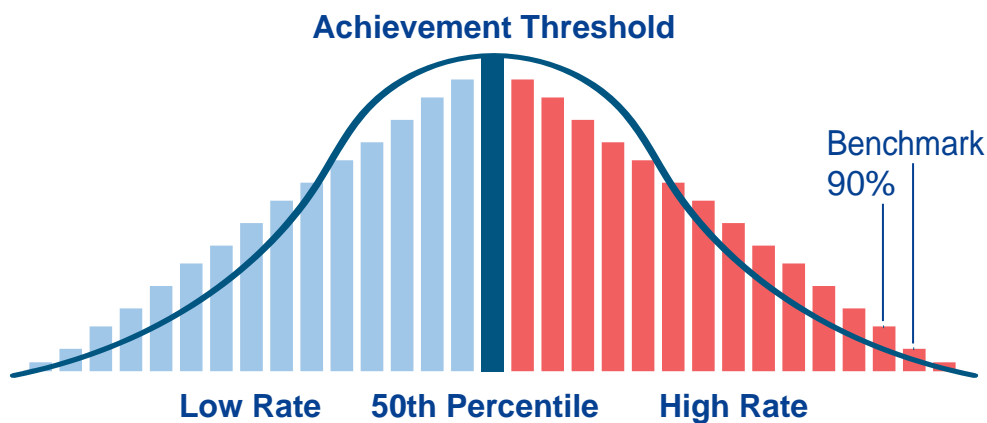
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CMS will **not** use data from discharges from Q1 or Q2 2020 for measure calculations for any measure included in the Hospital VBP Program. Additional information on the impact of the excepted periods on the FY 2022 Hospital VBP Program baseline and performance periods can be found in the *How to Read Your FY 2022 Percentage Payment Summary Report Help Guide* on [QualityNet](#).

## Scoring Methodology

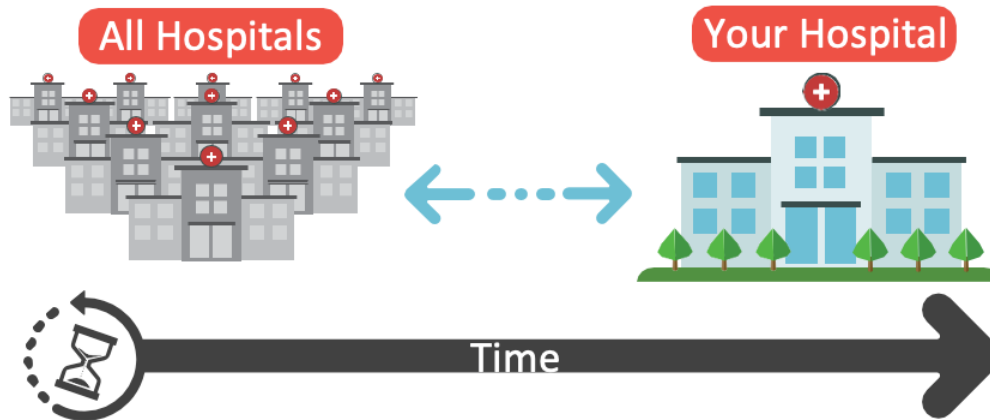
Only the Clinical Outcomes domain will display achievement and improvement scores for those hospitals that met the minimum requirements. CMS assesses each hospital's performance by comparing its **achievement** and **improvement** scores for each applicable Hospital VBP Program measure. CMS uses an achievement threshold and benchmark to determine how many points to award for the achievement and improvement scores. QualityNet has [Domain Weighting Quick Reference Guides](#) available, which include the domain, measures, baseline and performance periods, threshold and benchmark rates, and payment adjustment effective dates for each fiscal year on one page.



**Achievement points** are awarded for each measure by comparing an individual hospital's rates during the performance period to all hospitals' rates from the baseline period:

- Hospital rate at or better than the benchmark = 10 achievement points
- Hospital rate worse than the achievement threshold = 0 achievement points
- Hospital rate is equal to or better than the achievement threshold but worse than the benchmark = 1–9 achievement points

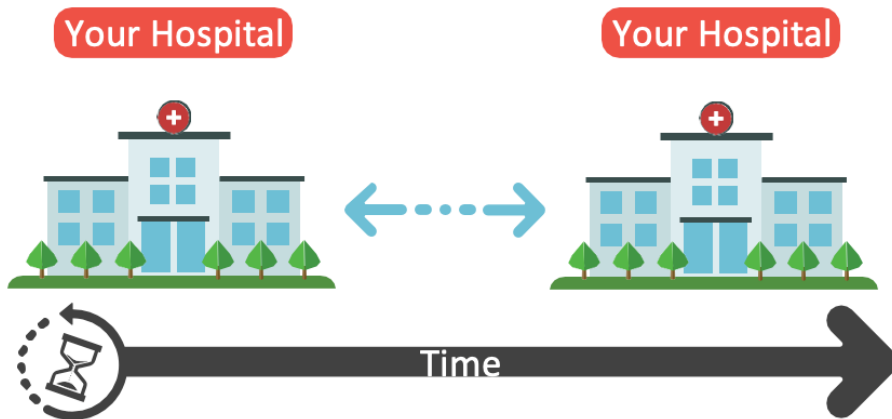
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**Improvement points** are awarded for each measure by comparing an individual hospital's rates during the performance period to that same individual hospital's rates from the baseline period:

- Hospital rate at or better than the benchmark = 9 improvement points
- Hospital rate at or worse than the baseline period score = 0 improvement points
- Hospital rate is better than the baseline period score but worse than the benchmark = 0–9 improvement points

Hospitals with rates at or better than the benchmark, but not better than their baseline period rate (that is, they have a performance period rate below the baseline period rate), will receive 0 improvement points, as no improvement was actually observed.



## Eligibility

The Hospital VBP Program applies to subsection (d) hospitals located in the 50 states and the District of Columbia, as defined in Social Security Act section 1886(d)(1)(B). Subsection (d) hospitals that are determined to be ineligible in FY 2022 based on **one** of the following exclusion criteria will still receive a PPSR:

- The hospital is subject to a payment reduction under the Hospital Inpatient Quality Reporting (IQR) Program.
- The hospital has been cited for three or more deficiencies during the performance period that pose immediate jeopardy to patients' health or safety.



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- The hospital is located in the state of Maryland and has received a waiver to participate in the Maryland All-Payer Model.
- The hospital has received an extraordinary circumstance exemption for the Hospital VBP Program from CMS.
- The hospital did not meet the minimum data requirements.

Hospitals excluded from the inpatient prospective payment systems (IPPS) (e.g., psychiatric, rehabilitation, long-term care, children's, and the 11 Prospective Payment System-Exempt Cancer Hospitals) are not eligible to participate in the Hospital VBP Program and will not receive a PPSR.



**Note:** Hospitals that are excluded from the Hospital VBP Program will **not** have their base operating MS-DRG payments reduced by 2 percent nor be eligible for incentive payment adjustments.

## Review and Correction Period

Hospitals may review and request recalculation of the performance scores on each condition in the Clinical Outcomes Domain only **within 30 calendar days** of the posting date of the PPSR on the Hospital Quality Reporting (HQR) Secure Portal. Neither the review and corrections process nor the appeal process allows hospitals to submit additional corrections related to the underlying data or claims, or add new data or claims, to the data extract used to calculate the measure rates.

## Appeal Period

Hospitals can only request an appeal after first requesting a review and correction of their performance scores. Hospitals that do not submit this formal request within 30 calendar days waive eligibility to submit CMS Hospital VBP Program appeals request(s) for the applicable fiscal year. Hospitals must receive an adverse determination from CMS of their review and correction calculation request prior to requesting an appeal.

## Resources

Information on the [Review and Corrections and Appeals](#) processes is available on QualityNet.

A separate document providing details on [How to Read Your FY 2022 Hospital VBP Percentage Payment Summary Report](#) is available on QualityNet.

For an in-depth explanation and examples of the scoring methodology, review the [FY 2022 Hospital VBP Program Scoring Quick Reference Guide](#).

## Questions

For further assistance regarding the Hospital VBP Program, contact the Inpatient Value, Incentives, and Quality Reporting Outreach and Education Support Contractor through the Inpatient Questions and Answers tool at [https://cmsqualitysupport.servicenow.com/qnet\\_qa](https://cmsqualitysupport.servicenow.com/qnet_qa), or by calling, toll-free, (844) 472-4477 or (866) 800-8765, weekdays from 8 a.m. to 8 p.m. Eastern Time (ET).

For technical questions or issues related to accessing the report, contact the QualityNet Service Center at [qnet-support@HCQIS.org](mailto:qnet-support@HCQIS.org).