Hospital Value-Based Purchasing (VBP) Program

Inpatient Value, Incentives, and Quality Reporting (VIQR) Outreach and Education Support Contractor

Reviewing Your FY 2024 Hospital VBP Program MSPB HSR Question and Answer Summary Document

Speakers

Maria Gugliuzza, MBA
Lead, Hospital VBP Program
Inpatient VIQR Outreach and Education Support Contract

Sam Bounds
Associate Research Manager, Acumen, LLC

Angelia Drake
Hospital Quality Reporting Analytics Team

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Subject-matter experts researched and answered the following questions after the live webinar. The questions may have been edited for grammar.

Question 1: **What is the achievement threshold and benchmark for the Medicare Spending per Beneficiary (MSPB) measure in fiscal year (FY) 2024?**

The Centers for Medicare & Medicaid Services (CMS) uses performance period data, instead of baseline period data, to calculate the benchmark and achievement threshold values for the MSPB Hospital measure. As a result, these values will be available when the Percentage Payment Summary Report is added to the user interface.

Question 2: **What is a subsection (d) hospital?**

A Medicare subsection (d) hospital is a general, acute care, short-term hospital paid under the inpatient prospective payment system (IPPS). The subsection (d) definition excludes the following: children's hospital, inpatient psychiatric hospitals, long-term care hospitals, inpatient rehabilitation hospitals, the 11 Prospective-Payment System (PPS)-Exempt cancer hospitals, and critical access hospitals.

Question 3: **Will Critical Access Hospital's receive a fiscal year 2024 MSPB Hospital-Specific Report (HSR)?**

The MSPB Hospital measure calculation only includes hospitals subject to the IPPS. As a result, Critical Access Hospitals are excluded from the MSPB Hospital calculation and will not receive an MSPB Hospital HSR.

Question 4: **If a hospital had less than 25 episodes, is it still possible to download an MSPB Hospital HSR from the *Hospital Quality Reporting Secure Portal*? If not, how can we determine if we have not met the threshold?**

If a hospital had less than 25 episodes and measure results for the abbreviated time period, it would receive an MSPB Hospital HSR for FY 2024.

Question 5: **Why must beneficiaries remain continuously enrolled in Part A/B for the 90 days prior to the episode start date?**

The 90 days prior to an episode is used to determine a beneficiary's risk characteristics to predict expected spending during the MSPB episode. Since the measure is based on Part A and Part B claims, enrollment during this period is required so that the beneficiary's risk factors can be appropriately observed through the claims data.

Question 6:   **Can you explain what is meant by risk adjustment?**

Risk adjustment predicts the expected costs of an MSPB episode by adjusting for factors outside of the hospital's reasonable influence that can impact spending, such as pre-existing health conditions or age. A linear regression is used to predict the coefficients for each indicator in the model. These coefficients represent the mean difference in episode spending when the health condition is present. For example, if we observe that patients with end-stage renal disease (ESRD) are more expensive that non-ESRD patients, holding all other covariates constant, then the mean difference in episode spending observed in the population for ESRD patients will be added to the expected cost of an episode for ESRD patients. This adjustment prevents disadvantaging episodes that serve riskier patients.

For example, if we observe that patients with ESRD are more expensive that non-ESRD patients, holding all other covariates constant, then the mean difference in episode spending observed in the population for ESRD patients will be added to the expected cost of an episode for ESRD patients. This adjustment prevents disadvantaging episodes that serve riskier patients.

Question 7:   **Do we want a higher or lower value for the MSPB Hospital measure.**

An MSPB Hospital score of greater than 1 indicates that your hospital's MSPB amount is more expensive than the U.S. national median MSPB amount. An MSPB Hospital score of less than 1 indicates that your hospital's MSPB amount is less expensive than the U.S. national median MSPB amount. Lowering of a MSPB measure score indicates improvement on the measure. The MSPB measure should be viewed in the context of other measures to evaluate the quality of care. The MSPB measure is not the only measure by which CMS evaluates hospitals.

Question 8:   **Has the MSPB Hospital measure calculation changed from last year?**

There is no change to MSPB Hospital methodology and calculation for the MSPB Hospital measure in these Hospital VBP Program reports.

CMS did adopt three changes to its methodology and calculation for the version of the measure that is currently only included in the Hospital Inpatient Quality Reporting (IQR) Program. That version of the measure is proposed to be adopted in the Hospital VBP Program for the FY 2028 payment determination.

Subsequently, in the FY 2024 IPPS/LTCH PPS final rule, CMS finalized moving the modified version of the measure to be included in the Hospital VBP Program beginning with the FY 2028 payment determination.

Question 9:   **Why don't we Winsorize the values above .95?**

The Winsorization of expected values at the 0.5th percentile is a statistical technique that has the specific goal of protecting the measure from predicting negative values. It is not intended to reduce outliers. Outlier episodes will be removed from the measure, on both sides of the distribution, to protect hospitals from episodes of spending that are extremely above or below the expected spending value.

This is done through a separate technique and step in the MSPB Hospital measure calculation. The outliers are identified and excluded using the episode's residual value (observed cost - expected spending). Then, using this value as a metric of how far the prediction is from the observed spending value, episodes with values below the 1st percentile or above the 99th percentile of the residual distribution are excluded.

Question 10:   **Is race/ethnicity included in the risk adjustment?**

No, patients' race/ethnicity information is not included in risk adjustment.

Question 11:   **How does dual eligibility impact MSPB?**

The MSPB Hospital measure does not risk-adjust for patients' Medicaid enrollment status.

Question 12:   **Will hospitals receive a Total Performance Score (TPS) this year?**

Yes, hospitals will receive a TPS for FY 2024, after two years of CMS not awarding TPS scores due to the impact of the COVID-19 public health emergency.

Question 13:   **Slide 23 states that the measure excludes admissions within 30 days of discharge from another index admission. In my mind, this is a readmission. However, slide 21 states that acute care hospital readmissions within 30 days of discharge are included. To me, this is conflicting information.**

There are two versions of the MSPB Hospital measure. The measure that is currently in use in the Hospital VBP Program excludes readmissions.

The re-evaluated measure does not exclude readmissions and was finalized for use in the Hospital VBP Program, beginning with the calendar year (CY) 2026 performance period/FY 2028 payment determination year.

As part of the measure maintenance process, the MSPB Hospital measure was comprehensively re-evaluated in 2020 and re-endorsed in 2021. In the FY 2023 IPPS/Long-Term Care Hospital Prospective Payment System (LTCH PPS) final rule (87 FR 49257–49264), the re-evaluated MSPB Hospital measure was adopted in the Hospital IQR Program. The FY 2024 IPPS/LTCH PPS proposed rule subsequently proposed the Hospital IQR Program re-evaluated MSPB measure for the Hospital VBP Program measure set under the Efficiency and Cost Reduction Domain, beginning with the CY 2026 performance period/FY 2028 payment determination (88 FR 27025–27026).

| Question 14: | **How do Hierarchical Condition Categories (HCCs) impact MSPB?** |

There are 79 HCCs included in the risk adjustment model as covariates. A linear regression is used to predict the coefficients for each indicator in the model. These coefficients represent the mean difference in episode spending when the health condition is present. Expected episode spending will then be the result of adding or removing these coefficients (i.e., increasing/decreasing the episode's expected spending) for conditions found in the respective episode).

The purpose of using HCCs in risk adjustment is to control for health indicators a patient may have prior to admission to a hospital which can impact spending. This prevents disadvantaging episodes that serve riskier patients.

| Question 15: | **What is the relationship between the MSPB Hospital measure and the Merit-based Incentive Payment System (MIPS) MSPB Clinician measure?** |

Both measures share a common scope in measuring cost efficiency surrounding an inpatient admission. They also share some similarities in the risk adjustment model and measure construction algorithm. They are intended to measure different providers of healthcare, and their methodologies start to differ as a consequence.

The MSPB Hospital measure is for hospitals where the admission occurred and is the sole measure within the Efficiency and Cost Reduction domain of the Hospital VBP Program.

The MSPB Clinician measure is for the managing clinician groups (Tax Identification Number) and clinicians (Tax Identification Number-National Provider Identifier) during an inpatient visit and is a cost measure in the MIPS.