Overview of the FY 2021 Hospital Readmissions Reduction Program

Hosted by: Inpatient Value, Incentives, and Quality Reporting Outreach and Education Support Contractor (Inpatient VIQR SC)

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Purpose

This event will provide an overview of the fiscal year (FY) 2021 HRRP, including:

- Program updates
- Methodology
- Hospital-Specific Reports (HSRs)
- Review and Correction period

Objectives

Participants will be able to:

- Interpret the methodology used in the program.
- Understand your hospital's program results in your HSR.
- Understand how to submit questions about your hospital's calculations during the HRRP Review and Correction period.

Webinar Chat Questions

Please email any questions that are pertinent to the webinar topic to WebinarQuestions@hsag.com with the following information:

- Subject Line: Overview of the FY 2021 Hospital Readmissions Reduction Program
- Email Body: If your question pertains to a specific slide, please include the slide number

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If you do not find an answer, then submit your question to us via the same tool.

Program Background and Methodology

Hospital Readmissions Reduction Program (HRRP) Background

- HRRP is a Medicare value-based purchasing program established under Section 3025 of the Affordable Care Act.
- HRRP encourages hospitals to improve communication and care coordination efforts to better engage patients and caregivers in post-discharge planning.
- CMS reduces payments to subsection (d) hospitals with excess readmissions.

Eligible Hospitals

- All subsection (d) hospitals, as defined under the Social Security Act, with eligible discharges are included in HRRP.
- CMS exempts Maryland hospitals from HRRP payment reductions because of an agreement between CMS and Maryland.

HRRP Measures and Performance Period

- The FY 2021 three-year performance period includes hospital discharges from July 1, 2016 through June 30, 2019.
- The following six condition/procedure-specific 30-day risk standardized unplanned readmission measures are included in HRRP:
    - Acute Myocardial Infarction
    - Chronic Obstructive Pulmonary Disease
    - Heart Failure
    - Pneumonia
    - Coronary Artery Bypass Graft surgery
    - Elective Primary Total Hip Arthroplasty and/or Total Knee Arthroplasty

21st Century Cures Act Provisions for HRRP

- Prior to the 21st Century Cures Act, CMS used a non-stratified methodology (FY 2013 to FY 2018) to assess hospital performance under HRRP.
- Beginning in FY 2019, the 21st Century Cures Act directs CMS to use a stratified methodology to evaluate a hospital's performance relative to other hospitals with a similar proportion of patients who are dually eligible for Medicare and full Medicaid benefits.
- The 21st Century Cures Act also requires that the stratified methodology produce the same amount of Medicare savings generated under the non-stratified methodology to maintain budget neutrality.

Payment Reduction Methodology

- The payment reduction is the percentage a hospital's payments will be reduced based on its performance in the program.
- The payment reduction is a weighted average of a hospital's performance across the 6 HRRP measures during the 3-year performance period.
- The payment adjustment factor is the form of the payment reduction CMS uses to reduce hospitals' payments.
- The next slides will describe the steps involved in calculating the payment reduction.

Payment Reduction Methodology: ERR and Dual Proportion

Step 1: For every hospital, CMS calculates an excess readmission ratio (ERR) for each of the six HRRP conditions/procedures and a dual proportion.

ERR: a measure of a hospital's relative performance, calculated using Medicare fee-for-service (FFS) claims

1a. Example ERR calculations for Hospital A:

AMI ERR: $\frac{0.1798}{0.1850} = 0.9722$

COPD ERR: $\frac{0.1649}{0.1574} = 1.0474$

HF ERR: $\frac{0.1349}{0.1351} = 0.9983$

Pneumonia ERR: $\frac{0.1659}{0.1459} = 1.1369$

CABG ERR: $\frac{0.1883}{0.1995} = 0.9438$

THA/TKA ERR: $\frac{NQ}{NQ} = NQ$

Hospitals with no eligible discharges for a measure will not have an ERR calculated for that measure.

Dual proportion: the proportion of Medicare FFS and managed care stays in a hospital where the patient was dually eligible for Medicare and full Medicaid benefits

1b. Example dual proportion calculation for Hospital A:

Hospital A has **894** stays where the beneficiary was dually eligible for Medicare and full Medicaid benefits.

Hospital A has **3,389** total Medicare FFS and managed care stays.

$$\textit{Dual proportion} = \frac{894}{3{,}389} = 0.2638$$

Dual Eligibility Definition

- As finalized in the FY 2020 IPPS rule, for FY 2021 CMS updated the definition of dual-eligibility used in the dual proportion calculations as such:
  - **Previous definition**: dual-eligible stays are defined as stays for Medicare beneficiaries with full Medicaid benefits for the month the beneficiary was discharged from the hospital.
  - **New definition**: dual-eligible stays are defined as stays for Medicare beneficiaries with full Medicaid benefits for the month the beneficiary was discharged from the hospital. *The exception are for those patient beneficiaries who die in the month of discharge who are identified using the previous month's dual eligibility status.*

Payment Reduction Methodology: Peer Groups and Peer Group Median ERR

- **Step 2**: CMS stratifies hospitals into 1 of 5 peer groups (i.e., quintiles) based on hospitals' dual proportions.
- **Step 3**: CMS calculates a median ERR for each peer group and each measure.

Example peer groups:

Peer group	Minimum dual proportion	Maximum dual proportion
1	0	0.1347
2	0.1348	0.1832
3	0.1833	0.2316
4	**0.2317**	**0.3083**
5	0.3084	1

Hospital A's dual proportion = **0.2638**
Hospital A is in **peer group 4**

Example peer group median ERRs:

Peer group	AMI	COPD	HF	Pneu-monia	CABG	THA/ TKA
1	0.9941	0.9943	0.9848	0.9876	0.9804	0.9841
2	0.9961	0.9944	0.9865	0.9844	0.9961	0.9969
3	0.9964	0.9956	0.9894	0.9866	0.9979	0.9901
4	**0.9970**	**0.9954**	**1.0077**	**0.9971**	**1.0093**	**1.0073**
5	1.0093	1.0104	1.0258	1.0253	1.0157	0.9989

Payment Reduction Methodology: Measure Contributions

Step 4: CMS determines which ERRs will contribute to the payment reduction. For an ERR to contribute to the payment reduction, it must meet two criteria:

- ERR > peer group median ERR
- Eligible discharges ≥ 25

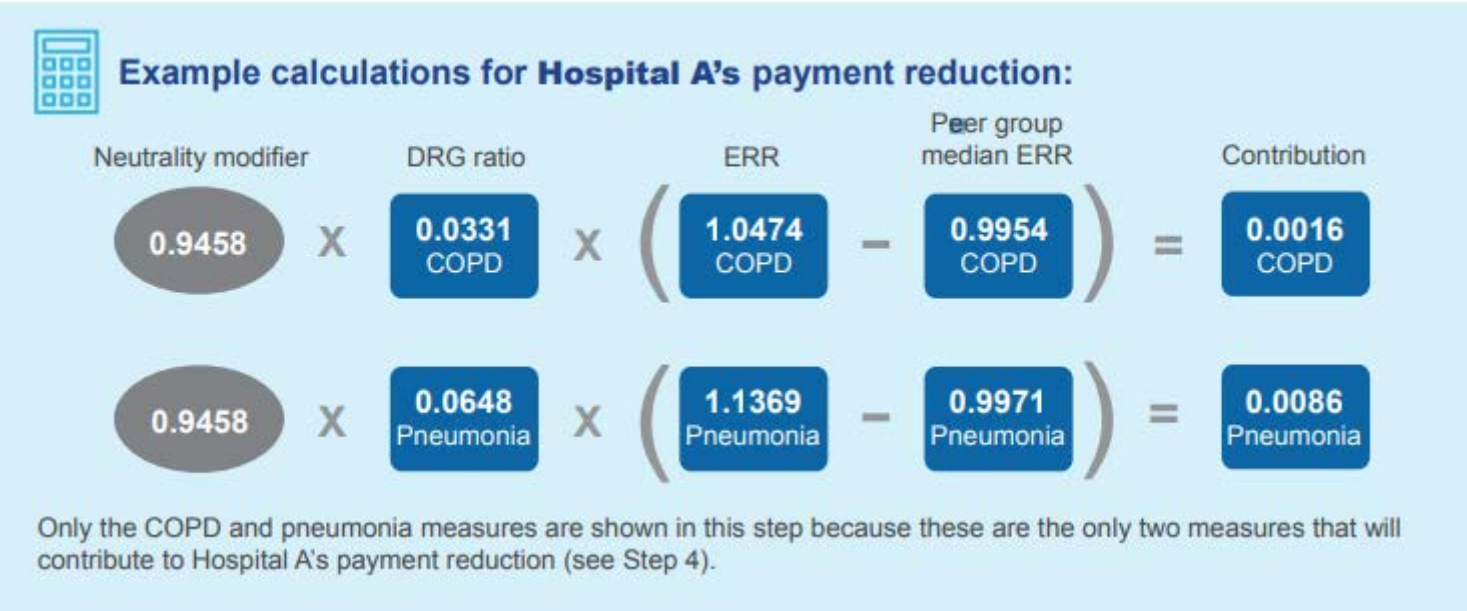
Example payment reduction measure contribution determination for Hospital A:

Measure	ERR	Peer group 4 median ERR	Eligible discharges	ERR > peer group 4 median ERR	Eligible discharges ≥ 25
AMI	0.9722	0.9970	42	X	✓
COPD	**1.0474**	**0.9954**	**38**	✓	✓
HF	0.9983	1.0077	22	X	X
Pneumonia	**1.1369**	**0.9971**	**25**	✓	✓
CABG	0.9438	1.0093	25	X	✓
THA/TKA	*NQ*	1.0073	0	X	X

The **COPD** and **pneumonia** ERRs will contribute to Hospital A's payment reduction.

Payment Reduction Methodology: Measure Contributions

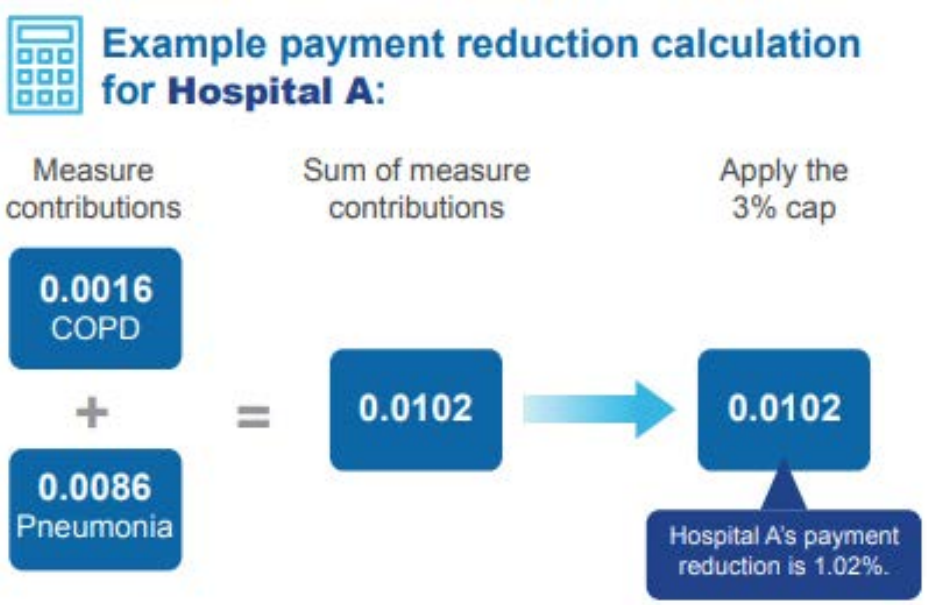
- **Step 5**: CMS calculates each measure's contribution to the payment reduction.



Payment Reduction Methodology: Payment Reduction

Step 6: CMS sums the measure contributions to the payment reduction.

- If the sum of the measure contributions to the payment reduction is >0.03, CMS applies the 3% cap.



Payment Reduction Methodology: Payment Adjustment Factor

Step 7: CMS calculates the payment adjustment factor (PAF).

Payment adjustment factor = 1 – payment reduction

Example payment adjustment factor calculation for Hospital A:

Hospital A's payment adjustment factor = 1 – 0.0102
= 0.9898

Step 8: CMS applies the payment adjustment factor to payments for Medicare FFS claims submitted starting October 1 each year.

*PAF x Base operating DRG payment amounts**

Example application of the payment adjustment factor for Hospital A:

Hospital A's total base operating DRG payment amount is: **$9,842,675.00**

Hospital A's payment adjustment factor is: **0.9898**

Hospital A's total payment for Medicare FFS claims* = **$9,842,675.00 x 0.9898 = $9,742,279.72**

*In general, base operating DRG payment amounts are the Medicare FFS base operating DRG payments without any add-on payments (e.g., Disproportionate Share Hospital and Indirect Medical Education payments).

Hospital-Specific Report (HSR) Overview

HRRP HSR Content

The HRRP HSRs contains tabs that provide hospitals the following information:

- Payment Adjustment Factor
- Measure results/ERRs
- Neutrality Modifier
- Stratification information
  - Dual stays
  - Dual proportion
  - Peer group assignment
- Discharge-level information for readmission measures
- Contact information for the program and links to additional resources

Table 1: Payment Adjustment

Table 1: Your Hospital's Payment Adjustment Factor Information
HOSPITAL NAME
Hospital Discharge Period: July 1, 2016 through June 30, 2019

Number of Dual Eligible Stays (Numerator) [a]	Total Number of Stays (Denominator) [b]	Dual Proportion [c]	Peer Group Assignment [d]	Neutrality Modifier [e]	Payment Adjustment Factor [f]
2,932	27,178	0.1079	1	0.9613	0.9998

Mock HSR (illustrative data)

Table 2: Hospital Results

Table 2: Your Hospital's Measure Results on 30-Day All-Cause Unplanned Risk-Standardized Readmission for AMI, COPD, HF, Pneumonia, CABG, and THA/TKA
HOSPITAL NAME
Hospital Discharge Period: July 1, 2016 through June 30, 2019

Measure [a]	Number of Eligible Discharges [b]	Number of Readmissions Among Eligible Discharges [c]	Predicted Readmission Rate [d]	Expected Readmission Rate [e]	Excess Readmission Ratio (ERR) [f]	Peer Group Median ERR [g]	Penalty Indicator (Yes/No) [h]	Ratio of DRG Payments Per Measure to Total Payments [i]	National Observed Readmission Rate [j]
AMI	16	2	12.4378%	12.4355%	1.0002	0.9936	No	0.0077	15.7%
COPD	11	4	17.8431%	17.4282%	1.0238	0.9946	No	0.0031	19.6%
HF	27	6	19.8982%	19.7043%	1.0098	0.9874	Yes	0.0074	21.7%
Pneumonia	17	2	15.1148%	15.2421%	0.9916	0.9903	No	0.0080	16.6%
CABG	NQ	NQ	NQ	NQ	NQ	0.9758	No	NQ	12.6%
THA/TKA	12	0	3.3885%	3.4652%	0.9779	0.9892	No	0.0054	3.9%

Mock HSR (illustrative data)

Tables 3 – 8: Discharges

Table 3: Discharge-Level Information for the AMI 30-Day All-Cause Unplanned Risk-Standardized Readmission Measure
HOSPITAL NAME
Hospital Discharge Period: July 1, 2016 through June 30, 2019
Note: This Microsoft® Excel® file contains MOCK data except for national results. Your hospital's HSR workbook contains discharge-level data protected by the Health Insurance Portability and Accountability Act of 1996 (HIPAA). Any disclosure of protected health information (PHI) should be in accordance with, and only to the extent permitted by, the HIPAA Privacy and Security Rules and other applicable law. When referring to the contents of your hospital's HSR workbook, use the ID
[Please note row 8 contains risk factor coefficients beginning in column S. Beginning in row 9 of the HSR, the file contains a 1 if the patient was identified as having that risk factor (and equals the years above 65 for the "Age minus 65" risk factor); 0 otherwise. The risk factor flags (1 or 0) will be in cells beginning in column T]

ID Number	HICNO	MBI [a]	Medical Record Number	Beneficiary DOB	Admission Date of Index Stay	Discharge Date of Index Stay [b]	Cohort Inclusion/Exclusion Indicator
--	--	--	--	--	--	--	--
1	999999999A	9999999999M	MR999999999	99/99/9999	99/99/9999	99/99/9999	0
2	999999999A	9999999999M	MR999999999	99/99/9999	99/99/9999	99/99/9999	0
3	999999999A	9999999999M	MR999999999	99/99/9999	99/99/9999	99/99/9999	0
4	999999999A	9999999999M	MR999999999	99/99/9999	99/99/9999	99/99/9999	0
5	999999999A	9999999999M	MR999999999	99/99/9999	99/99/9999	99/99/9999	0
6	999999999A	9999999999M	MR999999999	99/99/9999	99/99/9999	99/99/9999	0

Mock HSR (illustrative data)

Tables 3 – 8: Discharges (Continued)

Index Stay (Yes/No)	Principal Discharge Diagnosis of Index Stay	Discharge Destination	Unplanned Readmission within 30 Days (Yes/No)	Planned Readmission (Yes/No)
--	--	--	--	--
Yes	I2119	06	Yes	No
Yes	I214	03	Yes	No
Yes	I2119	01	No	No
Yes	I214	01	No	No
Yes	I214	01	No	No
Yes	I214	01	No	No

Mock HSR (illustrative data)

Tables 3 – 8: Discharges (Continued)

Readmission Date	Discharge Date of Readmission	Principal Discharge Diagnosis of Readmission	Readmission to Same Hospital (Yes/No)	Provider ID of Readmitting Hospital [c]	HOSP_EFFECT	AVG_EFFECT
--	--	--	--	--	-2.650031338292430	-2.650245205925310
99/99/9999	99/99/9999	I130	No	888888	N/A	N/A
99/99/9999	99/99/9999	I214	No	888888	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A

Mock HSR (illustrative data)

Table 9: Dual Stays

Table 9: Stay-Level Information for Dual Eligibles (Dual Proportion Numerator)
HOSPITAL NAME
Hospital Discharge Period: July 1, 2016 through June 30, 2019
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ID Number	HICNO	MBI [a]	Beneficiary DOB	Admission Date	Discharge Date	Claim Type
1	999999999A	9999999999M	99/99/9999	99/99/9999	99/99/9999	Managed Care
2	999999999A	9999999999M	99/99/9999	99/99/9999	99/99/9999	Fee for Service
3	999999999A	9999999999M	99/99/9999	99/99/9999	99/99/9999	Managed Care
4	999999999A	9999999999M	99/99/9999	99/99/9999	99/99/9999	Managed Care
5	999999999A	9999999999M	99/99/9999	99/99/9999	99/99/9999	Managed Care
6	999999999A	9999999999M	99/99/9999	99/99/9999	99/99/9999	Managed Care

Mock HSR (illustrative data)

Review and Correction Period

- The Review and Correction period begins when CMS distributes HSRs via *QualityNet Secure Portal* accounts. For FY 2021, the Review and Correction period extends from August 10, 2020 through September 9, 2021.
- CMS grants hospitals 30 days to review their HRRP data, submit questions about their result, and request a correction if a calculation error is identified.
- If a hospital identifies a potential discrepancy in the payment adjustment factor and component results, the hospital should submit an inquiry to the Quality Q&A Tool no later than 11:59 pm PT on the final day of the Review and Correction period.

What can hospitals correct?

Hospitals CAN:

- Submit questions about the calculation of their:
  - Payment Adjustment
  - Dual Stays
  - Dual Proportion
  - Peer Group Assignment
  - Neutrality Modifier
  - ERR(s)
  - Peer Group Median ERR(s)

Hospitals CANNOT:

- Submit additional corrections related to the underlying claims data.
- Add new claims to the data used for the calculations.

Public Reporting

- For hospitals with at least 25 discharges, CMS reports the following data elements for each of the 30-day risk-standardized unplanned readmission measures on *Hospital Compare* or the successor website:
  - Number of eligible discharges
  - Number of readmissions for hospitals with 11 or more readmissions
  - Predicted readmission rates (i.e., adjusted actual readmissions)
  - Expected readmission rates
  - ERR

Public Reporting (Continued)

- After the Review and Correction period, CMS releases the IPPS/LTCH PPS final rule Supplemental Data File which includes the following components:
  - Hospital payment adjustment factor
  - Hospital dual proportion
  - Hospital peer group assignment
  - Neutrality modifier
  - ERR for each measure
  - Number of eligible discharges for each measure
  - Peer Group Median ERR for each measure
  - Penalty Indicator for each measure
  - DRG payment ratio for each measure

Updates for FY 2021 HRRP

CMS will publicly report FY 2021 HRRP data on *Hospital Compare* or the successor website in early 2021.

HRRP Resources

Program information:
https://qualitynet.org/inpatient/hrrp

HSR User Guide, Mock HSR, and Replication Example:
https://qualitynet.org/inpatient/hrrp/reports

30-day risk-standardized unplanned readmission measure information: https://www.qualitynet.org/inpatient/measures/readmission

HRRP Contacts

Submit questions about HRRP to the Quality Q&A Tool by selecting "Ask a Question" and then use the table below to determine which Program, Topic, and Subtopic to select.

Question Subject	Program	Topic and Subtopic (if applicable)
Your hospital's results, issues accessing the HSR, or patient-level data	HRRP – Hospital Readmissions Reduction Program	Hospital-specific reports & requests
Request for Excel replication example	HRRP – Hospital Readmissions Reduction Program	HSR replication example
PAF or payment reduction methodology	HRRP – Hospital Readmissions Reduction Program	PAF Methodology
Readmission measure methodology	Inpatient Claims-Based Measures	Topic: Readmissions Subtopic: Understanding measure methodology

Questions

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