



Hospital Inpatient Quality Reporting (IQR) Program

Support Contractor

What's My Payment? Understanding the FY 2021 Hospital VBP Program Calculations Step-By-Step in the Percentage Payment Summary Report

Presentation Transcript

Speaker

Bethany Bunch, MSHA

Hospital Value-Based Purchasing (VBP) Program, Lead
Inpatient Value, Incentives, and Quality Reporting (VIQR)
Outreach and Education Support Contractor

July 31, 2020

DISCLAIMER: This presentation document was current at the time of publication and/or upload onto the *Quality Reporting Center* and *QualityNet* websites. Medicare policy changes frequently. Any links to Medicare online source documents are for reference use only. In the case that Medicare policy, requirements, or guidance related to this document change following the date of posting, this document will not necessarily reflect those changes; this information will remain as an archived copy with no updates performed.

Any references or links to statutes, regulations, and/or other policy materials included are provided as summary information. No material contained therein is intended to take the place of either written laws or regulations. In the event of any conflict between the information provided and any information included in any Medicare rules and/or regulations, the rules and regulations shall govern. The specific statutes, regulations, and other interpretive materials should be reviewed independently for a full and accurate statement of their contents.

Hospital Inpatient Quality Reporting (IQR) Program

Support Contractor

Bethany Bunch: Hello and thank you for tuning into the Hospital Value-Based Purchasing Program On Demand webinar focused on understanding the calculations within your hospital's Fiscal Year 2021 Hospital VBP Program Percentage Payment Summary Report. My name is Bethany Bunch, and I am the Hospital VBP Program Lead at CMS's Inpatient Value, Incentives, and Quality Reporting Outreach and Education Support Contractor. I will be your virtual host for the webinar and today's speaker.

This event will provide an overview of the fiscal year 2021 Hospital VBP Program Percentage Payment Summary Report calculations from improvement and achievement points to payment adjustments.

At the conclusion of the event, participants should be able to identify how hospitals will be evaluated within each domain and measure, calculate their hospital's Total Performance Score, and use the exchange function slope to translate their hospital's Total Performance Score to payment adjustment factor.

If you have questions during the webinar, you may submit them to the following email address, WebinarQuestions@hsag.com. When sending questions, please use the webinar title in the subject line. The webinar title is *What's My Payment? Understanding the FY 2021 Hospital VBP Program Calculations Step-By-Step in the Percentage Payment Summary Report*. In the email body, please include your question, and, if your question pertains to a specific slide, please include the slide number for us to more efficiently assist you. We will answer your questions as soon as possible. If you have questions unrelated to the current webinar topic, we recommend searching for the topic in the *QualityNet* inpatient Q&A tool. If you do not find a similar topic, feel free to use the tool to submit a new question.

On today's webinar, we are going to really focus in on the calculations of the Hospital VBP Program from achievement and improvement points all the way through to the payment adjustments. This session is going to be interactive, with you performing calculations with me and submitting your answers. So, if you have a calculator near you, either on your desk, on your computer, or on your cell phone, it will be a great tool for you today.

Hospital Inpatient Quality Reporting (IQR) Program

Support Contractor

For those that would like a higher-level overview of the FY 2021 program without getting into the formulas and calculation scenarios, I've created a separate webinar for you. The webinar is available at the link available on this slide. During the Where's my Report webinar, I walk through some basic information regarding the Hospital VBP Program, including a breakdown of the measures within the domains, measurement periods, some of the key terms you'll see on the report, a detailed guide on how to run your report, and an overview of the review and correction request process.

Here is a list of acronyms that I may reference on today's webinar.

Before we dive into the calculations, I plan to provide a brief overview of the program, so we all have a good foundation.

The Hospital Value-Based Purchasing Program is required by Congress under Section 1886(o) of the Social Security Act. The Hospital VBP Program was first adopted for fiscal year 2013, and CMS has used this program to adjust payments for every fiscal year subsequent. The Hospital Value-Based Purchasing Program was the first national inpatient pay-for-performance program in which hospitals are paid for the services based on the quality of care rather than the quantity of services provided. The Hospital VBP Program pays for care that rewards better value, improved patient outcomes, innovation, and cost efficiency over volume of services.

The Hospital Value-Based Purchasing Program is an estimated budget-neutral program and is funded through a percentage reduction from participating hospitals' DRG payments. Incentive payments will be redistributed based on the hospital's Total Performance Score in comparison to the distribution of all hospitals' Total Performance Scores and the total estimated DRG payments. Please note that withholds and incentive payments are not made in a lump sum, but through each eligible Medicare claim made to CMS.

The funding from the fiscal year 2021 program will come from a 2.00 percent withhold from participating hospitals' base operating DRG payment amount. CMS anticipates the total value-based incentive payment

Hospital Inpatient Quality Reporting (IQR) Program

Support Contractor

will total \$1.9 billion in fiscal year 2021. For those of you that are new to the Hospital VBP Program, I hope the graphic on this slide helps you understand of the funding process. On each claim, your hospital will have a reduction of 2.00 percent of the DRG amount. Then, based on how your hospital performed in the program, your hospital will earn value-based incentive payments, which can be as low as 0 percent, if your hospital received a Total Performance Score of 0, to more than that 2.00 percent which would result in a hospital receiving an overall positive payment adjustment due to the Hospital VBP Program. The graphic shows a hospital earning a value-based incentive payment of 3.00 percent. So, when you withhold 2.00 percent, but then gain 3.00 percent, you are netting a positive adjustment of 1.00 percent on each claim. If your hospital was to earn back less than 2.00 percent, let's say your hospital earned a value-based incentive payment of 1.50 percent, you would have a net reduction of 0.50 percent on each claim. Your value-based incentive payment percent is displayed on the Percentage Payment Summary Reports for you to review.

We generally are asked each year, "What is the highest value-based incentive payment percentage that can be gained?" There isn't a set value each fiscal year, and it ultimately depends on the distribution of scores and the base operating DRG payments in that fiscal year. However, I can tell you that last year, in fiscal year 2020, the highest value-based percentage was around 4.9 percent, which resulted in a net increase of around 2.9 percent after the initial 2.00 percent reduction to fund the program.

The Hospital VBP Program adjusts payments for approximately 3,000 hospitals each fiscal year. The program applies to subsection (d) hospitals which are short-term acute care hospitals paid under the inpatient prospective payment system in 50 states and the District of Columbia. If your hospital is a subsection (d) hospital, your payments will be adjusted unless one of the exclusion reasons listed on this slide applies. Those exclusion reasons include hospitals are subject to payment reductions under the Hospital IQR Program, hospitals that were cited for three or more deficiencies during the performance period that pose immediate

Hospital Inpatient Quality Reporting (IQR) Program

Support Contractor

jeopardy to the health or safety of patients, hospitals had less than three out of the four domains calculated, hospitals with an approved Extraordinary Circumstance Exception, and hospitals located in the state of Maryland. If your hospital is excluded from the program, your report will state “Hospital VBP Ineligible” on the first page. Additionally, data for your hospital will not be publicly reported in the Hospital Value-Based Purchasing Program tables on the *Hospital Compare* website or its successor websites. Excluded hospitals will not have their payments adjusted, which includes not being subject to the 2.00 percent withhold and the opportunity to receive incentive payments. I just want to reiterate because this is one of the most common questions from excluded hospitals: Hospitals that are excluded for any of the reasons listed on this slide will not have their payments reduced by 2.00 percent, and they will also not have the opportunity to receive incentive payments.

This slide provides a timeline of the Hospital VBP Program. We are currently at the box with the You Are Here stamp. CMS released the fiscal year 2021 Percentage Payment Summary Reports to hospitals on July 31. Following the release of that report, hospitals have a 30-day period to review the reports and the scoring calculations and request a correction. If you are submitting a review and correction request, the request is due by August 31 at 11:59 p.m. Prior to the performance report release, the Baseline Measures Reports for fiscal year 2021 were released in March of 2019. The Baseline Measures Reports provide the baseline period rates and performance standards to assist hospitals in setting targets in the performance period. In April 2020, CMS released the mortality and complication measure HSRs, and, in May 2020, CMS released the MSPB HSRs. Following the release of each of those reports, hospitals had a 30-day period to review and request correction of the calculations of these specific measures. Looking ahead, payment adjustments for fiscal year 2021 will begin on October 1, 2020, and continue through September 30 of 2021. In the fall of 2020, CMS will post Table 16B to the CMS.gov website, which is a table that contains each eligible hospital’s payment adjustment factor. We anticipate, in January 2021, CMS will update *Hospital Compare* or its successor website with the fiscal year 2021 scoring results for the Hospital VBP Program.

Hospital Inpatient Quality Reporting (IQR) Program

Support Contractor

The next set of slides will show the steps for running your Percentage Payment Summary Report.

CMS made the Percentage Payment Summary Report available Friday July 31. Reports are available to run through the new Hospital Quality Reporting, or HQR, *QualityNet Secure Portal*. In order to access the new HQR portal, you must use your new HARP ID, password, and two-factor authentication. If you have not established your HARP ID yet, you can still do so by logging into the old *QualityNet Secure Portal* and following the prompts that will be displayed to establish your HARP ID and link your *QualityNet* accounts. I would also like to note that you will need to run the Percentage Payment Summary Report, and it will not be available in the Secure File Transfer inbox, like the claims-based measure HSRs or the HAC Reduction Program reports that were recently sent to hospitals.

This slide displays a list of the steps to assist you in running your report from the new *HQR QualityNet Secure Portal*. If you have any issues relating to running the report or establishing your new HARP ID, please contact the *QualityNet* Help Desk by e-mailing them at qnetsupport@hcqis.org. I would like to know if you have already downloaded your report from the *HQR Secure Portal*. Please respond to the question displayed on your screen.

I will now touch briefly on the domains and measures used to evaluate hospitals in the Hospital VBP Program. Overall, more information on the major topics of the Hospital VBP Program are discussed in the other webinar available on the QualityReportingCenter.com website. The information that I'm going to be providing in this section will be needed to understand the calculations.

This slide displays the four domains hospitals will be evaluated on in the fiscal year 2021 Hospital VBP Program. Each domain is weighted equally at 25 percent of the Total Performance Score. The Clinical Outcomes domain contains the 30-day mortality measures for AMI, COPD, heart failure, and pneumonia. The Hip-Knee Complication measure is also included in the Clinical Outcomes domain. The 30-day mortality measure

Hospital Inpatient Quality Reporting (IQR) Program

Support Contractor

for COPD is new to the Hospital VBP Program in FY 2021. The Person and Community Engagement domain contains the HCAHPS Survey dimensions. The Safety domain contains the five CDC healthcare-associated infection (HAI) measures. The PC-01 measure was removed from the Hospital VBP Program's Safety domain beginning in this year, FY 2021. The Efficiency and Cost Reduction domain contains the Medicare Spending per Beneficiary (MSPB) measure.

The Hospital VBP Program is unique in that it allows hospitals to earn improvement, which is scored based on how a hospital improved in their own performance from the baseline period to the performance period, in addition to the opportunity for achievement, which is scored based on how a hospital compares versus all other hospitals in the country. We have two periods listed on this slide, baseline and performance, in order to calculate both of those scores. The HCAHPS Survey, HAI measures, and MSPB measure are calendar year measures and utilize a performance period of calendar year 2019 and a baseline period of calendar year 2017. The mortality measures and complication measure use multi-year baseline and performance periods that are listed on this slide.

In a press release dated March 22, 2020, and a guidance memo issued March 27, 2020, CMS announced that it was excepting all hospitals from CMS's HAI and HCAHPS Survey data submission requirements for Q4 2019, Q1 2020, and Q2 2020 because of the COVID-19 public health emergency. Data submissions for Q4 2019 for those measures are relevant for the FY 2021 Hospital VBP Program. Although discharges and care delivery for Q4 2019 were not impacted by COVID-19, CMS excepted hospitals from reporting requirements because the submission deadline for the quarter was scheduled while hospitals were impacted by the public health emergency. CMS excepted hospitals to assist health care providers while they directed their resources toward caring for their patients and ensuring the health and safety and staff.

It is important to note that this memo excepted hospitals from CMS's submission requirements for the fourth quarter but did not exclude the use of data from the quarter. If data from fourth quarter 2019 were submitted

Hospital Inpatient Quality Reporting (IQR) Program

Support Contractor

by the submission deadline, it was used in scoring calculations for the Hospital VBP Program. If a hospital did not submit data for Q4 2019, their FY 2021 Hospital VBP Program measure results for the HAI measures and HCAHPS Survey dimensions rely on a performance period of January 1, 2019, to September 30, 2019.

When we were covering the eligibility of the program, we discussed a hospital being excluded if they had fewer than three domain scores calculated. So, in order to cover the minimum data required for the Hospital VBP Program, I would like to start there, which is the last row in the table on this slide. In order to have at least three domains calculated, a hospital would have to meet the minimum data requirements within the domain. For the Clinical Outcomes domain, a hospital must have at least two of the five measures scored, requiring a minimum of 25 cases in each of the measures. For the Person and Community Engagement domain, a minimum of 100 HCAHPS Surveys are required to receive a score. In the Safety domain, a minimum of two measure scores is required, with each measure having a requirement of at least 1,000 predicted infection as calculated by the CDC. For the Efficiency and Cost Reduction domain, a minimum of 25 episodes of care is required.

Like I mentioned a few slides back, hospitals have the opportunity to receive improvement and achievement points on their Percentage Payment Summary Report based upon their measure rates during the baseline period and performance period relative to the performance standards. The performance standards consist of the achievement threshold and benchmarks for all measures, and the floor, which is only applicable for the Person and Community Engagement Domain. The achievement threshold is calculated as the median, or the 50th percentile, of all hospital rates measured during the baseline period. The benchmark is a mean of the top decile, which is the average of the top 10 percent during the baseline period. The floor is used in calculating the HCAHPS consistency score, and is the rate of the lowest performing hospital during the baseline period.

Hospital Inpatient Quality Reporting (IQR) Program

Support Contractor

The measures displayed on this slide will have a higher benchmark value than an achievement threshold because higher rates demonstrate better quality in the measure. The measures that this description is applicable for are the 30-day mortality measures in the Clinical Outcomes domain and the HCAHPS dimensions. A quick reminder: The mortality measures use survival rates in the Hospital VBP Program.

The measures displayed on this slide will have a higher achievement threshold value than benchmark because lower rates demonstrate better quality in the measure. The measures that this description is applicable for are the complication measure, the healthcare-associated infections in the Safety domain, and the MSPB measure in the Efficiency and Cost Reduction domain. Please note, the MSPB measure uses data during the performance period instead of the baseline period to calculate performance standards. The performance standards for MSPB will be listed on your hospital's Percentage Payment Summary Report.

This slide displays the performance standards used in the fiscal year 2021 program. These performance standards, with the exception of MSPB, were included in your baseline measures report and will also be displayed on your hospital's Percentage Payment Summary Report.

Now moving on to the fun part of the presentation, our calculation and scoring examples. For those of you that are new to the program, or for those that are still a bit fuzzy on the calculations, I'm going to walk through the calculations step by step. Some of the formulas can look a little scary, but, I promise you, they are simple, and you can calculate them yourself. You just need to plug in a few numbers on your calculator.

There are three values calculated for every measure: achievement points, improvement points, and a measure score. We will cover achievement points first. Achievement points are awarded by comparing your hospital's rates on a measure during the performance period with all other hospitals. So, how does CMS compare you to all hospitals? The answer is through the use of performance standards of the achievement threshold and the benchmark that we just discussed.

Hospital Inpatient Quality Reporting (IQR) Program

Support Contractor

To recap, the achievement threshold was the median of all hospital performance, and the benchmark is the mean of the top 10 percent. You can determine how many achievement points your hospital will receive by reviewing these three scenarios. Is your hospital's performance period rate at or better than the benchmark value? If yes, your hospital will get the maximum of 10 achievement points. Is your hospital's rate worse than the achievement threshold? If that answer is yes, your hospital would receive 0 achievement points. Is your hospital's rate at or better than the achievement threshold, the median value, but not quite at that benchmark level? If that fits your hospital's scenario, you will receive 1 to 9 achievement points, and you would use the achievement-point formula. If this all makes sense to you, that's fantastic, but, if not, we will run through some examples on the next few slides.

With achievement points, you will need to know three values. What is the measure's benchmark? What is the measure's achievement threshold? What is my hospital's performance period rate? Here's an example for the CAUTI measure. Remember, lower rates indicate better quality in the CAUTI measure, as you can see on this slide because the benchmark is lower than the achievement threshold. Using the performance standards from the earlier performance standards slides, 0.000 as the benchmark, and 0.774 as the achievement threshold, we can determine how many achievement points our example hospital should receive by determining what scenario the hospital is in, based on their performance period rate. This hospital has a performance period rate of 0.000. So, we can begin asking our scenario questions. Is this hospital's performance period rate at or better than the benchmark? Is the hospital's performance period rate worse than the achievement threshold, or is the performance period rate at or better than the achievement threshold but still worse than the benchmark? Please select your response on the screen.

For those that answered that the rate was at or better than the benchmark, you are correct. The hospital's performance period rate of 0.000 was equal to the benchmark of 0.000. This hospital will achieve 10 achievement points.

Hospital Inpatient Quality Reporting (IQR) Program

Support Contractor

As you can see, the benchmark and achievement threshold values remain the same, but our performance period rate is now 1.010. Is this hospital's performance period rate at or better than the benchmark? Is the hospital's performance period rate worse than the achievement threshold, or is the performance period rate at or better than the achievement threshold but still worse than the benchmark?

For those that answered that the performance period rate is worse than the achievement threshold, you were correct. The hospital's performance period rate of 1.010 was worse than the achievement threshold value of 0.774. Remember that lower values indicate better quality in the CAUTI measure. The hospital will achieve 0 achievement points.

Now, our performance period rate is 0.450. Is the hospital's performance period rate at or better than the benchmark? Is the hospital's performance period rate worse than the achievement threshold, or is the performance period rate at or better than the achievement threshold but worse than the benchmark?

For those that answered that the performance period rate was at or better than the achievement threshold but worse than the benchmark, you are correct. The hospital's performance period rate of 0.450 was better than the achievement threshold of 0.774, but not quite to the benchmark of 0.000. Now, let's take a stab at the formula to determine how many points the hospital will receive.

Now is the time to pull out your calculator at your desk or on your computer. Can you use the formula listed on this slide to determine how many achievement points your hospital will receive? I'll give you a hint. Once you reach your final answer, round to the nearest whole number using the normal rounding rules. If you don't know where to start with the formula, that's fine. It's fine to select unsure. I'll show you how to walk through it after you submit your response.

Great job to those that answered 4. We'll walk through the calculation for those that didn't receive 4 as their answer. First, plug in the performance period rate and performance standard values into the formula. We would

Hospital Inpatient Quality Reporting (IQR) Program

Support Contractor

put 0.450 in for the performance period rate in the numerator, 0.774 in the achievement threshold place in the numerator and denominator, and 0.000 for the benchmark in the denominator. Now, we start inside of the parentheses in the numerator. Type 0.450 minus 0.774 and equals. You should be receiving -0.324. I will clean out my calculator, and you will see that value is still stored in my history for us to use later. Now, move to the denominator. Type 0.000 minus 0.774 and equals. You should receive -0.774. Now, type your numerator, -0.324. To make this number a negative, select this plus over the minus sign, and you will see it over our value. Divide by -0.774, and hit equals. You should receive 0.4186. Multiply 0.4186 by 9, because it is inside the next set of parenthesis, and that will give you 3.767. Lastly, add 0.5 to the 3.76 number, and that will get you 4.267. Round that to the nearest whole number, and that will give you a value of 4.

Improvement points are unique to the Hospital VBP Program in relation to CMS' other inpatient pay-for-performance programs, such as the HAC Reduction Program and the Hospital Readmissions Reduction Program. Not only can hospitals be evaluated based on their current performance in comparison to all other hospitals, but they can earn points by improving from the baseline period. CMS may award hospitals improvement points if the hospitals' performance period rate is better than their own baseline period rate. The maximum point value for improvement points is 9 points. If your hospital's performance period rate is better than the benchmark, and also better than your own baseline period rate, you will receive a maximum of 9 improvement points. If your hospital's performance period rate is worse than or equal to the baseline period rate, you will receive 0 improvement points, because no improvement in the rates was actually realized. If your hospital's performance period rate is in between the baseline period rate and the benchmark, your hospital will receive 0 to 9 improvement points based on the improvement-point formula.

For improvement points, you also need to know three values, but they are slightly different than the achievement points. You need to know the set benchmark, your hospital's baseline period rate, and your hospital's

Hospital Inpatient Quality Reporting (IQR) Program

Support Contractor

performance period rate. In this example, the CAUTI benchmark is 0.000. The hospital's baseline rate was 0.400, and the performance period rate was 0.000. Is the hospital's performance period rate at or better than the benchmark? Is the hospital's performance period rate worse than or equal to the baseline period rate, or is the performance period rate somewhere in between the baseline period rate and the benchmark?

For those that answered that the performance period rate was at or better than the benchmark, you are correct. The hospital's performance period rate of 0.000 is equal to the benchmark value of 0.000. The hospital's performance period rate was also better than the hospital's baseline period rate in this example. As a result, the hospital would receive 9 improvement points.

In this example, the CAUTI benchmark is still 0.000. The hospital's performance period rate is still 0.000, but, now, the baseline period rate is also 0.000. Is the hospital's performance period rate at or better than the benchmark, resulting in 9 improvement points? Is the performance period rate worse than or equal to the baseline period rate, resulting in 0 improvement points, or is the performance period rate somewhere in between the baseline period rate and the benchmark, resulting in 0 to 9 improvement points based on the formula?

This one was a tricky question; but, if you remember the note from a few slides back, hospitals that have rates at or better than the benchmark, but do not improve from their own baseline period rate, will receive 0 improvement points. This example displays the outcome of that scenario. The hospital's performance period rate is equal to the benchmark; however, the hospital's performance period rate is also equal to the baseline period rate. No matter what the hospital's performance period rate is, if it's equal to or worse than the hospital's baseline period rate, 0 improvement points will be awarded. Please note, though, that this hospital would still receive 10 achievement points because their performance period rate was at or better than the benchmark.

Hospital Inpatient Quality Reporting (IQR) Program

Support Contractor

In this example, the CAUTI benchmark is 0.000. The hospital's baseline period rate was 0.400, and the performance period rate was 1.010. Is the hospital's performance period rate at or better than the benchmark? Is the performance period rate worse than or equal to the baseline period rate, or is the performance period rate somewhere in between the baseline period rate and the benchmark?

For those that answered that the performance period rate was worse than or equal to the baseline period rate, you are correct. The hospital's performance period rate of 1.010 is worse than the baseline period rate of 0.400. This hospital would receive 0 improvement points.

The hospital's baseline period rate is 0.400, and the performance period rate is now 0.200. Is the hospital's performance period rate at or better than the benchmark? Is the performance period rate worse than or equal to the baseline period rate, or is the performance period rate somewhere in between the baseline period rate and the benchmark?

If you said the performance period rate is in between the baseline period rate and the benchmark, you are correct. The hospital's performance period rate of 0.200 is better than the baseline period rate of 0.400, but worse than the benchmark of 0.000. The hospital will receive 0 to 9 improvement points based on the improvement-point formula.

Using the formula listed on this slide, can you calculate how many improvement points the hospital will receive?

Nice job for those that answered 5. We'll walk through the calculations for those that didn't receive 5 as their answer. First, plug in the performance period rate into the formula, similar to what we did for achievement points. We would put 0.200 in for the performance period rate in the numerator; 0.400 in for the baseline period rate in the numerator and denominator; and 0.000 in for the benchmark in the denominator. Now, we will start inside of the parentheses in the numerator.

Hospital Inpatient Quality Reporting (IQR) Program

Support Contractor

Type 0.200 minus 0.400 and equals into your calculator. That should equal -0.2. This is your numerator. Now, move to the denominator. Type 0.000 minus 0.400, and hit equals. That equals -0.4. We are going to clear out the calculator again, and divide our numerator (our -0.2) over our denominator (-0.4). So, 0.200, make it negative, divided by -0.4 equals positive 0.5. We are then going to multiply positive 0.5 times 10. That will equal 5, and then we are going to subtract 0.5. That will equal 4.5. Round to the nearest whole number, and you will get 5 for your result.

Okay, last improvement point example. This example has the same scenario of having the performance period rate greater than the baseline period rate but less than the benchmark. So, we will use the improvement point formula to calculate the result.

Nice job for those that calculated 0. This is another common question that we receive: “My hospital improved from the baseline period rate, so why is my report displaying 0 improvement points?” Under this scenario, you have to use the improvement point formula that does result in 0 for this example. First, plug in the performance period rate into the formula. We would put 0.375 in for the performance period rate in the numerator; 0.400 in for the baseline period rate in the numerator and denominator; and 0.000 in for the benchmark in the denominator.

Now, we start inside of the parentheses in the numerator. Type 0.375 minus 0.400, and hit equals. That result is -0.025. That’s our numerator. Now, we’ll move to the denominator. You are going to subtract 0.000 by 0.400, and hit equals; and -0.4 is our denominator. So, we are going to clear out the calculator. Our numerator is -0.025 divided by -0.4, and hit equals. The result is 0.0625. We are going to multiply that value by 10, 0.625, and we are going to subtract 0.5. Our result is 0.125, and when you round that to the nearest whole number, you will get 0.

Hospitals are only awarded one score per measure, which is identified as the greater of achievement points and improvement points for each measure. This slide displays a sample set of scores from the Clinical Outcomes domain. The measure scores are populated by selecting the

Hospital Inpatient Quality Reporting (IQR) Program

Support Contractor

larger of the two values. So, for example, in the MORT-30-AMI measure, the hospital received 10 achievement points and 9 improvement points. The measure score is the greater of the two numbers, which is 10. In the MORT-30-HF row, the hospital had 5 achievement points and a dash for improvement points. The hospital did not have at least 25 eligible discharges for the measure during the baseline period in order to have improvement points calculated, but it did during the performance period. So, they can have achievement points. In this type of scenario, the hospital will automatically have the achievement-point value become the measure score. In the Hip-Knee Complication row, the hospital has dashes for all of the values. That means the hospital did not have at least 25 eligible discharges in the performance period for either of those calculations to take place. In the MORT-30-PN row, the hospital earned 4 achievement points and 6 improvement points. Should the measure score for this hospital be 4, 5, or 6?

The correct measure score for the MORT-30-PN measure was 6, which is the greater of improvement and achievement points. Now that each measure has a measure score calculated, the unweighted domain score is calculated. The unweighted domain score for all domains is normalized to account for only the measures the hospital met the minimum requirements. To normalize a domain, you sum the measure scores in the domain. In our example, the sum of the measure scores is 21. The ten, plus 5, plus 6 is 21.

You then multiply the eligible measures by the maximum point value per measure. In our example, the hospital did not meet the minimum requirements in the Hip-Knee Complication measure or the 30-day COPD mortality measure. So, instead of five total measures, this hospital was only scored in three. We multiplied three measures times 10 points possible for each of those measures. So, the total points possible for this hospital in this domain would have been 30 points. To create a percent of scores the hospital earned in relation to points possible, we divide the sum of the measures scores. Remember, that is our 21 value.

Hospital Inpatient Quality Reporting (IQR) Program

Support Contractor

So, you are going to divide 21, divided by the maximum points possible which is our denominator, 30. That equals 0.700. Lastly, we multiply that result by 100, and that gets us our unweighted domain score of 70 points.

Now, I would like you to try to calculate the normalized unweighted domain score. The steps are listed on the right hand of the slide. What is the Unweighted Clinical Outcomes Domain Score: 50, 62.5, or 83.3?

Great job for those that answered 62.5. Let's walk through those steps.

First, sum the measures in the domain. Our 8, plus 7, plus 0, plus 10 equals 25. Next, multiply the eligible measures by the maximum points possible of 10. So, four measures times 10 points possible equals 40 points possible. Remember, that a measure score of 0 is different than a dash, which indicates a hospital did not have the minimum cases required to receive a measure score. In the third step, we divide the result of our numerator by our denominator. So, we are going to divide 25 by 40, and that equals 0.625. Last, multiply our result of by 100, and that will get us 62.5.

Moving on to the Person and Community Engagement domain. Just like the Clinical Outcomes domain, a dimension score is just the greater of achievement points and improvement points.

However, the calculation of the unweighted domain score for the Person and Community Engagement domain is a little different. First, you sum the dimension scores for the eight HCAHPS dimensions. In our example on the slide, that equals 42 points. This value is known as the HCAHPS base score. Next, we have to determine the consistency points. This hospital received 20 consistency points. These two values added together, the 42 for the HCAHPS base score and the 20 for the HCAHPS consistency score, equals 62 points, but you are probably wondering how we calculate consistency points. Don't worry. We'll cover that on the next few slides.

Consistency points have different scenarios resulting in various point values, just like improvement points and achievement points. If all dimension rates are greater than or equal to their achievement threshold (remember, that's the

Hospital Inpatient Quality Reporting (IQR) Program

Support Contractor

median of hospital rates during the baseline period) the hospital will receive a maximum of 20 consistency points. If any individual rate is less than or equal to the floor, which is the worst performing hospital's dimension rate from the baseline period, 0 consistency points will be awarded. Now, if the lowest dimension rate is greater than the floor, but less than the achievement threshold, 0 to 20 points will be awarded based on the consistency point formula using the hospital's lowest dimension rate. I think looking at a few examples may clear up any confusion you may have at this point.

In order to evaluate the different scenarios for consistency points, we just need to look at three columns: the performance period rate, the floor, and the achievement threshold. I've grayed out the baseline period rate and benchmark columns for this exercise. On each of these dimensions, the performance period rate is greater than the achievement threshold. For example, Communications with Nurses has a higher performance period rate of 80.2 percent than the achievement threshold value of 79.06 percent. This is true for every dimension displayed. As a result, the hospital meets the scenario of all dimension rates being greater than or equal to the achievement threshold, resulting in 20 consistency points.

In this example, the hospital has some dimension rates that are greater than the achievement threshold value, such as the Communications with Doctors dimension. However, there is one dimension, Overall Rating of Hospital, that has a performance period rate that is less than the floor. As a result, this hospital meets the scenario of any individual dimension rate being less than or equal to the floor which results in 0 consistency points being awarded.

This example hospital has some performance rates that are better than the achievement thresholds and some that are less. However, this hospital does not have any performance period rates that are less than the floor values. This hospital meets the scenario where the lowest dimension rate is greater than the floor but less than the achievement threshold. Our next step will be determining which dimension is our lowest dimension score. We will only carry over the yellow boxed dimensions for this evaluation, the dimensions in which the performance period rate is less than the achievement threshold.

Hospital Inpatient Quality Reporting (IQR) Program

Support Contractor

The lowest dimension score is not simply the dimension with the lowest performance period rate. There is a formula to determine the lowest dimension score relative to the dimension's achievement threshold and floor. Using the lowest dimension score formula, our lowest dimension score for this example hospital is the Overall Rating of Hospital dimension with a calculated lowest dimension score of 0.724. You calculate the lowest dimension value for each dimension by dividing the difference of the performance period rate and the floor over the achievement threshold and the floor. Select the dimension with the lowest resulting value.

Using that score of 0.724 as the lowest dimension score, we calculate the consistency score by multiplying 20 times our lowest dimension score value, which was 0.724, and hit equals, which is 14.48. You then subtract 0.5, which equals 13.98. Round to the nearest whole number, which is 14.

Moving into the Safety domain, there is only one variance to the calculation of the SSI measure score to be aware of. In the fiscal year 2014 IPPS final rule, CMS finalized the policy in which CMS will award achievement and improvement points to each stratum of the SSI measure, then compute a weighted average of the points awarded to each stratum by the predicted infections during the performance period. This weighted average becomes the hospital's SSI measure score. If you think it's complicated, it's really not; and I will show you an example of how to do that calculation in the next slide.

In order to calculate your SSI measure score, you would first calculate improvement and achievement points and identify the greater value to identify each stratum's measure score. So, that's the exact same thing we've done for every other measure up to this point. Once you have the measure scores identified, you would use the weighted average formula to calculate your combined measure score. In our example, the colon stratum had a measure score of 5 with one predicted infection, and the abdominal hysterectomy stratum had a measure score of 8 with two predicted infections. You first multiply each of the measure scores by their predicted infection value.

Hospital Inpatient Quality Reporting (IQR) Program

Support Contractor

So, use 5 times 1 for colon. That will equal 5. Then, 8 times 2 for abdominal hysterectomy, and that equals 16. When you add these two numbers together, 16 plus 5, that equals our numerator of 21. You then divide our numerator by our denominator, but let's calculate the denominator first. Use the one predicted infection plus the two predicted infections. So, 1 predicted infection plus 2 predicted infection equals 3. Our denominator will equal 3. So, divide our numerator, 21, divided by our denominator, 3, and that will equal 7. You can round to the nearest whole number, and our result is 7.

Using the formula that we just walked through, can you pick out the right values on the report to calculate the hospital's SSI measure score? Select the predicted infections from the performance period. Is the result 0, 3, 5, 7, or 10?

The answer is 5. So, let's pull the values first. The colon measure score is in the third row in the column all the way to the right that says Measure Score. The colon measure score is 6. The colon predicted infections from the performance period is 3.884. The next group of our numerator is for abdominal hysterectomy, which is the second row. The measure score is all the way on the right, which is 2. The number of predicted infections during the performance period was 1.681. Our numerator values have now been plugged in. Our denominator values are the colon predicted infections and abdominal hysterectomy predicted infections that we just grabbed for the numerator.

So, running through the formula, we multiply 6, our colon measure score, by 3.884, our colon predicted infections in this performance period, which equals 23.304. We are then going to clear out our calculator, and we are going to do the abdominal hysterectomy. Our abdominal hysterectomy score was 2. We multiply that by our predicted infections in the performance period which were 1.681, and we hit equals. That equals 3.362. You then add together our two pieces of the numerator that we just calculated. So, the 3.362, we add to 23.304. Our numerator equals 26.666. I am going to clear out the calculator and calculate the denominator. Our denominator is the predicted infections added together from colon and

Hospital Inpatient Quality Reporting (IQR) Program

Support Contractor

abdominal hysterectomy, so 3.884. Add that to 1.681. That will equal 5.565. So, our numerator, 26.666, divided by our denominator of 5.565, equals 4.79. You then round to the nearest whole number, and that's how we received our result of 5.

Still keeping with SSI, just a few other notes. When one stratum is scored, that stratum will receive 100 percent of the weight within the combined score calculation. So, all that really means is, if your colon surgery stratum had a measure score of 8, and you didn't have at least one predicted infection in the abdominal hysterectomy stratum, your measure score for the SSI combined measure would simply be that 8 that you received in the colon surgery stratum. The only scenario in which you would calculate the weighted average that we just computed is when your hospital received measure scores in both strata.

With the exception of the SSI measure score, you identify the measure scores in the Safety domain as the greater of achievement and improvement points.

Similar to the Clinical Outcomes domain, the Safety domain is normalized to account for only the measures the hospitals met the minimum data requirements. In our example, the hospital met the minimum data requirements in all but the MRSA measure. The sum of the measure scores is 21 in our example, which is calculated by summing our 4, plus 9, plus 3, plus 5. You then divide our numerator 21 by the maximum points possible for the domain. In our example, that is calculated by multiplying four measure scores by 10 points possible. That equals 40. So, our numerator, 21, divided by our denominator, our total points possible, 40, equals 0.525. You then multiply that result by 100, and that gets us to 52.5.

The MSPB measure score is also identified as the greater of achievement and improvement points.

The unweighted Efficiency and Cost Reduction domain score is calculated by dividing the MSPB measure score by the maximum points possible, which is 10. In our example, the MSPB domain score is 10, which is then

Hospital Inpatient Quality Reporting (IQR) Program

Support Contractor

divided by the total points possible of 10. That result gets us to 1. You then multiply the value of 1 times 100, and that gets us to our unweighted domain score of 100.

Once you have each of the unweighted domain scores, you can calculate the weighted domain scores. If your hospital received an unweighted domain score in each of the four domains, you will use the original weight. In fiscal year 2021, each domain holds a weight of 25 percent.

CMS allows hospitals to still have a Total Performance Score calculated if the hospital received the domain score in three out of the four domains. If only three domains are scored, the remaining domain weights are proportionally re-weighted to equal 100 percent. To reweight the domains proportionately, you first subtract the domain weight not receiving a score from 100 percent. In this fiscal year, because all of the domains are weighted at 25 percent, the resulting value will always be 75 percent. You then divide the remaining domain weights by 75 percent. So, in our example, you would divide each of the original weights of 25 percent by 75 percent, which equals a new weight of 33.3 percent.

The weighted domain score is the last calculation completed for the Total Performance Score. We multiply the unweighted domain score values by the domain weights for the fiscal year. For example, the Clinical Outcomes unweighted domain score of 75 is multiplied by 25 percent to equal 18.75. The weighted domain scores are then summed to equal the Total Performance Score that has a maximum value of 100 points.

Once you have your Total Performance Score, you can determine your hospital's payment adjustment by using the exchange function slope. The exchange function slope is the same for each hospital within a fiscal year and is displayed on the first page of the Percentage Payment Summary Report. The exchange function slope is a value that allows you to translate your Total Performance Score to a payment adjustment, and I'll show you how on the next slide.

Hospital Inpatient Quality Reporting (IQR) Program

Support Contractor

There are three steps to get from a Total Performance Score to the adjustment factor. The first step is calculating the value-based incentive payment percentage. To do that, you multiply the number 2, which is the fiscal year 2021 DRG payment reduction, by your hospital's TPS divided by 100, and also by the exchange function slope. Please note that the 3 value is a placeholder and is not the actual slope for fiscal year 2021. So, we are going to start inside the parenthesis; 73 divided by 100, equals 0.73. You then multiply that by the reduction of 2 percent (which is the numerical version of 2). Then you multiply that result by our exchange function slope, in this case, 3. The result is 4.38 percent. This would be the percentage of incentive payments your hospital will receive without accounting for the 2-percent reduction or withhold.

The next step is to calculate the net change and to take into account that 2 percent. You take your value-based incentive payment percent and subtract 2 percent. In our example, 4.38 percent minus 2 percent equals 2.38 percent. This means that the base operating DRG payments for this hospital will be adjusted upward by 2.38 percent in fiscal year 2021.

To calculate the payment adjustment factor, you then take the net change, our 2.38, and divide by 100. That equals 0.0238, and add that result to 1. This gives us 1.0238 for our payment adjustment factor.

Now, I would like you to try to calculate the value-based incentive payment adjustment factor using our three steps. The TPS is 30 and our exchange function slope is 3.

Great job to those that answered 0.998. We'll walk through the steps for this example. The first step is calculating the value-based incentive payment percentage. To do that, you multiply the number 2, which is the fiscal year 2021 DRG payment reduction, by your hospital's TPS of 30, divided by 100, and by the exchange function slope. So, inside the parenthesis first, 30 divided by 100 gets us 0.3. We multiply that by the 2 percent reduction and the exchange function slope was 3. That gives us 1.80 percent. The next step is to calculate the net change and to take into account the 2 percent reduction. You take your value-based incentive

Hospital Inpatient Quality Reporting (IQR) Program

Support Contractor

payment percentage and subtract 2 percent. In our example, 1.8 percent minus 2 percent gives us -0.2 percent. To calculate the payment adjustment factor, you then take the net change, our -0.2 percent, and divide by 100. That gives us -0.002, and add that result to 1. This gives us our payment adjustment factor of 0.998.

The payment adjustment factor is the value your MAC will use to adjust your payments during the fiscal year. Here are a couple examples using a \$20,000 base operating DRG payment. In our first example, you multiply 20,000 by 1.0238, and get a value of 20,476. When comparing that result to the original DRG amount, the hospital will have an increase of \$476 on that DRG claim. The second example shows a net reduction instead of a net increase. In this example, the net change is -0.20 percent or a factor of 0.998 that you just calculated. The \$20,000 DRG is multiplied by 0.998 and we receive a result of \$19,960, or a net reduction of \$40 for this DRG claim.

I really hope all of these examples assist you in reviewing your report. While reviewing your report, if you identify any calculation issues, you have the opportunity to submit a review and corrections request. Please note that the underlying calculations of measure rates, such as the claims used to calculate the mortality measures, are not permitted during the review and correction period. These next few slides will detail the review and correction process.

Hospitals may review and request recalculation of scores for each measure, domain, and Total Performance Score. Hospitals have 30 days after the Percentage Payment Summary Report is released to request this review. If you would like to submit a request, please submit the completed review and correction form through one of the processes listed on this slide. You can submit a secure message to QRFormsSubmission@hsag.com through the Managed File Transfer in the *QualityNet HQR Secure Portal*, via secure fax using the fax number listed on this slide, or you can submit an email to QRFormsSubmission@hsag.com email box. Please ensure the data containing personally identifiable information, or PII, or protected health information, or PHI, are not submitted when emailing the form as this is not a secured method, and this would be a security file violation.

Hospital Inpatient Quality Reporting (IQR) Program

Support Contractor

The review and correction form is posted on *QualityNet*. This page describes where to find the form if you would like access it.

When completing the form, please make sure you are providing the following information: the date of the review and corrections request; the hospital CCN [CMS Certification Number] number; the hospital contact information; the reason or reasons for the request; and a detailed description for the reasons identified.

The next set of slides describe the resources that are available to you.

If you have questions or would like to learn more about the Hospital VBP Program, I would recommend checking out the resources listed on this slide. We provide educational events and webinars such as these throughout the year and then store the recordings and slides to watch On Demand on the Quality Reporting Center website. Please feel free to check out the website if you want to learn more about the baseline measures reports, the claims-based measures Hospital-Specific Reports, and any proposed or finalized changes that were announced in the IPPS proposed and final rules.

If you want to have quick references to the measures used or the performance standards in the Hospital VBP Program for a fiscal year, we have those easily accessible on the Hospital VBP Program pages on *QualityNet*. If you would like a tutorial video of the resources available for the Hospital VBP Program, the Quality Reporting Center website has an On Demand webinar that walks through all of the *QualityNet* pages for Hospital VBP, the resource documents, how to run reports, and how to ask and check status on questions in the Q&A tool.

If you have any additional questions, you can reference the frequently asked questions (FAQs) in the inpatient Q&A tool on *QualityNet*, and, if your question is not answered, submit a question through the same tool.

Hospital Inpatient Quality Reporting (IQR) Program

Support Contractor

The resources available on this slide can be found by clicking on the link in the slide. Specifically, as you are reviewing your report and you have questions, please reference the How to Read Your Report Help Guide. If you need assistance in calculating your values on the report, the Scoring Quick Reference Guide is a nice handy cheat sheet to use.

Because this was an On Demand only event, we tried to address some of the frequently asked questions during the presentation. If you have additional questions regarding the webinar, please follow the instructions on the next slide.

You may submit webinar questions to the following email address, WebinarQuestions@hsag.com. When sending questions, please use the webinar title in the subject line. In the email body, please include your question, and, if your question pertains to a specific slide, please include the slide number for us to more efficiently assist you. We will answer your questions as soon as possible.

We appreciate hearing your feedback as we determine what education to provide in the future. Please help shape our education to your needs by completing this quick survey. Thank you and have a great day!