Hospital Value-Based Purchasing (VBP) Program

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

Reviewing Your FY 2022 Hospital VBP Program and January 2022 Public Reporting MSPB Hospital-Specific Report

Presentation Transcript

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Maria Gugliuzza: Hello and welcome to today's webinar, *Reviewing Your FY 2022 Hospital VBP Program and January 2022 Public Reporting MSPB Hospital-Specific Report*. My name is Maria Gugliuzza, and I'm the outreach and education lead for the Centers for Medicare & Medicaid Services Inpatient Value, Incentives, and Quality Reporting Outreach and Education Support [Contractor], and I will be the moderator for today's event. Before we begin, I'd like to make our first few regular announcements. This program is being recorded and a transcript of the presentation, along with a summary of the questions asked today, will be posted to the inpatient website, www.QualityReportingCenter.com, in the upcoming weeks. If you registered for this event, a reminder email and a link to the slides were sent out to your email about two hours ago. If you did not receive that email, you can download the slides at our inpatient website, www.QualityReportingCenter.com.

I would now like to introduce today's speakers. Bethany Bunch is the Hospital Value-Based Purchasing Program lead for the Inpatient VIQR Outreach and Education Support Contract. Sam Bounds is the associate research manager for Acumen, LLC. Anoosha Akhlaq is the Hospital VBP Program project lead for the Healthcare Quality Analytics and Reports Contractor.

Today's event will provide an overview of the Medicare Spending per Beneficiary measure and Hospital-Specific Reports, including the goals of the MSPB measure, the measure methodology, and the steps to perform MSPB measure calculations. The event will also provide instructions for submitting a review and correction request and accessing the MSPB HSRs from Managed File Transfer.

Participants will be able to identify the goals of the MSPB measure, recall the MSPB measure methodology, access and review the HSR, and understand how to submit a review and correction request.

This slide displays a list of acronyms that will be used in this webinar.

I would now like to turn the presentation over to our first speaker. Bethany, the floor is yours.

Bethany Bunch: Thank you, Maria. My name is Bethany Bunch, and I'll be covering topics such as the measurement period associated with the MSPB measure, including the impact due to the COVID-19 exception, and how to access the HSRs in your new Managed File Transfer inboxes.

The Medicare Spending per Beneficiary Hospital-Specific Reports were delivered to hospitals on May 27 and May 28. There is only a single HSR for MSPB, but it serves two purposes. The first is to serve as the mechanism in which hospitals can review the calculations of the measure and request corrections to those calculations as part of the Hospital VBP Program. The second is to serve as part of the preview period prior to the results being publicly reported during the January 2022 public reporting refresh.

In the Interim Final Rule with Comment period that was published in the *Federal Register* in September, CMS announced that they would not be using claims reflecting services provided in Quarter 1 or Quarter 2 of 2020 in the measure calculations, those date ranges being January 1, 2020 through June 30, 2020. CMS is further restricting the episode period for the measure, so that no data or events from Quarter 1 or 2 of 2020 are included. For example, an eligible episode of care in this HSR will have an admission date after October 2, 2020 and have a discharge date prior to December 1, 2020. CMS is restricting the episode period because the entire 90-day lookback period and the entire 30-day post-discharge period must fall within the performance period which was updated to July 1, 2020 through December 31, 2020. Please note that hospitals do not need to request anything to have this exception applied. The updated discharge period has already been applied to all hospitals' calculations that are included in the HSR.

These next two slides will provide four visual examples of how the episode restriction period is being applied. Episode A has an inpatient admission on October 2, 2020. Based on the MSPB measure methodology, the calculations include spending three days prior to admission.

So, three days prior to admission on October 2 would be September 29. This serves as the episode start date. The lookback period is 90 days prior to the episode start date, which is July 1. Because the lookback period starts on or after July 1, the first day of our updated performance period, this meets the first criteria. The second piece of criteria for confirming if an episode falls within the restriction period is confirming the discharge date ends on or before December 1, so that the 30-day discharge period ends on or before December 31. The discharge date for episode A ends on October 7, which 30 days from that date leaves us with an episode end date of November 6. As a result, this episode falls within our needed lookback and episode end date periods and is included in the performance period.

Episode B has an inpatient admission of November 5. Back that up three days for the start of the episode to be November 2. Ninety days prior to November 2 is August 4, which is within the earliest lookback start date of July 1. Episode B has a discharge date of December 1, which results in an episode end date 30 days later, which ends on December 31. This falls within having the episode end on or before December 31. As a result, this episode is also included in the performance period.

Episode C has an inpatient admission date of September 27, three days prior to that would be September 24 to start the episode. The 90-day lookback period from September 24 would start June 28. Because June 28 falls within Quarter 2, which runs from April 1 through June 30, this episode could have data that falls within the excepted period. As a result, this episode is not included in the performance period, even if the discharge period and episode end date fall within the needed range.

Episode D has an inpatient admission date of November 13, three days prior to that would be November 10 to start the episode. The 90-day lookback period from November 10 would start August 12. August 12 falls in Quarter 3, so this falls within the acceptable lookback range. The patient had an inpatient discharge date of December 8. The MSPB measure looks for spending 30-days post-discharge, which would have an episode end date of January 7, 2021.

Because January 7, 2021 falls outside of our performance period, which ends on December 31, this episode would not be included.

I would like to reiterate that hospitals do not need to request anything to have this exception applied. The updated discharge period has already been applied to all hospitals' calculations that are included in the HSR. If you would like to learn more about requesting individual hospital ECEs, please use the link on this slide.

In this HSR, only performance period data for the Hospital VBP Program will be included. Baseline results for your hospital are available on your hospital's FY 2022 Hospital VBP Program Baseline Measures Report. You can request a copy of this report by following the instructions on this slide.

I will now be discussing how to access your Hospital-Specific Reports.

The Hospital-Specific Reports were delivered to hospitals on May 27 and May 28. A Listserve communication was sent via email to those who are registered to receive notifications regarding the Hospital IQR and Improvement Program and the Hospital Inpatient VBP Program on QualityNet. This email announced that reports would be available no later than May 28 with instructions for accessing the reports, information regarding the updated measurement periods, how to submit a review and correction request, and where to send questions. When your hospital's HSR was delivered to your Managed File Transfer inbox, an Auto Route file delivery notification was sent to your email. An example of what that email would look like is on this slide.

I know there may be some of you that previously received the HSRs in the old Secure File Transfer Auto Route inbox that may not have received an email notice this year. When permissions were transitioned to the HQR system, users that were Security Administrators/Officials for their facilities were granted the appropriate roles to see the reports. However, if you are a basic user, those permissions were not automatically placed in your account.

To request access to reports that are being sent via Managed File Transfer for your facility, you'll need to request permissions in your profile in the HQR Secure Portal. The steps to complete this action are provided in the announcement linked on this slide.

When you've received the email notification that your reports have been delivered to your Managed File Transfer inbox, please follow the steps to access your report. Please note that you'll need to login to the Managed File Transfer page specifically; your Managed File Transfer inbox is not located in the HQR Secure Portal. When you login to the Managed File Transfer application, you'll need to use your HARP ID and password. Reports will be available for just 30 days after the delivery. So, if you are interested in reviewing or saving your report, please download those reports soon.

Okay, so what do you do if you didn't receive an email notification stating that the report was delivered to your inbox? First, we recommend logging into Managed File Transfer using the instructions from the previous slide. If the report is not in your inbox, please review your profile in the HQR Secure Portal to ensure that you had the Auto-Route (IQR) and MFT permissions listed on your account. If you do not, you can request these permissions using the instructions detailed in the notification linked on this slide. However, you would need to request that the reports be resent after you have the approved permissions to receive the reports. If your profile did have these permissions prior to the start of the deliveries on May 27, please contact the QualityNet Help Desk for assistance.

If you need your HSR resent, please follow the instructions on this slide for requesting the report in the QualityNet Question and Answer Tool.

For my last section, I want to discuss the process you would take if you would like to request a correction to the calculation and who to contact if you have questions about the HSRs.

Hospitals may review and request corrections to the MSPB measure results for 30 days following the release of the HSR. The review and correction period ends on June 28. To submit a request, please follow the instructions on this slide. As with other claims-based measures, hospitals may not submit additional corrections to underlying claims data or request that new claims be added to the calculations. The MSPB measure is part of the Efficiency and Cost Reduction domain used in the Hospital VBP Program. CMS plans to release the Hospital VBP Program performance reports, also known as the Percentage Payment Summary Reports, later in the year through the HQR Secure Portal. I would also like to note in the FY 2022 IPPS proposed rule that CMS proposed to suppress this measure from the program, in addition to the HCAHPS survey in the Person and Community Engagement domain and the HAI measures in the Safety domain due to the COVID-19 Public Health Emergency for FY 2022. CMS also proposed to not calculate a Total Performance Score for any hospital and to award all hospitals the value-based payment amount for each discharge that is equal to the amount withheld to fund the program. In other words, payments would not be adjusted due to the Hospital VBP Program. To learn more about these proposals, please either refer to the FY 2022 IPPS Proposed Rule, or you can watch the FY 2022 IPPS Proposed Rule overview webinar On Demand, available on the IQR archived events page on the Quality Reporting Center website.

If you have questions regarding the HSRs, please submit the questions via the Question and Answer Tool on QualityNet. So, we may best assist you, please follow the program and topic selections based on your question's topic. If you experience issues accessing your HSR from MFT or reviewing your HARP permissions, please contact the QualityNet Help Desk.

That concludes my portion of the presentation. I would now like to pass the presentation to Sam Bounds. Thank you.

Sam Bounds: Thank you, Bethany. My name is Sam Bounds from Acumen, LLC, and I will be taking you through the MSPB methodology and calculations.

The MSPB measure evaluates hospitals' efficiency relative to the national median hospital. Specifically, the MSPB measure evaluates the cost to Medicare for services performed by the hospitals and other healthcare providers during an MSPB episode. An MSPB episode includes all Medicare Part A and B claims during the periods immediately prior to, during, and after a patient's hospital stay.

The MSPB measure is the sole Efficiency measure in the Hospital Value-Based Purchasing Program, also known as the Hospital VBP Program. The measure was included starting in fiscal year 2015, and the measure was required for inclusion by the Social Security Act and is endorsed by the National Quality Forum. More measure details are included in the Fiscal Year 2012 and 2013 Inpatient Prospective Payment System, or IPPS, Final Rules. The links are included on this slide.

On screen is our agenda for today's presentation. I will go over the goals of the measure, the measure methodology, the specific calculation steps, and example calculations. Anoosha Akhlaq, our colleague from Healthcare Quality Analytics and Reports Contractor, will then take us through a tour of the Hospital Specific Reports and supplemental data, followed by our question-and-answer section.

Goals of the MSPB Measure

In conjunction with the Hospital Value-Based Purchasing Program quality measures, the MSPB measure aims to promote more efficient care for beneficiaries by financially incentivizing hospitals to coordinate care, reduce system fragmentation, and improve efficiency. For example, hospitals can improve efficiency through actions, such as improving coordination with pre-admission and post-acute providers to reduce the likelihood of re-admission.

Next, I will provide a description of the measure methodology and define a few key terms.

The MSPB measure is a claims-based measure that includes price-standardized payments for Part A and Part B services. A hospital admission, indicated by the large, striped triangle on the slide, is also known as the "index hospital admission." An index hospital admission is the signal to initiate and measure an episode of care within the MSPB hospital measure. As detailed on the present slide, the three days prior to an index hospital admission through 30 days after the hospital discharge constitutes an episode of care and is the duration for which Part A and Part B services will be assessed.

The MSPB measure is based on all MSPB episodes that an Inpatient Prospective Payment System hospital, or IPPS hospital, has during a period of performance. As previously noted, an MSPB episode includes all services provided three days before the hospital admission through 30 days after the hospital discharge. The reason why the episode includes three days prior to the admission is to include diagnostic or pre-operative services that are related to the index admission. Including services that are 30 days after the discharge emphasizes the importance of coordination of care transitions and mitigating complications of care. The population of hospital admissions that qualify as an MSPB episode excludes the following scenarios to create a more homogenous study group: admissions that occur within 30 days of discharge of another index admission; transfers between acute hospitals for both the transferring and receiving hospital; episodes where the index admission claim has zero payment; and lastly, admissions having a discharge date fewer than 30 days prior to the end of the performance period.

Episodes are used in the MSPB measure to calculate a hospital's MSPB amount. An MSPB amount is the sum of all standardized and risk-adjusted spending across all of the hospital's eligible episodes divided by the number of episodes. In other words, it's a hospital's average risk-adjusted spending across the hospital's attributed episodes. In later slides detailing the calculation steps, we'll cover how the risk-adjusted spending of an episode is determined. The MSPB Amount is a representation of how efficiency is measured.

The MSPB Measure is then defined as the hospital's MSPB amount divided by the episode-weighted, median MSPB amount across the nation. The transformation step from the MSPB Amount to the MSPB Measure normalizes the measure score, so it can be interpreted as a ratio of the hospital's cost efficiency in comparison to the national median.

An MSPB measure that is less than 1 indicates that a given hospital spends less than the national median MSPB amount across all hospitals during a given performance period. Improvement on this measure for a hospital would be observed as a lower MSPB measure value across performance periods. For example, a hospital would have improved in their MSPB measure if they had a measure value of 1.05 in the 2018 baseline period and then that decreased to 1.01 in the 2020 performance period. Now, we do want to take a moment to point out that the MSPB measure alone does not necessarily reflect the quality of care provided by hospitals. The MSPB measure is most meaningful when presented in the context of other quality measures, which is why the MSPB measure is combined with other measures in the Hospital Value-Based Purchasing Program to provide a more comprehensive assessment of hospital performance.

Now that I've gone over the definition of key terms and how to interpret the MSPB measure, this slide will discuss what populations of beneficiaries are included and excluded when calculating a hospital's measure. Beneficiaries included are those who are enrolled in Medicare Parts A and B from 90 days prior to the episode through the end of the episode and who are admitted to a subsection (d) hospital. Starting with 2014 data, the beneficiaries covered by the Railroad Retirement Board were also included in the hospital's MSPB measure. Beneficiaries that are excluded are those enrolled in Medicare Advantage, those who have Medicare as a secondary payer, or those who died during the episode.

The next section of this presentation will go through the steps to calculate the hospital's MSPB measure in detail.

There are eight calculation steps and one reporting step that we will walk through over the next several slides. The first step is to standardize claim payments so that spending can be compared across the country. The second step is to calculate the standardized episode spending for all episodes in a hospital. The third step is to estimate the expected episode spending using linear regression and, in the fourth step, all extreme values produced in Step 3 are Winsorized or bottom coded. The fifth and sixth step calculate the MSPB Amount for each hospital. In the [seventh and] eighth step, calculate the MSPB measure for a hospital based on the MSPB Amount. Finally, in Step 9, we report the MSPB measure for the Hospital Value-Based Purchasing Program for eligible hospitals.

In Step 1, claims payments are standardized to adjust for geographic differences and payments from special Medicare programs that are not related to resource use, such as hospital graduate medical education funds for training residents. However, payment standardization maintains differences that result from the healthcare delivery choices, such as the setting where the service is provided, specialty of the provider, the number of services provided in the same visit, and outlier cases. For more information and the full methodology that's used in calculating standardized payments, you can refer to the documents on this ResDAC website. The link is included on this slide.

In the second step, all standardized Medicare Part A and B claim payments made during MSPB episodes are summed. Payments are defined as Medicare allowed amounts, which includes patient deductibles and co-insurance. A claim is defined as occurring during an episode based on the "from date", or the start date variable. This means if a claim starts during the MSPB episode and extends beyond 30 days after hospital discharge, the entire claim will be included without proration.

The third step is to calculate the expected episode spending amount. In this step, the episode spending amount is adjusted for age, severity of illness, and comorbidities.

Specifically, to account for case-mix variation and other factors across hospitals, a linear regression is used to estimate the relationship between a number of risk adjustment variables and the standardized episode cost calculated in Step 2.

Risk adjustment variables include factors such as age, severity of illness, and comorbidity interactions. Severity of illness is measured using several indicators, including the Hierarchical Condition Categories, or HCCs; the admission MS-DRG, end stage renal disease indicators, reason for Medicare entitlement through disabilities, and long-term care institutionalized patients. The expected spending for each episode is calculated by using a separate model for episodes within a Major Diagnostic Category, or MDC. The MDC of an episode is determined by the Medicare Severity Diagnosis-Related Group, or MS DRG, of the index hospital stay.

In the regression model in Step 3, many variables are included to more accurately capture beneficiary case mix. However, a risk of using a large number of variables is that the regression can produce some extreme predicted values due to having only a few outlier episodes. In the fourth step, extremely low values for expected episode spending are Winsorized, or bottom coded. That is, for each Major Diagnostic Category, episodes that fall below the 0.5 percentile of the Major Diagnostic Category's expected cost distribution are identified. Next, the expected spending of those extremely low spending episodes are set equal to the 0.5 percentile. Lastly, the expected spending scores are renormalized to ensure that the average expected episode spending level for any Major Diagnostic Category is the same before and after Winsorization. This renormalization is done by multiplying the expected spending by the ratio of the average expected spending level within each MDC and the average Winsorized expected spending level within each MDC.

In the fifth and sixth step, we calculate the residual for each episode to exclude outliers. The residual is calculated as the difference between the standardized episode spending, which was calculated in Step 2, and the Winsorized expected episode spending, which was calculated in Step 4.

Outlier episodes are identified and are then excluded to mitigate the effect of high spending and low spending outliers for each hospital's MSPB measure. Spending far above the expected spending as predicted through risk adjustment is identified when the residuals fall above the 99th percentile of the residual distribution across the total episode population. Inversely, spending much lower than predicted is identified when the residual falls below the first percentile. After excluding outliers, the episode expected cost is renormalized again to ensure that the average expected spending is the same as the average standardized spending after outlier exclusions.

In the seventh step, the risk-adjusted MSPB amount is calculated as the ratio of the average standardized episode spending by the average expected episode spending. This ratio is then multiplied by the average spending level across all hospitals, a constant which transforms the metric into dollars.

In the eighth step, the MSPB measure is then calculated as a ratio of the risk-adjusted MSPB amount for a given hospital, as calculated in Step 7, and the national episode weighted median MSPB amount. This final calculation step is a transformation so that the measure can be interpreted respective to the national median.

In the last step, the MSPB measure of hospitals that are eligible for the Hospital Value-Based Purchasing Program and have at least 25 episodes are reported and used for payment purposes. Hospitals with 24 or fewer episodes will not have the MSPB measure used for payment purposes or publicly reported. CMS anticipates refreshing the measure data on Care Compare during January of 2022.

Now that we've gone over how to calculate the MSPB measure, the next several slides will walk through the calculation for an example hospital.

In this example, Hospital A has 30 MSPB episodes ranging from $1,000 to $33,000 in standardized episode spending.

After applying Steps 1 through 4 of the calculations, each episode will have an observed standardized episode spending and a Winsorized expected episode spending as predicted through risk adjustment. We see that the hospital has one episode with the residual higher than the 99th percentile. The residual is calculated as a difference between the standardized episode spending and the Winsorized expected episode spending. This episode is considered an outlier and excluded. The MSPB amount and the MSPB measure will then be calculated for Hospital A based on the remaining 29 episodes. A similar example calculation using sample data is available on the MSPB QualityNet webpage. The link is included on this slide.

The MSPB amount for Hospital A is then calculated as the ratio of the average standardized episode spending across Hospital A's 29 episodes and the average expected episode spending across these same episodes. The ratio is multiplied by the average episode spending across all hospitals. So, for Hospital A the MSPB amount is $8,462.

Next, the MSPB measure for Hospital A is calculated as the ratio of the MSPB Amount, which we calculated in the previous slide, divided by the national episode weighted median MSPB amount. So, let's pretend that the national episode weighted median amount is $9,100. As a result, our example hospital would then have an MSPB measure of 0.93. Since our example hospital here has 29 episodes, which exceeds the reporting case minimum of 25 episodes, its MSPB measure will be reported and used in the Hospital Value-Based Purchasing Program.

I'll now hand the presentation over to Anoosha to discuss the Hospital-Specific Reports and supplementary data files.

Anoosha Akhlaq: Thank you, Sam. My name is Anoosha Akhlaq. I am the Hospital VBP Project lead on the Healthcare Quality Analytics and Reports Contractor. Today, I am going to provide an overview of the Medicare Spending Per Beneficiary Hospital-Specific Report and supplemental data files.

During the preview period, hospitals can review their MSPB Measure results in their HSR. The MSPB HSR includes six tables and is accompanied by three supplemental Hospital-Specific Data files.

Tables include the MSPB Measure results of the individual hospital and of other hospitals in the state and nation. In addition to the MSPB measure, the HSR includes the major components used to calculate the MSPB measure (average spending per episode; average risk-adjusted spending, or MSPB Amount, number of eligible admissions, and national median MSPB Amount) for the hospital, state, and the nation. The three supplemental hospital-specific data files contain information on the admissions that were considered for the individual hospital's MSPB Measure and data on the Medicare payments, to the individual hospitals, and other providers, that were included in the measure. A separate PDF Hospital User Guide, or HUG, will accompany the HSR that includes additional information about the data in the HSR and supplemental files.

Table 1 displays your hospital's MSPB measure. The MSPB measure is calculated as the ratio of the payment-standardized, risk-adjusted MSPB Amount for the hospital divided by the episode-weighted median MSPB Amount across all hospitals. An MSPB Measure of greater than 1 indicates that the hospital's MSPB Amount is more expensive than the U.S. national median MSPB Amount. An MSPB Measure of less than 1 indicates that the hospital's MSPB Amount is less expensive than the national median MSPB amount.

Table 2 provides a summary of your hospital's individual MSPB performance. It includes the number of eligible admissions at your hospital and the MSPB amount for your hospital, the state, and the nation during the performance period from July 1, 2020 through December 31, 2020.

Table 3 is the comparison of the hospital's MSPB performance. This table displays the major components used to calculate an individual hospital's MSPB Measure, including the number of eligible admissions, MSPB Amounts and the national median MSPB Amount.

The following data are included in Table 3 for your hospital, state, and the nation: The number of eligible admissions is the number of episode-establishing index admissions. The Average Spending Per Episode is the average spending for non-risk-adjusted services provided to a Medicare beneficiary during an episode.

The MSPB Amount is the average payment-standardized, risk-adjusted Medicare Part A and Part B payments included in the MSPB measure for episodes that occurred during the discharge period. The FY 2022 episode restriction period is October 1, 2020 through December 1, 2020. The FY 2022 MSPB performance period is July 1, 2020 through December 31, 2020. The performance period is different from the episode restriction period because the entire 90-day lookback period and the entire 30-day post-discharge period must fall within the performance period. The U.S. national median MSPB Amount is the same for your hospital, state, and the nation. The MSPB Measure is the ratio of the MSPB Amount divided by the U.S. national median MSPB Amount. Only the MSPB Measure will be publicly reported. Hospitals with fewer than 25 episodes will not have their MSPB Measure reported publicly. Only state and U.S. national values will be posted in that instance.

Table 4 displays the national distribution of the MSPB measure by percentile across all hospitals in the nation. This data are the same for all hospitals.

The graph on this slide provides a visual representation of the national distribution of the MSPB Measure found in the HSR User Guide. The graph includes hospitals with an MSPB Measure between 0.5 and 1.5, representing 99.6 percent of hospitals. Hospitals outside of this range were excluded to ensure the figure is readable.

Table 5 provides a detailed breakdown of the individual hospital's spending by seven claim types and three time periods : three days prior to index admission, during-index admission, and 30 days after hospital discharge. Spending levels are broken down by claim type within each of these time periods.

Hospitals can compare the percentage of total average episode spending by claim type and time period to the percent of total average spending at hospitals in their state and the nation. The values included in Table 5 represent the average actual standardized episode spending amount. Please note that the spending amounts are not risk-adjusted for hospital case mix because risk adjustments are performed at the Major Diagnostic Category, MDC, level.

In this example, the hospital spent an average of $6,336 for inpatient claims during the index admission. This represents 48.3 percent of total episode spending for the hospital. Table 5 also allows us to compare the percent of total average spending in an individual hospital to the percent of spending at the state and national levels. The red box highlights the comparison that we can make for the percent of spending on inpatient claims during the index hospital admission. In this example, the hospital spends 48.3 percent of episode spending on inpatient services. This is lower than the percent of spending in the state, which is 51.2 percent, and the nation, which is 50.9 percent. A lower percentage of spending in an individual hospital for a given time period and claim type indicates that the individual hospital spends less than other hospital's in their state and the nation. Alternatively, a higher percentage of spending in an individual hospital when compared to the percent of spending in their state and the nation indicates that the individual hospital spends more than the other hospitals in the state and the nation.

Table 6 provides a breakdown of average actual and expected spending for an MSPB episode by major diagnostic category, or MDC. Hospitals can compare their average actual and expected spending to the state and national average actual and expected spending.

In this example, we can look at the hospital's average actual and expected spending per episode for the Major Diagnostic Category, MDC, for Ear, Nose, Mouth, and Throat. The hospital's average actual and expected spending per episode can be found in Columns C and D. This hospital has an average actual spending of $7,616 per episode compared to an average expected spending of $10,305 per episode.

Table 6 also allows us to compare the average actual and expected spending of the individual hospital to the spending level in their state and the nation. For episodes included in the MDC for Ear, Nose, Mouth and Throat, let's look at Columns G and H and identify the national average actual and expected spending which we see as being about $15,000 per episode.

Hospitals can compare their average expected spending per episode, found in Column D, to the national average expected spending per episode, found in Column H. In this example, the hospital had an average expected spending of $10,383 dollars. Here, we see that this hospital has a lower than average expected spending per episode than the nation.

Accompanying your MSPB HSR are three supplemental hospital-specific data files: the Index Admission File, the Beneficiary Risk Score File, and the Episode File. These files contain information on the admissions that were considered for inclusion in the MSPB Measure calculation for your hospital. The Index Admission File presents all inpatient admissions for your hospital in which a beneficiary was discharged during the performance period. This file indicates whether or not an inpatient admission was counted as an index admission, and if not, it provides the reason for exclusion. For each hospital admission, the file provides dates of admission and discharge, length of stay, diagnosis codes, Major Diagnostic Category, MDC, and the actual payment amounts. The Beneficiary Risk Score File identifies beneficiaries and their health status based on the beneficiary's claims history in the 90 days prior to the start of an episode. This file includes the predicted payment amount and the risk adjustors used in the MSPB risk adjustment regression model. The Episode File identifies the type of care, spending amount, and the top five billing providers in each care setting for each MSPB episode at your hospital, allowing you to identify the type of inpatient provider that is billing the most for the given episode. The information included in the three supplemental hospital-specific data files is not publicly reported. This concludes the MSPB HSR and supplemental file overview. Now, I'd like to turn it over to Maria for the question-and-answer portion of the presentation.

Maria Gugliuzza: Thank you, Anoosha. We will now answer some of the questions that were submitted during the webinar. If you would like to submit additional questions at this time, please include the slide number associated with your question. Are readmissions for elective procedures included in the MSPB measure calculation?

Anoosha Akhlaq: An MSPB episode will include all Medicare Part A and Part B claims with a start date falling between three days prior to an IPPS hospital admission (also known as the "index admission" for the episode) through 30 days post-hospital discharge. Thus, readmissions for elective procedures are included in the measure calculations.

Maria Gugliuzza: What are "carrier" claims?

Anoosha Akhlaq: Carrier spending levels represent spending for services that appear in the carrier claims file, which contains claims submitted by non-institutional providers. The Research Data Assistance Center describes the carrier file as follows: "The carrier file includes fee-for-service claims submitted by professional providers, including physicians, physician assistants, clinical social workers, nurse practitioners. Claims for some organizational providers, such as free-standing facilities, are also found in the carrier claims file. Examples include independent clinical laboratories, ambulance providers, free-standing ambulatory surgical centers, and free-standing radiology centers."

Maria Gugliuzza: What is included in the "inpatient" claim type category during the time period "30 Days after Hospital Discharge" on Table 5, Detailed MSPB Spending Breakdown by Claim Type, of my HSR?

Anoosha Akhlaq: The "inpatient" category includes all claims in the "inpatient" claims file. Regarding claims during the 30 Days after Hospital Discharge category, this category includes all claims that fall between an episode's index admission discharge date and 30 days after hospital discharge. Accordingly, in Table 5, an MSPB episode can have an inpatient claim during this time if the patient is readmitted to the hospital after the index admission discharge.

In the 30 Days After Hospital Discharge category, this could include IP readmission, as well as an admission to an IP psychiatric or rehab facility.

Maria Gugliuzza: How can I verify the Number of Eligible Admissions used to calculate my hospital's MSPB performance found in Tables 2 and 3 of my HSR?

Anoosha Akhlaq: This can be verified from any of the three supplemental files provided by looking at the variable Hosp_Episode_Count. In addition, you can filter the Index Admission File, where the "Index_Admsn_Flag" variable equals 1. The variable "Excluded_Reason" in the Index Admission File provides the reason for exclusion.

Maria Gugliuzza: Will Critical Access Hospital's receive a FY 2022 MSPB HSR?

Anoosha Akhlaq: The Medicare Spending per Beneficiary, MSPB, Measure calculation only includes hospitals subject to the Inpatient Prospective Payment System, IPPS. As a result, Critical Access Hospitals are excluded from the MSPB calculation and will not receive an MSPB Hospital-Specific Report.

Maria Gugliuzza: Why are beneficiaries required to be continuously enrolled in Part A/B for the 90 days prior to the episode start date?

Sam Bounds: The 90 days prior to the episode is used to define a beneficiary's characteristics to be used in the risk adjustment model which will be used to predict expected spending. 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 used.

Maria Gugliuzza: Can you explain what is meant by "risk adjustment"?

Sam Bounds: 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 that health condition is present.

For example, if we observe that patients with ESRD are more expensive that non-ESRD patients, 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.

Maria Gugliuzza: Do we want a higher or lower value for the MSPB Measure?

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

Maria Gugliuzza: Has the MSPB hospital measure calculation changed from last year?

Sam Bounds: The only difference in this year's measure from previous years is the adjustment of the performance period in response to the COVID-19 pandemic. As for the measure's methodology specifically, no, there have been no changes to the MSPB hospital calculation.

Maria Gugliuzza: Great. That concludes our webinar for today. If your question was not answered and you still have questions, regarding reviewing your FY 2022 Hospital VBP Program mortality and complication measures Hospital-Specific Report, please submit your questions using the Question and Answer Tool on QualityNet. Thank you again for joining. We hope you have a great day.