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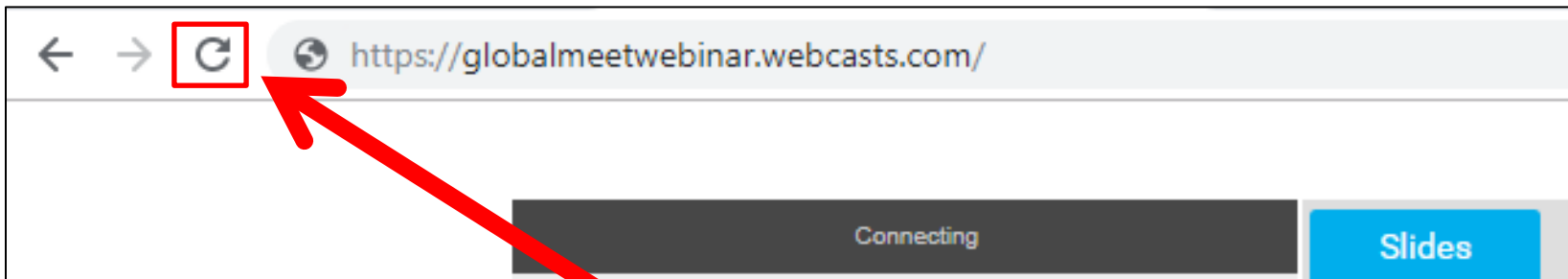
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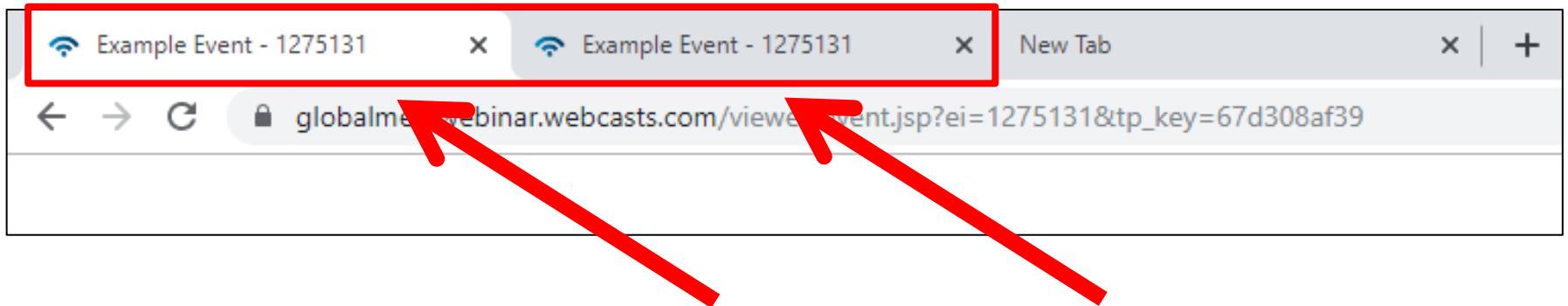
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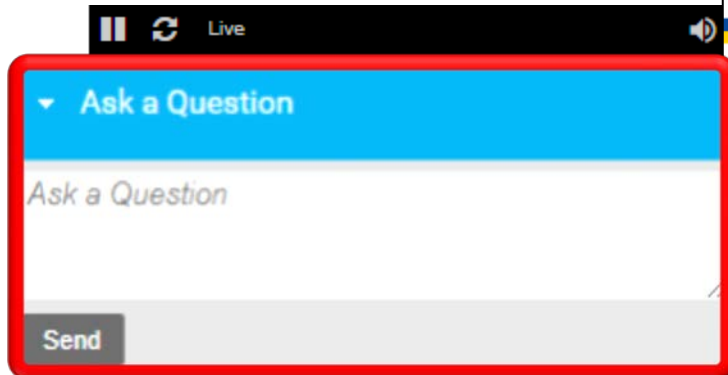
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**Inpatient Value, Incentives, and Quality Reporting (VIQR) Outreach and Education Support Contractor**



**Today's Presentation**



# **Overview of the FY 2023 Hospital-Acquired Condition (HAC) Reduction Program and Hospital Readmissions Reduction Program (HRRP)**

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

**August 17, 2022**

# Webinar Chat Questions

Please submit any questions that are pertinent to the webinar topic via the Chat tool. As time permits, we will answer these questions at the end of the webinar. Pertinent questions not answered will be addressed in a questions-and-answers document, to be published at a later date.

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We will respond to questions as soon as possible.

# Speakers

**Amy Gehrke, MS**

HAC Reduction Program Lead  
DVIQR Program Support (DPS) Contractor

**Kristanna Peris, MPH**

HRRP Program Lead  
DPS Contractor

**Moderated by:**

**Maria Gugliuzza, MBA**

Program Lead  
Inpatient VIQR Outreach and Education SC

# Purpose

This event will provide an overview of the fiscal year (FY) 2023 HAC Reduction Program and HRRP, including:

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



# Objectives

Participants will be able to:

- Interpret the program methodology
- Understand your hospital's program results in your HSR
- Submit questions about your hospital's calculations during the HAC Reduction Program Scoring Calculations Review and Correction period and the HRRP Review and Correction period

**Amy Gehrke, MS**

HAC Reduction Program Lead  
DVIQR Program Support (DPS)

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# HAC Reduction Program

# Program Background

## What is the HAC Reduction Program?

- A Medicare value-based purchasing program that reduces payments to hospitals based on their performance on measures of hospital-acquired conditions.
- The program encourages hospitals to implement best practices to reduce their rates of healthcare-associated infections (HAI) and improve patients' safety.

# Program Background

## How does the HAC Reduction Program work?

- CMS evaluates overall hospital performance by calculating Total HAC Scores as the equally weighted average of scores across measures included in the program.
- Hospitals with a Total HAC Score greater than the 75th percentile (that is, the worst-performing quartile) of all Total HAC Scores will be subject to a 1-percent payment reduction.

# Eligible Hospitals

## **The HAC Reduction Program includes all subsection (d) hospitals.**

- Subsection (d) hospitals are broadly defined as general acute care hospitals paid under the Inpatient Prospective Payment System.
- Maryland hospitals are exempt from payment reductions under the HAC Reduction Program due to an agreement between CMS and Maryland.

# Program Measures

The HAC Reduction Program includes six measures:

- One claims-based composite measure of patient safety
  - CMS Patient Safety Indicator (PSI) 90
- Five chart-abstracted or laboratory-identified HAI measures
  - Central Line-Associated Bloodstream Infection (CLABSI)
  - Catheter-Associated Urinary Tract Infection (CAUTI)
  - Surgical-Site Infection (SSI) for abdominal hysterectomy and colon procedures
  - Methicillin-resistant *Staphylococcus aureus* (MRSA) bacteremia
  - *Clostridium difficile* Infection (CDI)

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# **FY 2023 Program Information**

# Updates for FY 2023

For the FY 2023 HAC Reduction Program, CMS:

- Paused all measures in the program. No hospital is subject to the 1-percent payment reduction for FY 2023.
- CMS is not calculating
  - Measure scores
  - Total HAC Scores
- CMS will continue to collect, calculate, and publicly reporting CMS PSI 90 and HAI results for transparency.
- Updated newly opened hospital definition for HAI measures

**CMS did not change the scoring or measure methodology for the FY 2023 HAC Reduction Program.**



# FY 2023 Performance Periods

**CMS PSI 90:** CMS is pausing the inclusion of CMS PSI 90 in the FY 2023 HAC Reduction Program HSRs

- CMS will continue to collect, calculate, and confidentially report hospitals' HAI and CMS PSI 90 results via measure specific HSRs, and publicly report those results on the Care Compare website. Hospitals will have 30 days to preview the data and results prior to public display.

**CDC NHSN HAI measures:** Data submitted to NHSN for January 1, 2021 to December 31, 2021.

- **Note:** Due to the impacts of the COVID-19 PHE, in the FY 2022 IPPS/LTCH PPS final rule (86 FR 45301-45307), CMS finalized the exclusion of all calendar year (CY) 2020 data (both HAI and claims) from HAC Reduction Program scoring calculations in future program years. As finalized in the FY 2023 IPPS/LTCH PPS final rule, CMS is not calculating measure scores or Total HAC Scores for any hospital for the FY 2023 program year.

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# Scoring Methodology

# Scoring Methodology

In a typical year, the HAC Reduction Program scoring methodology consists of 4 high-level steps:

1. Determining measure results
2. Calculating measure scores
3. Calculating Total HAC Scores
4. Determining the worst-performing quartile

However, for FY 2023, CMS is not calculating measure scores or Total HAC scores for any hospital. No hospital is ranked in the worst-performing quartile or subject to the 1-percent payment reduction.

# FY 2023 Scoring Methodology

1. Determining measure results
  - Not including the CMS PSI 90 composite value in HAC Reduction Program HSRs (reported as N/A)
  - Is calculating HAI Standardized Infection Ratios (SIRs)
2. Not calculating measure scores
  - Reported as N/A for all measure scores
3. Not calculating Total HAC Scores
  - Reported as 0.0000 for all hospitals
4. No worst-performing quartile
  - No hospitals is subject to the 1-percent payment reduction

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# **Hospital-Specific Reports (HSRs) and Scoring Calculations Review and Correction Period**

# HSRs and Scoring Calculations Review and Correction Period

CMS provides hospitals with 30 days to review their program data, submit questions about calculations, and request corrections.

- This is known as the Scoring Calculations Review and Correction period.
- Hospitals can review their data and results via the HSRs.

# HAC Reduction Program HSR

- The HAC Reduction Program HSR provides hospitals the necessary information to review their program results.
- Hospitals should refer to the FY 2023 HSR User Guide (HUG) for more information on program results included in the HSR.

# How to Receive Your HSR

## Who has access to the HSRs and User Guide?

- HSRs are accessible to users in your organization who have
  - Basic Hospital Quality Reporting (HQR) system *Managed File Transfer (MFT)* permissions
  - “Auto-Route (IQR)” permissions

## How will I know my report is available?

- An email notification indicating that HSRs are available is sent to users who have the necessary permissions.

## Where can I access the report?

- For those with the necessary permissions, the HSRs and User Guide will be in their *MFT* inbox.



# HSR Contents

**The HAC Reduction Program HSR provides hospitals with the following information:**

- Contact information for the program and additional resources
- As finalized in the FY 2023 IPPS/LTCH PPS final rule, the following are not reported in FY 2023:
  - Measure result and discharge-level information for CMS PSI 90
  - Payment reduction status
  - Total HAC Score
  - Winsorized z-scores for all measures in the Program
- The following are reported in FY 2023:
  - Measure results and hospital-level information for the CDC NHSN HAI measures

# HSR Table 1 Total HAC Score

Table 1: Your Hospital's Total HAC Score Performance for the FY 2023 HAC Reduction Program

HOSPITAL NAME

CDC NHSN HAI CLABSI, CAUTI, SSI, MRSA bacteremia, and CDI Measures. Hospital Data Period: January 1, 2021 through December 31, 2021

CMS PSI 90 Hospital Discharge Period: For the FY 2023 HAC Reduction Program, CMS is not calculating CMS PSI 90 measure results.

CMS PSI 90 Contribution to Total HAC Score [a]	CLABSI Contribution to Total HAC Score [b]	CAUTI Contribution to Total HAC Score [c]	SSI Contribution to Total HAC Score [d]	MRSA bacteremia Contribution to Total HAC Score [e]	CDI Contribution to Total HAC Score [f]	Total HAC Score for Your Hospital [g]	Payment Reduction Threshold (75th Percentile) [h]	Subject to Payment Reduction (Yes/No) [i]
N/A	N/A	N/A	N/A	N/A	N/A	0.0000	N/A	N/A

# HSR Table 2 Winsorized z-scores

Table 2: Your Hospital's Measure Results and Winsorized z-scores for the FY 2023 HAC Reduction Program

HOSPITAL NAME

CDC NHSN HAI CLABSI, CAUTI, SSI, MRSA bacteremia, and CDI Measures. Hospital Data Period: January 1, 2021 through December 31, 2021

CMS PSI 90 Hospital Discharge Period: For the FY 2023 HAC Reduction Program, CMS is not calculating CMS PSI 90 measure results.

Measure [a]	Measure Result [b]	5th Percentile Measure Result [c]	95th Percentile Measure Result [d]	Winsorized Measure Result [e]	Mean Winsorized Measure Result [f]	Standard Deviation of Winsorized Measure Results [g]	Winsorized z-score [h]	Weight of Winsorized z-score for Your Hospital [i]	Contribution of Winsorized z-score to Total HAC Score [j]
CMS PSI 90	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
CLABSI	3.0300	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
CAUTI	1.3800	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
SSI	0.7320	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
MRSA bacteremia	INS	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
CDI	0.6510	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

# HSR Table 3 CMS PSI Performance

Table 3: Your Hospital's Performance on CMS PSI 90 for the FY 2023 HAC Reduction Program

HOSPITAL NAME

CMS is not calculating the CMS PSI 90 measure result (that is, a CMS PSI 90 composite value) for any hospital for the FY 2023 program year as part of the HAC Reduction Program measure suppression policy finalized in the FY 2023 IPPS/ILTCH PPS final rule. All hospitals are receiving "N/A" for all values in Table 3.

Performance Information	CMS PSI 90 [a]	PSI 03 – Pressure Ulcer Rate	PSI 06 – Iatrogenic Pneumothorax Rate	PSI 08 – In Hospital Fall with Hip Fracture Rate	PSI 09 – Postoperative Hemorrhage or Hematoma Rate	PSI 10 – Postoperative Acute Kidney Injury Requiring Dialysis Rate	PSI 11 – Postoperative Respiratory Failure Rate	PSI 12 – Perioperative Pulmonary Embolism or Deep Vein Thrombosis Rate	PSI 13 – Postoperative Sepsis Rate	PSI 14 – Postoperative Wound Dehiscence Rate	PSI 15 – Abdominopelvic Accidental Puncture or Laceration Rate
1. Composite Value	N/A	--	--	--	--	--	--	--	--	--	--
2. Total Number of Eligible Discharges (Denominator) at Your Hospital [b]	--	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3. Number of Outcomes (Numerator) [b]	--	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
4. Observed Rate per 1,000 Eligible Discharges [b]	--	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
5. Expected Rate per 1,000 Eligible Discharges [b]	--	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6. Risk-Adjusted Rate per 1,000 Eligible Discharges [b]	--	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
7. Smoothed Rate per 1,000 Eligible Discharges [b] [c]	--	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
8. National Composite Value [d]	N/A	--	--	--	--	--	--	--	--	--	--
9. National Risk-Adjusted Rate per 1,000 Eligible Discharges [b]	--	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
10. Measure's Weight in Composite [b]	--	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
11. Reliability Weight [b]	--	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**Note:** Although no hospital is receiving a CMS PSI 90 measure result in their FY 2023 HAC Reduction Program HSR, CMS will continue to collect, calculate, and confidentially report hospitals' CMS PSI 90 results via measure specific HSRs, and publicly report those results on the Care Compare website. Hospitals will have 30 days to preview the data and results prior to public display.

# HSR Table 4 CMS PSI Discharges

Table 4: Your Hospital's Discharge-Level Information for CMS PSI 90 for the FY 2023 HAC Reduction Program

HOSPITAL NAME

**CMS is not calculating the CMS PSI 90 measure result (that is, a CMS PSI 90 composite value) for any hospital for the FY 2023 program year as part of the HAC Reduction Program measure suppression policy finalized in the FY 2023 IPPS/LTCH PPS final rule. No information is included in Table 4.**

ID Number	Measure	HICNO	MBI	Medical Record Number	Beneficiary DOB	Admission Date	Discharge Date	PSI Trigger Diagnoses or Procedures	DX1	PO1	DX2	PO2
--	--	--	--	--	--	--	--	--	--	--	--	--

**Note:** Although no hospital is receiving a CMS PSI 90 measure result in their FY 2023 HAC Reduction Program HSR, CMS will continue to collect, calculate, and confidentially report hospitals' CMS PSI 90 results via measure specific HSRs, and publicly report those results on the Care Compare website. Hospitals will have 30 days to preview the data and results prior to public display.

# HSR Table 5 CDC HAI Performance

Table 5: Your Hospital's Performance on CDC NHSN HAI CLABSI, CAUTI, SSI, MRSA bacteremia, and CDI Measures for the FY 2023 HAC Reduction Program

HOSPITAL NAME

Data Period: January 1, 2021 through December 31, 2021

Performance Information	CLABSI [a]	CAUTI [a]	SSI [a]	MRSA bacteremia [a]	CDI [a]
1. Reported Number of HAIs [b]	7	3	1	4	7
2. Predicted Number of HAIs [c]	2.310	2.174	1.367	0.762	10.756
3. Reported Central-line Days or Urinary Catheter Days; Surgical Procedures Performed; MRSA bacteremia Patient Days; CDI Patient Days [d]	2,917	3,061	101	19,440	17,490
4. SIR [e]	3.030	1.380	0.732	INS	0.651
5. National SIR [f]	0.981	0.796	0.872	1.088	0.495

# Scoring Calculations

## Review and Correction Period

The FY 2023 HAC Reduction Program Scoring Calculation Review and Correction period begins August 15, 2022, and ends September 13, 2022.

- Hospitals have 30 days to review their data and submit questions about the calculation of results.
  - As finalized in the FY 2023 IPPS/LTCH PPS final rule, CMS is only providing hospitals' HAI measure results (SIRs). Hospitals cannot request corrections to the HAI measure result data but may ask clarifying questions.
- CMS will distribute HSRs via the HQR *MFT* inbox prior to the start of the Scoring Calculations Review and Correction period.

**Submit questions and correction requests to the HAC Reduction Program Support Team via the [QualityNet Question & Answer Tool](#) as soon as possible.**

# Correcting Claims Data

Hospitals **cannot** correct underlying data during the Scoring Calculations Review and Correction period, because hospitals have already had the opportunity to review and correct those data

## **For claims data:**

- CMS takes an annual snapshot of claims data to perform measure calculations for claims-based measures
- Medicare Administrative Contractors must have processed all corrections to underlying claims by the snapshot date, and claim edits after this date will not be reflected in program results
- The next claims snapshot (for FY 2024 calculations) will occur around September 30, 2022



# Correcting CDC NHSN HAI Data

Hospitals **cannot** correct underlying data during the Scoring Calculations Review and Correction period because hospitals have already had the opportunity to review and correct that data.

## **For the CDC NHSN HAI measures:**

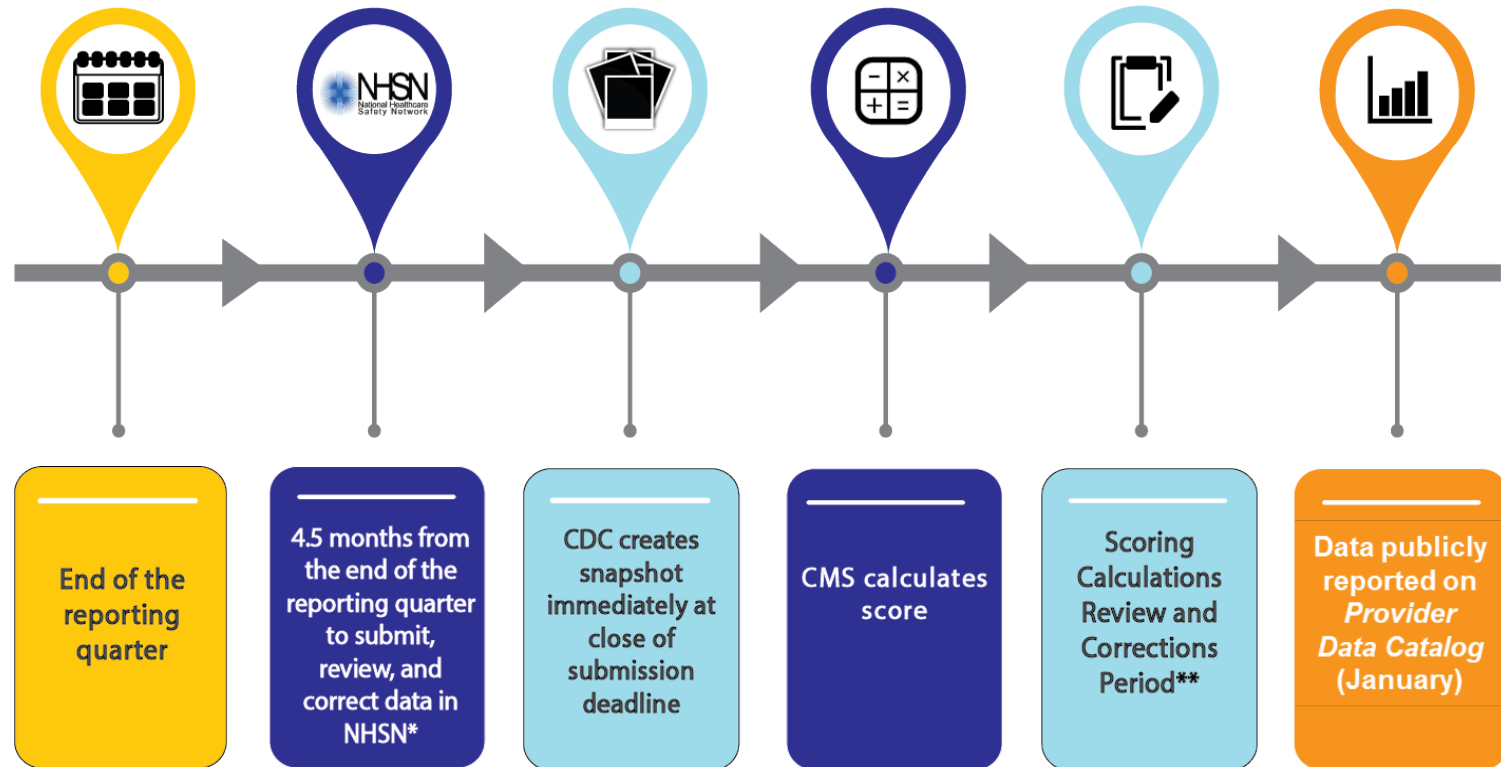
- Hospitals can submit, review, and correct the CDC NHSN HAI data for the 4.5 months after the end of the reporting quarter.
- Immediately after the NHSN submission deadline, CDC creates a data file for CMS to use in HAC Reduction Program calculations.
- CMS does not receive or use data entered after the NHSN submission deadline.
- CMS expects hospitals to review and correct their data before the NHSN submission deadline.

# NHSN Submission Deadlines

Reporting quarter	Applicable calendar months	NHSN submission deadline*
Q1	January, February, March	August 15
Q2	April, May, June	November 15
Q3	July, August, September	February 15
Q4	October, November, December	May 15

\*If the 15th of the month falls on a Friday, Saturday, Sunday, or Federal holiday, the NHSN submission deadline is the following Monday.

# HAI Data Flow



\*Eligible Hospitals have until May 15 of each year to submit an HAI exemption form for CLABSI, CAUTI, and SSI only.

\*\* The Scoring Calculations Review and Corrections period does not allow hospitals to correct: (1) reported number of HAIs; (2) standardized infection ratios (SIRs); and (3) reported central-line days, urinary catheter days, surgical procedures performed, or patient days.

# More Information

CMS releases a HAC Reduction Program HSR User Guide (HUG) and a Mock HSR on the QualityNet website.

For more information on replicating results, hospitals can contact the HAC Reduction Program Support Team via the QualityNet Question & Answer Tool to:

- Submit questions about the calculations:  
[https://cmsqualitysupport.servicenowservices.com/qnet\\_qa](https://cmsqualitysupport.servicenowservices.com/qnet_qa)

# Public Reporting

In early 2023, CMS will release the following FY 2023 HAC Reduction Program information on the [Provider Data Catalog](#):

HAC Reduction Program data	Display in FY 2023 data set
CMS PSI 90 measure result	N/A
HAI measure result	Hospital's SIR for each measure
Measure score (that is, Winsorized z-score) for all measures	N/A
Total HAC Score	0.0000
Payment Reduction Indicator	N/A

**Note:** Although no hospital is receiving a CMS PSI 90 measure result in their FY 2023 HAC Reduction Program HSR, CMS will continue to collect, calculate, and confidentially report hospitals' CMS PSI 90 results via measure specific HSRs, and publicly report those results on the Care Compare website. Hospitals will have 30 days to preview the data and results prior to public display.

# HAC Reduction Program Resources

General information on the HAC Reduction Program can be found on QualityNet: <https://www.qualitynet.org/inpatient/hac>

- Scoring Methodology Information on QualityNet: <https://www.qualitynet.org/inpatient/hac/methodology>
- Scoring Calculations Review and Corrections Information on QualityNet: <https://www.qualitynet.org/inpatient/hac/payment#tab2>
- FY 2023 HSR User Guide and Mock HSR on QualityNet: <https://www.qualitynet.org/inpatient/hac/reports>
- CMS PSI Resources on QualityNet: <https://www.qualitynet.org/inpatient/asures/psi>

**Submit questions directly to HAC Reduction Program Support Team via the QualityNet Question & Answer Tool:**

[https://cmsqualitysupport.servicenowservices.com/qnet\\_qa](https://cmsqualitysupport.servicenowservices.com/qnet_qa)

# HAC Reduction Program Contacts

Submit questions about HAC Reduction Program to the [QualityNet Question & Answer Tool](#) by selecting “Ask a Question” and then use the table below to determine which Program, Topic, and Subtopic to select.

If you have a question about...	Select this Program	Select this Topic and Subtopic (if applicable)
Scoring Calculations Review and Correction Period	HACRP – Hospital-Acquired Condition Reduction Program	Topic: HACRP Review & Correction Requests
Your hospital’s results, issues accessing the HSR, or patient-level data	HACRP – Hospital-Acquired Condition Reduction Program	Topic: Hospital-specific reports & requests
Requesting the Excel replication example	HACRP – Hospital-Acquired Condition Reduction Program	Topic: HSR replication example
Scoring methodology	HACRP – Hospital-Acquired Condition Reduction Program	Topic: General Information (HACRP)
CMS PSI 90 questions	Inpatient Claims-Based Measures	Topic: Patient Safety Indicators (PSI)

**Kristanna Peris, MPH**

HRRP Program Lead

DVIQR Program Support (DPS)

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# **Hospital Readmission Reduction Program (HRRP)**



# HRRP Background

- HRRP is a Medicare value-based purchasing program established under Section 1886(q) of the Social Security Act.
- HRRP encourages hospitals to improve communication and care coordination efforts to better engage patients and caregivers in post-discharge planning.
- CMS reduces payments to subsection (d) hospitals with excess readmissions.

# Eligible Hospitals

HRRP includes all subsection (d) hospitals.

- Subsection (d) hospitals are broadly defined as general acute care hospitals paid under the Inpatient Prospective Payment System.
- CMS exempts Maryland hospitals from HRRP payment reductions because of an agreement between CMS and Maryland.

# HRRP Measures

- The following condition/procedure-specific 30-day risk standardized unplanned readmission measures are included in HRRP:
  - Acute Myocardial Infarction
  - Chronic Obstructive Pulmonary Disease
  - Heart Failure
  - Pneumonia (paused for FY 2023)
  - Coronary Artery Bypass Graft surgery
  - Elective Primary Total Hip Arthroplasty and/or Total Knee Arthroplasty

# Updates for FY 2023 HRRP

- Similar to last year, CMS updated the FY 2023 performance period from 36 months to 29 months due to the national Extraordinary Circumstances Exception (ECE) granted in response to the COVID-19 public health emergency.
  - The FY 2023 performance period is July 1, 2018, to December 1, 2019, and July 1, 2020, to June 30, 2021. [[86 FR 45260-45261](#)]
- In addition, CMS suppressed the pneumonia readmission measure for FY 2023 HRRP payment reduction calculations due to COVID-19's substantial impact on the measure.
  - CMS is still collecting data and publicly reporting measure results for the pneumonia readmission measure.
- CMS updated the specifications for the readmission measures to exclude Medicare beneficiaries with a principal or secondary diagnosis of COVID-19 from the measure cohort and outcome.
- Additionally, each measure was updated to risk-adjust for patients with a clinical history of COVID-19 in the 12 months prior to the index admission

# HRRP Peer Grouping Methodology

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

# Payment Reduction Methodology

- The payment reduction is the percentage a hospital's payments will be reduced based on its performance in the program.
- The payment reduction is a weighted average of a hospital's performance across the HRRP measures during the performance period.
- The payment adjustment factor corresponds to the percentage a hospital's payment is reduced. The payment adjustment factor equals 1 minus the payment reduction.
- The next slides will describe the steps involved in calculating the payment reduction.

# Payment Reduction Methodology: ERR and Dual Proportion

**Step 1:** CMS calculates a dual proportion for every hospital as well as an excess readmission ratio (ERR) for each of the HRRP conditions/procedures.

**Dual proportion:** the proportion of stays for Medicare FFS and managed care beneficiaries who were also eligible for full Medicaid benefits.



## Example dual proportion calculation for Hospital A:

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

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

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

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

## Example ERR calculations for Hospital A:

$$\text{AMI ERR: } \frac{0.1898}{0.1850} = 1.0259$$

$$\text{COPD ERR: } \frac{0.1649}{0.1574} = 1.0476$$

$$\text{HF ERR: } \frac{0.1349}{0.1251} = 1.0783$$

$$\text{Pneumonia* ERR: } \frac{0.1659}{0.1459} = 1.1371$$

$$\text{CABG ERR: } \frac{0.1883}{0.1995} = 0.9439$$

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

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

# Payment Reduction Methodology: Peer Groups and Peer Group Median ERR

- **Step 2:** CMS sorts hospitals into 1 of 5 peer groups (i.e., quintiles) based on hospitals' dual proportions.



Example peer groups:

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

Hospital A's dual proportion = **0.2638**

Hospital A is in **Peer Group 4**

- **Step 3:** CMS calculates a median ERR for each peer group and each measure.



Example peer group median ERRs:

Peer group	AMI	COPD	HF	Pneumonia*	CABG	THA/TKA
1	0.9941	0.9943	0.9848	N/A	0.9804	0.9841
2	0.9961	0.9944	0.9865	N/A	0.9961	0.9969
3	0.9964	0.9956	0.9894	N/A	0.9979	0.9901
<b>4</b>	<b>0.9970</b>	<b>0.9954</b>	<b>1.0077</b>	N/A	<b>1.0093</b>	<b>1.0073</b>
5	1.0093	1.0104	1.0258	N/A	1.0157	0.9989



# Payment Reduction Methodology: Measure Contributions

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

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



## Example determination of measures contributing to the payment reduction for Hospital A:

Measure	ERR	Peer Group 4 median ERR	Eligible discharges	ERR > Peer Group 4 median ERR	Eligible discharges ≥ 25
AMI	1.0259	0.9970	42	✓	✓
COPD	1.0476	0.9954	38	✓	✓
HF	1.0783	1.0077	22	✓	X
Pneumonia*	1.1371	N/A	25	N/A	N/A
CABG	0.9439	1.0093	25	X	✓
THA/TKA	NQ	1.0073	0	X	X

The **AMI** and **COPD** measures will contribute to Hospital A's payment reduction.

\*For FY 2023, CMS suppressed pneumonia in the payment reduction calculations.

# Payment Reduction Methodology: Measure Contributions

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



Example calculations of measures' contributions to the payment reduction for **Hospital A:**

Neutrality modifier		DRG ratio		ERR		Peer group median ERR		Contribution
0.9458	X	0.0648 AMI	X	( 1.0259 AMI	-	0.9970 AMI	=	0.0018 AMI
0.9458	X	0.0331 COPD	X	( 1.0476 COPD	-	0.9954 COPD	=	0.0016 COPD

Only the AMI and COPD measures are shown in this step because these are the only two measures that will contribute to Hospital A's payment reduction (see Step 4).

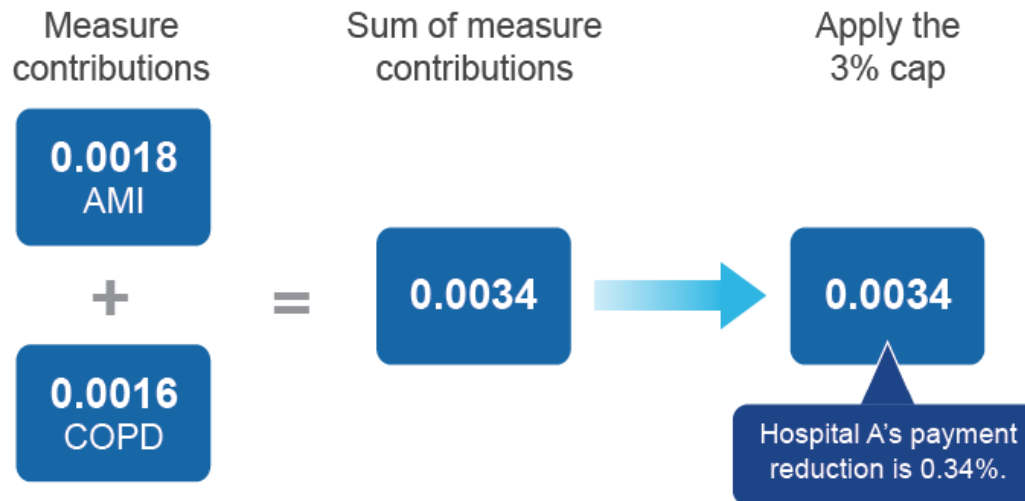
# Payment Reduction Methodology: Payment Reduction

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

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



**Example calculation of the payment reduction for Hospital A:**



# Payment Reduction Methodology: Peer Groups and Peer Group Median ERR

- **Step 7:** CMS calculates the payment adjustment factor (PAF).
- **Step 8:** CMS applies the payment adjustment factor to payments for Medicare FFS claims submitted starting October 1 each year.

*Payment adjustment factor = 1 – payment reduction*

*PAF X Base operating DRG payment amounts\**



## Example calculation of the payment adjustment factor for Hospital A:

*Hospital A's payment adjustment factor = 1 – 0.0034 = 0.9966*



## Example application of the payment adjustment factor for Hospital A:

Hospital A's total base operating DRG payment amount is: **\$9,842,675**

Hospital A's payment adjustment factor is: **0.9966**

Hospital A's total payment for Medicare FFS claims† = **\$9,842,675 x 0.9966 = \$9,809,209.91**

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

†The PAF is applied to all Medicare FFS base operating DRG payments throughout the fiscal year. The total Medicare FFS payments do not include add-on payments or adjustments from other Medicare value-based purchasing programs.

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# **HOSPITAL-SPECIFIC REPORT (HSR) OVERVIEW**

# HRRP HSR Content

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

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

# Table 1: Payment Adjustment

Table 1: Your Hospital's Payment Adjustment Factor Information

HOSPITAL NAME

Hospital Discharge Period: July 1, 2018 through December 1, 2019 and July 1, 2020 through June 30, 2021

<b>Number of Dual Eligible Stays (Numerator) [a]</b>	<b>Total Number of Stays (Denominator) [b]</b>	<b>Dual Proportion [c]</b>	<b>Peer Group Assignment [d]</b>	<b>Neutrality Modifier [e]</b>	<b>Payment Reduction Percentage [f]</b>	<b>Payment Adjustment Factor [g]</b>
253	1,528	0.1656	2	0.9558	0.44%	0.9956

Mock HSR (illustrative data)

# Table 2: Hospital Results

Table 2: Your Hospital's Measure Results on 30-Day All-Cause Unplanned Risk-Standardized Readmission for AMI, COPD, HF, Pneumonia, CABG, and THA/TKA

HOSPITAL NAME

Hospital Discharge Period: July 1, 2018 through December 1, 2019 and July 1, 2020 through June 30, 2021

Measure [a]	Number of Eligible Discharges [b]	Number of Readmissions Among Eligible Discharges [c]	Predicted Readmission Rate [d]	Expected Readmission Rate [e]	Excess Readmission Ratio (ERR) [f]	Peer Group Median ERR [g]	Penalty Indicator (Yes/No) [h]	Ratio of DRG Payments Per Measure to Total Payments [i]	National Observed Readmission Rate [j]
AMI	4	1	19.8479%	19.7720%	1.0038	0.9954	No	0.0035	14.6%
COPD	10	1	15.0555%	15.1592%	0.9932	0.9949	No	0.0072	19.7%
HF	36	13	21.8777%	20.2413%	1.0808	0.9927	Yes	0.0296	21.1%
Pneumonia [k]	27	0	14.1833%	14.9585%	0.9482	N/A	No	N/A	17.0%
CABG	NQ	NQ	NQ	NQ	NQ	0.9931	No	NQ	11.8%
THA/TKA	65	3	4.2326%	4.1710%	1.0148	0.9923	Yes	0.0878	4.0%

Mock HSR (illustrative data)



# Tables 3 – 8: Discharges

Table 3: Discharge-Level Information for the AMI 30-Day All-Cause Unplanned Risk-Standardized Readmission Measure

HOSPITAL NAME

Hospital Discharge Period: July 1, 2018 through December 1, 2019 and July 1, 2020 through June 30, 2021

Note: The Microsoft Excel file contains discharge-level data protected by the Health Insurance Portability and Accountability Act of 1996 (HIPAA). Any disclosure of personal identifiable information (PII) or protected health information (PHI) should only be in accordance with, and to the extent permitted by, the HIPAA Privacy and Security Rules and other applicable law. When referring to the contents of this Microsoft Excel file, ONLY use the ID Number associated with the claim(s) in question. Do NOT send PII/PHI in your question.

[Please note row 8 contains risk factor coefficients beginning in column S. Beginning in row 9 of the HSR, the file contains a 1 if the patient was identified as having that risk factor (and equals the years above 65 for the "Years over 65 (continuous)" risk factor); 0 otherwise. The risk factor flags (1 or 0) will be in cells beginning in column T]

ID Number	HICNO	MBI [a]	Medical Record Number	Beneficiary DOB	Admission Date of Index Stay	Discharge Date of Index Stay	Cohort Inclusion/Exclusion Indicator
--	--	--	--	--	--	--	--
1	999999999A	9AA9AA9AA99	99999A	99/99/9999	99/99/9999	99/99/9999	0
2	999999999A	9AA9AA9AA99	99999A	99/99/9999	99/99/9999	99/99/9999	0
3	999999999A	9AA9AA9AA99	99999A	99/99/9999	99/99/9999	99/99/9999	0

Mock HSR (illustrative data)

# Tables 3 – 8: Discharges (Continued)

<b>Index Stay (Yes/No)</b>	<b>Principal Discharge Diagnosis of Index Stay</b>	<b>Discharge Destination</b>	<b>Unplanned Readmission within 30 Days (Yes/No) [b]</b>	<b>Planned Readmission within 30 Days (Yes/No)</b>
--	--	--	--	--
Yes	I214	01	Yes	No
Yes	I214	03	No	No
Yes	I214	03	No	No
Yes	I214	01	No	No
No	I214	02	Yes	No

Mock HSR (illustrative data)

# Tables 3 – 8: Discharges (Continued)

Readmission Date	Discharge Date of Readmission	Principal Discharge Diagnosis of Readmission	Readmission to Same Hospital (Yes/No)	Provider ID of Readmitting Hospital [c]	HOSP_EFFECT	AVG_EFFECT
--	--	--	--	--	-2.865188089937950	-2.869989340343540
99/99/9999	99/99/9999	I222	No	888888	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
99/99/9999	99/99/9999	I2510	No	888888	N/A	N/A

Mock HSR (illustrative data)

# Table 9: Dual Stays

Table 9: Stay-Level Information for Dual Eligibles (Dual Proportion Numerator)

HOSPITAL NAME

Hospital Discharge Period: July 1, 2018 through December 1, 2019 and July 1, 2020 through June 30, 2021

Note: The Microsoft Excel file contains discharge-level data protected by the Health Insurance Portability and Accountability Act of 1996 (HIPAA). Any disclosure of personal identifiable information (PII) or protected health information (PHI) should only be in accordance with, and to the extent permitted by, the HIPAA Privacy and Security Rules and other applicable law. When referring to the contents of this Microsoft Excel file, ONLY use the ID Number associated with the claim(s) in question. Do NOT send PII/PHI in your question.

ID Number	HICNO	MBI [a]	Beneficiary DOB	Admission Date	Discharge Date	Claim Type
1	999999999A	9AA9AA9AA99	99/99/9999	99/99/9999	99/99/9999	Fee for Service
2	999999999A	9AA9AA9AA99	99/99/9999	99/99/9999	99/99/9999	Fee for Service
3	999999999A	9AA9AA9AA99	99/99/9999	99/99/9999	99/99/9999	Fee for Service
4	999999999A	9AA9AA9AA99	99/99/9999	99/99/9999	99/99/9999	Fee for Service
5	999999999A	9AA9AA9AA99	99/99/9999	99/99/9999	99/99/9999	Managed Care
6	999999999A	9AA9AA9AA99	99/99/9999	99/99/9999	99/99/9999	Managed Care

Mock HSR (illustrative data)

# Review and Correction Period

- The Review and Correction period begins when CMS distributes HSRs via the Hospital Quality Reporting (HQR) System *Managed File Transfer* (MFT) inbox. For FY 2023, the Review and Correction period extends from August 8, 2022 through September 7, 2022.
- CMS grants hospitals 30 days to review their HRRP data, submit questions about their result, and request a correction if a calculation error is identified.
- If a hospital identifies a potential discrepancy in the payment adjustment factor and component results, the hospital should submit an inquiry to the [QualityNet Question & Answer Tool](#) no later than 11:59 pm PT on the final day of the Review and Correction period.

# What can hospitals correct?

## Hospitals CAN:

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

## Hospitals CANNOT:

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

# Public Reporting

- In early 2023, for hospitals with at least 25 discharges, CMS reports the following data elements for each of the 30-day risk-standardized unplanned readmission measures on the Provider Data Catalog:
  - Number of eligible discharges
  - Number of readmissions for hospitals with 11 or more readmissions
  - Predicted readmission rates (i.e., adjusted actual readmissions)
  - Expected readmission rates
  - ERR

# Public Reporting (Continued)

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



# HRRP Resources

## **Program information:**

<https://qualitynet.cms.gov/inpatient/hrrp>

## **HSR User Guide, Mock HSR, and Replication Example:**

<https://qualitynet.cms.gov/inpatient/hrrp/reports>

## **30-day risk-standardized unplanned readmission measure information:**

<https://qualitynet.cms.gov/inpatient/measures/readmission/methodology>

# HRRP Contacts

- Submit questions about HRRP to the [QualityNet Question & Answer Tool](#) by selecting “Ask a Question.”
- Use the table below to determine which Program, Topic, and Subtopic to select, based on the subject of your question.

If you have a question about...	Select this Program	Select this Topic and Subtopic (if applicable)
Review and Correction Period	HRRP – Hospital Readmissions Reduction Program	Topic: HRRP Review & Correction Requests
Your hospital’s results, issues accessing the HSR, or patient-level data	HRRP – Hospital Readmissions Reduction Program	Topic: Hospital-specific reports & requests
Requesting the Excel replication example	HRRP – Hospital Readmissions Reduction Program	Topic: HSR replication example
PAF or payment reduction methodology	HRRP – Hospital Readmissions Reduction Program	Topic: PAF Methodology
Readmission measure methodology	Inpatient Claims-Based Measures	Topic: Readmissions Subtopic: Understanding measure methodology

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# Questions

# Continuing Education (CE) Approval

This program has been approved for [CE credit](#) for the following boards:

- **National credit**
  - Board of Registered Nursing (Provider #16578)
- **Florida-only credit**
  - Board of Clinical Social Work, Marriage & Family Therapy and Mental Health Counseling
  - Board of Registered Nursing
  - Board of Nursing Home Administrators
  - Board of Dietetics and Nutrition Practice Council
  - Board of Pharmacy

**Note:** To verify CE approval for any other state, license, or certification, please check with your licensing or certification board.

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