



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

**Hospital VBP Program Knowledge Refresher:
FY 2026 Overview
Presentation Transcript**

Speaker

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Brandi Bryant: Hello and welcome to the Hospital Value-Based Purchasing, or VBP, Program, Knowledge Refresher Overview for the fiscal year 2026. My name is Brandi Bryant, and I am with the Centers for Medicare & Medicaid Services Inpatient Value, Incentives, and Quality Reporting Outreach and Education Support Contractor. 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. 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 speaker. Maria Gugliuzza is the Hospital Value-Based Purchasing Program Lead for the Centers for Medicare & Medicaid Services Inpatient Value, Incentives, and Quality Reporting Outreach and Education Support Contractor.

On this slide, you will find the acronyms that will be used in the presentation today.

Today's event will provide an overview of the fiscal year 2026 Hospital Value-Based Purchasing Program, including the following: updates on the domains and measures, review of performance standards and measurement periods, and highlights of the resources available.

Participants will be able to identify the domains and measures used to evaluate hospital performance in the Hospital VBP Program, understand the new Hospital VBP Program measure, and locate Hospital VBP Program resources.

I will now turn the presentation over to our speaker. Maria, the floor is yours.

Maria Gugliuzza: Thank you, Brandi.

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The Hospital Value-Based Purchasing Program operates on a budget-neutral basis, funded by withholding a percentage of participating hospitals' DRG payments. Incentive payments are determined by a hospital's Total Performance Score relative to all hospitals' scores and the total DRG payments for the fiscal year. For 2026, funds will be withheld at 2 percent from hospitals' base operating DRG payments.

In the program, hospitals face a 2-percent withhold, pooled by CMS for incentive payments. A hospital may receive a 3-percent incentive, resulting in a net gain of 1 percent per claim. Conversely, if a hospital earns only a 1 percent incentive, there is a net reduction of 1 percent. Typically, half of participating hospitals see payment increases, while the other half see decreases annually. Payments and reductions are applied to each claim throughout the fiscal year.

Our first step is program eligibility that can now be seen on this slide. The Hospital VBP Program adjusts payments for approximately 3,000 hospitals each fiscal year. The program applies to subsection (d) hospitals 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 appears [applies]. In addition, hospitals not paid through IPPS will not be eligible for the program, including critical access hospitals. Excluded or ineligible hospitals will not have their payments adjusted, which includes the 2-percent withhold to payments and the opportunity to receive incentive payments. Additionally, data for your hospital would not be publicly reported in the Hospital Value-Based Purchasing tables on the Hospital Compare website.

The domains and measures for fiscal year 2026 are displayed on this slide. We have the Clinical Outcomes domain containing the 30-day mortality measures for AMI, CABG, COPD, Heart Failure, and Pneumonia, in addition to the THA/TKA Complication Rate. The Efficiency and Cost Reduction domain contains the Medicare Spending per Beneficiary Measure. The Person and Community Engagement domain contains the HCAHPS Survey dimensions that you see listed on this slide.

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The Safety domain currently contains the healthcare-associated infection measures collected under NHSN, the National Healthcare Safety Network, and the SEP-1 measure. Each domain in fiscal year 2026 is weighted at 25 percent of the Total Performance Score.

One notable addition to the program is the inclusion of SEP-1: Severe Sepsis and Septic Shock Management Bundle in the Safety domain. This addition is crucial as it emphasizes the importance of effectively managing severe sepsis and septic shock in hospitals.

Today, we're introducing the SEP-1 measure, which focuses on critical steps in managing severe sepsis and septic shock in adults. It includes actions like measuring lactate levels, obtaining blood cultures, and administering antibiotics. This measure has been finalized for use in the Hospital VBP Program starting in 2024, impacting payment determinations in 2026. Additionally, it remains in the Hospital IQR Program, streamlining reporting efforts as hospitals only need to submit data once for both programs.

On this slide we display the measurement periods for each of the measures. Your hospital's baseline period rate is used in comparison to your hospital's performance period rate to determine how much improvement was observed at your hospital. The performance period rate is also used in comparison to all other hospitals through values that CMS calls "performance standards" to determine the level of achievement.

A few slides back, we discussed a hospital being excluded if they had fewer than three of the four domain scores. In order to have at least three domains calculated, a hospital would have to meet the minimum data requirements within at least three of the domains. For the Clinical Outcomes domain, a hospital must have at least two measures with at least 25 eligible discharges. For the Person and Community Engagement domain, a minimum of 100 complete HCAHPS Surveys is required. In the Safety domain, a hospital would need to have at least two measures with one predicted infection as calculated by the CDC. For the SEP-1 measure, a minimum of 25 cases accepted and used in the denominator.

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Please note that the minimum requirement for the HAI measures is one predicted infection as calculated by the CDC and not an actual observed infection. For the Efficiency and Cost Reduction domain, a minimum of 25 episodes of care is required.

In the Hospital VBP Program, for any given fiscal year, we have a baseline period and a performance period. If you recall from a couple slides ago, the baseline period is an earlier time period than the performance period, so a comparison of improvement can be made at the individual hospital. CMS provides hospitals with a Baseline Measures Report that contains a hospital's baseline period rates and the performance standards calculated by CMS that will be used to calculate improvement and achievement points. We are currently at that point on the timeline. CMS released the FY 2026 Baseline Measures Reports in March of 2024.

Hospitals have the opportunity to receive improvement and achievement points on their Percentage Payment Summary Report based upon their performance rate during the baseline period and performance period relative to the performance standards. The performance standards consist of the achievement threshold and benchmark 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 for a measure 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, which is the rate of the lowest performing hospital during the baseline period. Please note that the performance standards are calculated based on baseline period data for all measures except for the Medicare Spending per Beneficiary measure, which uses the performance period. As a result, you will not see performance standards listed for the MSPB measure on the Baseline Measures Report.

This slide displays the measures that will have a higher benchmark value than an achievement threshold because higher rates demonstrate better quality in the measure.

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The measures that this description is applicable for are the 30-day mortality measures in the Clinical Outcomes domain, the HCAHPS dimensions in the Person and Community Engagement domain, and the SEP-1 measure in the Safety domain. The mortality measures use survival rates in the Hospital VBP Program.

This slide displays the measures that will have higher achievement-threshold values than benchmark values because lower rates demonstrate better quality in the measure. The measures that this description is applicable for are the hip/knee complication measure in the Clinical Outcomes domain, the healthcare-associated infections in the Safety domain, and the MSPB measure in the Efficiency and Cost Reduction domain.

The next two slides display the performance standards for every measure.

These performance standards will also be displayed on the Baseline Measures Report.

There are two scores that a hospital can receive in every measure in the Hospital VBP Program, achievement points and improvement points. These next two slides provide a summary of those scores. Achievement points are awarded by comparing an individual hospital's rate during the performance period with all hospital rates from the baseline period by using two performance standards, the achievement threshold and the benchmark. If a hospital has a performance period rate that is equal to or better than the benchmark, 10 achievement points will be awarded. If the rate is worse than the achievement threshold, the hospital will receive 0 achievement points. If the performance period rate is equal to or better than the achievement threshold, but is still worse than the benchmark, 1 to 9 points will be awarded based on the achievement point formula.

Improvement points are unique to the Hospital VBP Program in relation to other CMS inpatient pay-for-performance programs, such as the HAC Reduction Program and the Hospital Readmissions Reduction Program.

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Not only can hospitals be evaluated based on their current performance in comparison to all hospitals, but they can earn the points by improving from their own baseline period. CMS may award hospitals improvement points if the hospital's performance period rate is better than their baseline period rate. The maximum point value for improvement points is 9. If your hospital had a performance period rate that was equal to or worse than its own baseline period rate, 0 improvement points would be awarded.

The next several slides will provide instructions on how to access the Baseline Measures Report.

In order to view the Baseline Measures Report, user will need have the Performance Reports permission for HVBP access. This is a process within the *HQR Secure Portal* and more detailed Instructions will be provided later in the presentation.

To access your hospital's fiscal year 2026 Hospital VBP Program baseline data, you will first need to log in to the new *HQR Secure Portal* by clicking on the link on this slide. Then, enter your Health Care Quality Information Systems, or HCQIS, Access Roles and Profile User ID and Password. Then, select Login.

You will then be directed to the Two-Factor Authorization page. Select the device you would like to retrieve the verification code, and select Next.

Once you receive the code, enter it. Select Next.

On the HQR Landing page, select Program Reporting from the left-side navigation menu to expand the menu options.

From the expanded Program Reporting drop-down menu, select Performance Reports.

Select HVBP from the Program selection menu. Select 2026 from the Fiscal Year selection menu, and select your hospital from the Provider(s) selection menu. If the option is displayed, select Display Results.

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To export the data displayed, select the Export PDF option available on the User Interface. The exported data will be available in a PDF format to save and print.

This slide provides step-by-step instructions on how to access the Baseline Measures Reports.

Now, we will review the information found on the Baseline Measures Report.

The Clinical Outcomes domain provides details on the Clinical Outcomes measures, including the number of eligible discharges and the baseline period rates.

The achievement threshold and benchmark for each Clinical Care measure also display.

If you click on the circle with the lowercase “i” inside, a pop up will be displayed that provides a further detailed explanation.

The Person and Community Engagement domain provides details on the eight HCAHPS dimensions, including baseline period rates, floor values, achievement thresholds, and benchmarks.

The number of completed surveys also displays.

The Safety Measures domain provides details on the HAI measures, including CAUTI, CLABSI, CDI, MRSA, SSI-Abdominal Hysterectomy, and SSI-Colon Surgery. These details include the number of observed infections, number of predicted infections, as well as standardized infection ratios, or the (SIRs), achievement thresholds, and benchmarks.

The SEP-1 Sepsis and Septic Shock Management Bundle will also be displayed in the Safety domain. Please note that the SSI measure is a single measure stratified by surgery site for colon surgeries and abdominal hysterectomies. For the purpose of the Hospital VBP Program, CMS scores the measure as a weighted average of each of the stratum’s measure scores by predicted infections per stratum.

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The Efficiency and Cost Reduction domain provides details on the MSPB measure, including the MSPB amount, median MSPB amount, MSPB measure ratio, and number of episodes of care in the baseline period.

To export the data displayed, select the Export PDF option available on the User Interface. The exported data will be available in a PDF format to save and print.

Earlier in the presentation we said that, in order to view the Baseline Measures Report, you need Performance Reports permission for HVBP Program Access. The next several slides provide detailed instructions to request Performance Reports permission for HVBP Program Access.

Again, reports are only available to users associated with a hospital that have the Performance Reports permission for HVBP Program Access. If you don't have access to your hospital's HVBP program reports in the drop-down, you may not have the required HVBP Program Access for Performance Reports permission in your profile. We will now provide instructions on how to gain access to the reports.

From the HQR landing page, select the drop-down arrow by your name on the ribbon at the top of the page to expand the options.

From the expanded drop-down menu, select My Profile.

Select View Access button for the organization you wish to view the Hospital VBP Program report.

Review Performance Reports Program Access to confirm HVBP is selected. Select Request Change in Access if HVBP is not listed for Performance Reports.

Confirm Basic or Security Administrator/Official User Type selection. Click the Add Program Access on the Performance Reports line.

Confirm User Type selection. Click Add Program Access on the Performance Reports line.

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Select the checkbox for Hospital Value-Based Purchasing (HVBP) access.

Click the Apply & Close button.

Click the Review button at the bottom of the form.

Click the Submit button at the bottom of the form.

This slide provides step-by-step instructions on how to request permission for the HVBP access for performance reports.

I would now like to point out some resources available.

If you have questions regarding the data on your report, calculations, or just general Hospital VBP Program questions, please feel free to check out the frequently asked questions in the [Inpatient Question and Answer Tool](#) on QualityNet. If there is not an answer to your question, please feel free to submit your questions through the Inpatient Question and Answer Tool.

If you have questions or would just like another reference point when you are looking through your Baseline Measures Report, we have developed a How to Read your Report Help Guide that is also available on QualityNet.

This resource, the Hospital VBP Program Quick Reference Guide, is our most requested resource. The quick reference guide contains many of the details for the fiscal year 2026 Hospital VBP Program on one page, including the domains, the domain weights, the measures, the baseline and performance periods, the performance standards, and the fiscal year payment adjustment dates. This resource is available on the QualityNet and Quality Reporting Center websites.

Please reference this slide when you have questions regarding the Hospital VBP Program to be directed to the correct destination quickly. I will now turn the presentation back over to Brandi to review the questions that came in during the webinar. Brandi, back to you.

Brandi Bryant:

Thank you, Maria. We will now answer some of the questions that were submitted during the webinar.

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If you would like to submit additional questions at this time, please include the slide number associated with your question. The first question is: When will the fiscal year 2026 baseline reports become available?

Maria Gugliuzza: Thank you, Brandi. The reports are currently available to run in the Hospital Quality Reporting, or HQR, System. CMS made the reports available to hospitals in March of 2024.

Brandi Bryant: What happens if a facility does not meet the minimum number of 100 completed Hospital Consumer Assessment of Healthcare Providers and Systems, or HCAHPS[®], surveys?

Maria Gugliuzza: If the hospital does not submit at least 100 surveys during the baseline period, the hospital would not have an opportunity to receive improvement points. If the hospital did not submit at least 100 surveys during the performance period, the hospital would not be eligible to receive achievement points or improvement points. Also, the hospital would not receive a Person and Community Engagement domain score. However, the hospital could still receive a Total Performance Score, or TPS, if the hospital still met the minimum measure requirements in the other three remaining domains.

Brandi Bryant: When will the fiscal year 2025 performance reports become available?

Maria Gugliuzza: We anticipate the fiscal year 2025 Percentage Payment Summary Reports to become available around August 1, 2024.

Brandi Bryant: Are critical access hospitals, or CAHs, exempt from the Hospital VBP Program?

Maria Gugliuzza: Yes. Correct. Only subsection (d) hospitals paid through the IPPS are included in the Hospital VBP Program. Critical access hospitals are not eligible to participate in the Hospital VBP Program.

Brandi Bryant: I did not receive an email stating baseline reports were available, but I saw a notice for them on the QualityNet website home page.

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Maria Gugliuzza: CMS sends notifications and reminders for the Hospital VBP Program through the two QualityNet Listserve notification groups: the Hospital Inpatient Value-Based Purchasing and Improvement notification group and the Hospital Inpatient Quality Reporting and Improvement notification group. If you aren't signed up for those notification groups, you can register on the QualityNet website:

<https://qualitynet.cms.gov/listserv-signup>

Brandi Bryant: How can we calculate mortality survival rates to calculate the Hospital VBP Program points?

Maria Gugliuzza: The survival rate equals 1 minus the mortality rate:

Survival Rate = 1 - mortality rate.

Let's do a quick example. If your mortality rate was 0.10 or 10 percent, your survival rate would be 0.9 or 90 percent (1 - 0.1). You can visit QualityNet for further details:

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

Brandi Bryant: Could you please review the improvement points?

Maria Gugliuzza: Yes. CMS may award a hospital improvement points if the hospital's performance period rate is better than its own baseline period rate. The maximum point value for improvement points is 9 points. If a hospital's performance period rate is at or better than the benchmark and better than its own baseline period rate, it will receive a maximum 9 improvement points. For more information on calculations, please refer to the [What's My Payment? webinar](#) on QualityNet.

Brandi Bryant: How do I receive the benchmark and threshold values for the Medicare Spending per Beneficiary, or MSPB, measure?

Maria Gugliuzza: The benchmark and achievement threshold values are calculated for the MSPB measure using performance period data instead of the baseline period data. As a result, these values will be available when the PPSR is added to the user interface.

Brandi Bryant: What is the payment year that corresponds to fiscal year 2026?

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Maria Gugliuzza: The payment adjustment is effective for discharges from October 1, 2025, to September 30, 2026.

Brandi Bryant: That concludes our webinar for today. If your question wasn't answered and you still have questions regarding the fiscal year 2026 program or the baseline reports, please submit your question using the question-and-answer tool on QualityNet. Thank you again for joining. We hope you have a great day.