Medicare Quality Programs Performance Overview

Federal Fiscal Years (FFYs) 2017 – 2019 Program Performance
-Version 1-

Report Description

This report is a one page summary of hospital quality performance and impacts for each of the Centers for Medicare and Medicaid Services' (CMS') three Medicare inpatient quality programs: Value-Based Purchasing; Readmissions Reduction Program; and the Hospital Acquired Condition Reduction program, from FFY 2017 – FFY 2019.

Value-Based Purchasing Program (VBP)

This report provides the domain weights for the eligible domains:

Clinical care: process; patient experience; clinical care: outcomes; safety, and efficiency, for each year (the process of care domain is applicable for FFY 2017 only) as well as the hospital's scores for each domain in each year.

The hospital's national percentile ranking based on score is provided in order to evaluate its performance against their peers. The 100th percentile rank represents the best performance and the 1st percentile rank represents the worst. Hospitals that consistently perform better than their peers on all measures/domains are likely to gain under the VBP program, while hospitals that perform worse in the lower percentiles are likely to lose under the program.

If a hospital does not report data during a particular time period, the hospital score and hospital percentile will indicate "no data".

The separate domain scores are combined to calculate a total performance score (TPS) for each hospital. This report provides the hospital's TPS and national percentile ranking. The TPS is what CMS uses to redistribute the VBP dollars under the program. Based on the hospital's TPS, a payment percent is calculated which is used to estimate the annual financial impact for each hospital.

Each year, CMS calculates a payment slope to determine the VBP program payments such that the program is budget neutral. The slope is dependent on the distribution of all TPS' and varies each year. Adjustment factors are calculated on each hospital's program contribution and payout amounts. Adjustment factors are applied to base operating payments on a per-discharge basis to adjust for VBP program performance.

If a hospital is not eligible for the VBP program for a particular year, the TPS, hospital percentile, payout percent, payback percentage, and final VBP adjustment factor will all indicate “not eligible”.

Readmission Reduction Program (RRP)

Under the RRP, a hospital’s excess readmission rates are determined for multiple condition areas and penalties are based on the excess readmission rate and the total amount of Medicare revenue received by the hospital for caring for those patients.

This report includes the hospital’s excess readmission ratios – i.e. the ratio of expected readmissions over predicted readmission – for AMI, HF, PN, THA/TKA, COPD, and CABG as well as the revenue by condition for each of the years.

In FFY 2019, CMS adopted a budget neutral Socio-Demographic Status (SDS) adjustment in which hospitals are grouped into quintiles based on their ratio of full-benefit dual eligible patients to total Medicare Fee-For-Service (FFS) and Medicare Advantage (MA) patients; hospitals excess ratios are then compared to the condition-specific median excess ratio of all hospitals within their quintile to calculate excess readmission dollars. Hospitals in higher quintiles tend to have less stringent benchmarks than those in lower quintiles. There will be winners and losers within each quintile compared to prior implementing SDS.

The excess ratio is multiplied by the revenue by condition to determine excess readmission dollars by condition. If the excess readmission ratio is less than one (FFYs 2017 and 2018) or less than the quintile excess median ratio (FFY 2019), there is no penalty for that condition.

Excess readmission dollars by condition are summed to arrive at the total estimated excess readmission dollars, which in turn are used to derive the overall, final RRP adjustment factor.

The final RRP adjustment factor is applied to inpatient base operating revenue for each program year to determine an estimated annual impact.

If a hospital does not have data for a particular measure, the report will indicate “no data”. If the hospital does not have a final RRP adjustment factor, the report will indicate “not eligible”.

Hospital Acquired Condition (HAC) Reduction Program

The HAC Reduction program section provides hospitals with a national percentile ranking based on score for each hospital for each program year. Total HAC scores are calculated by combining performance in two HAC domains.

The report provides the hospital’s final total HAC score, as well as the 75th percentile cut off score for each program year.

If the hospital’s total HAC score is **above** the 75th percentile, the hospital receives a 1.0% reduction to its total Medicare inpatient revenue for that program year. If the hospital’s total HAC score is **below** the 75th percentile, the hospital does not receive a HAC program penalty.

The report provides an estimated annual impact for each program year for the hospital. If the hospital’s total HAC score was below the 75th percentile, the estimated annual impact for that hospital will be $0. Otherwise, a negative estimated impact will be indicated.

Beginning with the FFY 2018 HAC program, HAC ratios for all program-eligible hospitals nationwide were assigned winsorized z-scores which represent how a hospital performed compared to the national average,

in terms of standard deviations from the mean. Poor performance is indicated by a positive z-score and good performance is indicated by a negative z-score. Lower scores are better. As the FFY 2017 program utilizes a decile scoring methodology, results should not be directly compared to FFYs 2018 and 2019.

If a hospital does not have a domain score reported, "no data" will be indicated for that domain and the corresponding percentile. If the hospital does not have a total HAC score reported, the report will indicate "no data" for the total HAC score.

Overall Impact

The overall estimated impact of the three Medicare quality programs for each of the program years is provided in a fourth section of the report. Payment adjustment factors for each of the programs are the actual, final factors for all three years. Dollar impacts are inclusive of changes due to correction notices and are estimated based on the financial information in the source data.

Data Sources

All dollar impacts in this report are estimated by applying final adjustment factors to inpatient revenue estimates from the FFY 2019 Final Rule Correction Notice Inpatient Prospective Payment System (IPPS) Impact File. FFY 2019 revenue is reduced by the appropriate marketbasket factor for FFYs 2017 and 2018. Hospitals for which FFY 2019 revenue is not available are not included in this report. Hospitals that are not eligible for at least one of the three programs in at least one of the three years are not included in this report.

The final VBP Adjustment Factors and slopes are taken from FFYs 2017-2019 IPPS Final Rules CMS' Table 16B. The FFYs 2017-2019 VBP domain scores are from the final updates of Hospital Compare for that program year.

Excess readmission ratios by condition, median quintile excess readmission ratios, full-benefit dual eligible ratios, quintile assignments, budget neutrality modifiers, and adjustment factors for the RRP program are from the FFYs 2017-2019 IPPS Final Rule RRP supplemental files.

Excess readmission dollars by condition are estimated based on FFYs 2012-2016 MedPAR claims data for FFYs 2017 and 2018. Excess readmission dollars by condition for FFY 2019 are calculated using FFYs 2014-2017 MedPAR claims data and Diagnostic Related Groups (DRG) payment ratios from the FFY 2019 IPPS Final Rule RRP Supplemental File.

The FFYs 2017-2019 HAC domain scores and Total HAC Scores are from the final updates of Hospital Compare for that program year.

For more information about specific program measures, performance standards, scoring methods, evaluation periods, and other program details refer to the Medicare Quality Program Reference Guide.