More BUCK for Your BANG!

What You Should Know about Value Based Purchasing

Adam Ingram, PharmD
PGY1 Pharmacy Practice Resident – MetroHealth Medical Center

Katie McKinney, PharmD, MS, BCPS
Director, Pharmacy Services, University of Cincinnati Medical Center
Disclosures

• Adam Ingram
  – Nothing to disclose

• Katie McKinney
  – Nothing to disclose
Objectives

• Compare the current structure of Medicare reimbursement to historical reimbursement models
• Describe the concept of performance based redistribution
• Summarize the time-line for performance standards and incentive payment redistribution
• Interpret scores from HCAHPS reports
History of Medicare Reimbursement

**1965 - Fee-for-Service**
- Increased:
  - # of services per patient
  - revenue for hospital
  - costs on healthcare system
  - Length of Stay
- Decreased:
  - Quality of care

**1985 - Diagnosis Related Group**
- Fixed, prospective payment for services
- Decreased:
  - Length of Stay
  - Healthcare system expense
  - Quality of care

**2013 - Value-Based Purchasing**
- Greater reimbursement for services that are of higher value
- Withholding of reimbursement for services of low quality

What’s in a Name?

• Value-Based Purchasing (VBP) refers to payment for care that rewards a better value
  – Quality incentive program
    • Reduced reimbursement for under-performing hospitals
    • Potential for higher reimbursement for top-performing hospitals
  – “Performance” is defined by CMS
Medicare Modernization Act

- Mandated creation of the Hospital Inpatient Quality Reporting Program (H-IQR)
- Hospitalcompare.gov
- Participation “Not required” initially

Affordable Care Act

- Required CMS establish a hospital-VBP program
- Incentive payments are built on the H-IQR measure infrastructure
- “Quality” of patient care is assessed by domains of care

Value-Based Purchasing

- 4 quality domains:
  - Clinical Care
  - Patient Experience of Care
  - Safety
  - Efficiency

Who’s Paying for this?

• The VBP program is entirely “self-funded” and budget neutral
• Medicare withholds a percentage of the usual Diagnosis-Related Group (DRG) payments that a hospital would receive for treating a given patient with a particular disease state
  – FY 2015: 1.5%
  – FY 2016: 1.75%
  – FY 2017: 2%
  – FY 2018+: 2%
• All hospitals in the nation compete against each other, on the basis of quality, for a redistribution of the dollars that have been withheld

Performance-Based Redistribution

- A hospital has the potential to earn *more* than the 2% withheld based on their total performance score (TPS)
Score Components

• Measures
  – 21 measures for FY 2017
  – Measures cannot be selected for VBP until they have been adopted for the H-IQR program and posted on the Hospital Compare website for one year prior to VBP performance period
Score Components

• Points
  – Hospitals can earn two scores on each measure
    • Achievement points
    • Improvement points
  – Final score awarded is the higher of the two
Score Components

• **Domain score (weight)**
  – 4 domains for FY 2017
    • Clinical Care (30%)
    • Patient Experience of Care (25%)
    • Efficiency (25%)
    • Safety (20%)
  – Domain scores are calculated and weighted to contribute a certain percentage to the total performance score
Score Components

• **Total Performance Score**
  – TPS is translated into an incentive payment based on pre-defined payment adjustment factor
  – Requires sufficient data in at least 3 out of the 4 domains

• **Incentive Payment**
  – 2% of all DRG payments to eligible hospitals will be withheld to provide an estimated $1.8 billion available for program incentives
  – This amount is re-distributed across all participating hospitals based on their performance scores

<table>
<thead>
<tr>
<th>Measures</th>
<th>Points</th>
<th>Domain Score</th>
<th>Domain Weight</th>
<th>TPS</th>
<th>Incentive Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

FY 2017 Expectations

• Nearly 55% of hospitals are expected to earn positive pay adjustments for FY 2017

• Half of the hospitals in the program will experience minimal changes to base DRG payments (+/- 0.5%)

• The highest performing hospital’s payment will be increased by ~4%

• The lowest performing hospital's payment will be cut by 1.83%

VBP- Performance Standards

- All points awarded compare hospitals’ performance period to a baseline period
- Allows for CMS to create “Threshold” and “Benchmark” targets to which hospitals will be held during the current performance period
  - Threshold = 50\textsuperscript{th} percentile of all hospitals’ performance
  - Benchmark = 95\textsuperscript{th} percentile of all hospitals’ performance
Points – A Closer Look

• Achievement points
  – Awarded during the performance period
  – Compare an individual hospital’s rates with targets set by all hospitals during the baseline period

<table>
<thead>
<tr>
<th>Threshold (50th percentile)</th>
<th>Benchmark (mean of the top decile)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance period rate below threshold = <strong>0 points</strong></td>
<td>Performance period rate at or above threshold and below benchmark = <strong>1–9 points</strong></td>
</tr>
<tr>
<td>Performance period rate at or above benchmark = <strong>10 points</strong></td>
<td></td>
</tr>
</tbody>
</table>

Points – A Closer Look

• Improvement points
  – Awarded by comparing a hospital’s rates during the performance period to that same hospital’s rates for the baseline period

Quality Domains

Fiscal Year 2013

Clinical Process of Care: 70%
Patient Experience of Care: 30%
Quality Domains

Fiscal Year 2014

- **Clinical Process of Care**: 45%
- **Patient Experience of Care**: 30%
- **Outcome**: 25%

Legend:
- Clinical Process of Care
- Patient Experience of Care
- Outcome
Quality Domains

Fiscal Year 2015

- Clinical Process of Care
- Patient Experience of Care
- Outcome
- Efficiency
Quality Domains

Fiscal Year 2017

- Clinical Care
- Patient Experience of Care
- Safety
- Efficiency

Quality Domains

Fiscal Year 2018

- Clinical Care
- Patient Experience of Care
- Safety
- Efficiency / Cost Reduction

[CATEGORY NAME] [PERCENTAGE]

[CATEGORY NAME] [PERCENTAGE]

[CATEGORY NAME] [PERCENTAGE]

[CATEGORY NAME] [PERCENTAGE]
FY 2017 Performance Measures

Clinical Care – Outcomes (25%)
• 30 day mortality
  – Acute Myocardial Infarction (AMI)
  – Heart Failure (HF)
  – Pneumonia (PN)

Clinical Care – Process (5%)
• AMI-7a: Fibrinolytic therapy received within 30 minutes of hospital arrival
• IMM-2: Influenza Immunization
• *PC-01: Elective delivery prior to 39 completed weeks gestation

## CLINICAL CARE - PROCESS

<table>
<thead>
<tr>
<th>Measure</th>
<th>Threshold (%)</th>
<th>Benchmark (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMI 7a Fibrinolytic agent received w/in 30’ of hospital arrival</td>
<td>95.4545</td>
<td>100</td>
</tr>
<tr>
<td>IMM-2 Influenza Immunization</td>
<td>95.1607</td>
<td>99.7739</td>
</tr>
<tr>
<td>New! PC-01 Elective Delivery Prior to 39 Completed Weeks Gestation</td>
<td>3.1250</td>
<td>0.00</td>
</tr>
</tbody>
</table>

## CLINICAL CARE - OUTCOMES

<table>
<thead>
<tr>
<th>Measure</th>
<th>Threshold (%)</th>
<th>Benchmark (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>30-day mortality, AMI</td>
<td>85.1458</td>
<td>87.1669</td>
</tr>
<tr>
<td>30-day mortality, heart failure</td>
<td>88.1794</td>
<td>90.3985</td>
</tr>
<tr>
<td>30-day mortality, pneumonia</td>
<td>88.2986</td>
<td>90.8124</td>
</tr>
</tbody>
</table>
FY 2017 Performance Measures

Efficiency (25%)

• Medicare spending per beneficiary (MSPB)
  – Claims-based measure
  • includes risk-adjusted and price-standardized payments for all Medicare part A and part B services provided from 3 days before hospital admission through 30 days after hospital discharge

<table>
<thead>
<tr>
<th>Measure</th>
<th>Threshold (%)</th>
<th>Benchmark (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>MSPB-1 Medicare spending per beneficiary</td>
<td>Median Medicare spending per beneficiary ratio across all hospitals during performance period.</td>
<td>Mean of lowest decile of Medicare spending per beneficiary ratios across all hospitals during performance period.</td>
</tr>
</tbody>
</table>
FY 2017 Performance Measures

Safety (20%)

- AHRQ (PSI-90)
  - Composite of 8 underlying indicators related to patient safety
  - Provides information on in-hospital complications and adverse events during surgery / procedures

- Healthcare-Associated Infection
  - CLABSI
  - CAUTI
  - SSI (colon and abdominal hysterectomy)
  - *C. difficile
  - *MRSA

### SAFETY

#### Complication/Patient Safety for Selected Indicators

<table>
<thead>
<tr>
<th>Measure</th>
<th>Baseline Period</th>
<th>Performance Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>AHRQ PSI 90 composite</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold</td>
<td>0.777936</td>
<td>0.547889</td>
</tr>
</tbody>
</table>

#### Healthcare-Associated Infections

<table>
<thead>
<tr>
<th>Measure</th>
<th>Baseline Period</th>
<th>Performance Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>CLABSI</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold (†)</td>
<td>0.457</td>
<td>0.0000</td>
</tr>
<tr>
<td>CAUTI</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold (†)</td>
<td>0.845</td>
<td>0.0000</td>
</tr>
<tr>
<td>SSI Colon‡</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold (†)</td>
<td>0.751</td>
<td>0.0000</td>
</tr>
<tr>
<td>SSI Abdominal Hysterectomy‡</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold (†)</td>
<td>0.698</td>
<td>0.0000</td>
</tr>
<tr>
<td><strong>New!</strong> C. difficile</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold (†)</td>
<td>0.750</td>
<td>0.0000</td>
</tr>
<tr>
<td><strong>New!</strong> MRSA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threshold (†)</td>
<td>0.799</td>
<td>0.0000</td>
</tr>
</tbody>
</table>

FY 2017 Performance Measures

Patient Experience of Care (25%)

- Hospital Consumer Assessment of Healthcare Providers & Systems (HCAHPS)
  - Patient-completed survey that is returned within 6 weeks of discharge
  - Consists of 21 core “frequency” questions, with 4 scaled responses
  - Only answers of “Always” award points
  - Surveys must be returned within 6 weeks of patient’s discharge
  - All data is adjusted by CMS and publicly reported on the hospital compare website

HCAHPS - Dimensions

1. Communication with nurses
2. Communication with doctors
3. Responsiveness of hospital staff
4. Pain management
5. Cleanliness and quietness of hospital environment
6. Communication about medications
7. Discharge information
8. Overall rating of hospital

Patient Experience of Care Domain Score

= hospital’s HCAHPS base score + consistency score

- **Consistency points**
  - Awarded by comparing a hospital’s Patient Experience of Care dimension rates during the performance period to all hospitals’ Patient Experience of Care rates from a baseline period.
<table>
<thead>
<tr>
<th>HCAHPS Survey Dimensions</th>
<th>HCAHPS Performance Standard</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Floor (%)</td>
</tr>
<tr>
<td>Communication with nurses</td>
<td>58.14</td>
</tr>
<tr>
<td>Communication with doctors</td>
<td>63.58</td>
</tr>
<tr>
<td>Responsiveness of hospital staff</td>
<td>37.29</td>
</tr>
<tr>
<td>Pain management</td>
<td>49.53</td>
</tr>
<tr>
<td>Communication about medications</td>
<td>41.42</td>
</tr>
<tr>
<td>Cleanliness and quietness</td>
<td>44.32</td>
</tr>
<tr>
<td>Discharge information</td>
<td>64.09</td>
</tr>
<tr>
<td>Overall rating of hospital</td>
<td>35.99</td>
</tr>
</tbody>
</table>

Hospital CAHPS®

SURVEY INSTRUCTIONS: You should only fill out this survey if you were the patient during the hospital stay named in the cover letter. Do not fill out this survey if you were not the patient. Answer all the questions by filling in the circle to the left of your answer. You are sometimes told to skip over some questions in this survey. When this happens you will see an arrow with a note that tells you what question to answer next.

Please answer the questions in this survey about this stay at Alamance Regional Medical Center. Do not include any other hospital stay in your answers.

YOUR CARE FROM NURSES

1. During this hospital stay, how often did nurses treat you with courtesy and respect?
   ○ Never
   ○ Sometimes
   ○ Usually
   ○ Always

2. During this hospital stay, how often did nurses listen carefully to you?
   ○ Never
   ○ Sometimes
   ○ Usually
   ○ Always

3. During this hospital stay, how often did nurses explain things in a way you could understand?
   ○ Never
   ○ Sometimes
   ○ Usually
   ○ Always

4. During this hospital stay, after you pressed the call button, how often did you get help as soon as you wanted it?
   ○ Never
   ○ Sometimes
   ○ Usually
   ○ Always
   ○ I never pressed the call button

THE HOSPITAL ENVIRONMENT

8. During this hospital stay, how often were your room and bathroom kept clean?
   ○ Never
   ○ Sometimes
   ○ Usually
   ○ Always

9. During this hospital stay, how often was the area around your room quiet at night?
   ○ Never
   ○ Sometimes
   ○ Usually
   ○ Always

YOUR EXPERIENCES IN THIS HOSPITAL

10. During this hospital stay, did you need help from nurses or other hospital staff in getting to the bathroom or in using a bedpan?
    ○ Yes
    ○ No → If No, Go to Question 12

11. How often did you get help in getting to the bathroom or in using a bedpan as soon as you wanted?
    ○ Never
    ○ Sometimes
    ○ Usually
    ○ Always

HCAHPS – Communication Guidelines

• Hospitals MAY:
  – Encourage patient response to survey
  – Improve patient’s experience, in general
  – Distribute communication guidelines
  – Ask patients about their stay when the focus is clinical care

• Hospitals MAY NOT:
  – Ask for a specific score
  – Indicate that their goal is for a certain score
  – Show any part of the HACHPS survey or cover letter to the patient
  – Distribute in-house surveys to Inpatients

<table>
<thead>
<tr>
<th>Questions that are <strong>NOT</strong> acceptable</th>
<th>Questions that <strong>ARE</strong> permissible</th>
</tr>
</thead>
<tbody>
<tr>
<td>Did the nurses always answer your questions?</td>
<td>Are the nurses answering your questions?</td>
</tr>
<tr>
<td>Did your doctor/nurse explain things in a way you could understand?</td>
<td>Did your doctor/nurse address any communication barriers regarding information about your healthcare?</td>
</tr>
<tr>
<td>Overall, how would you rate the care you received from your doctors/nurses?</td>
<td>Was our staff attentive to your needs?</td>
</tr>
<tr>
<td>Is there a way we could always....?</td>
<td>Tell us about your stay.</td>
</tr>
</tbody>
</table>

FY 2018 Survey Changes

• Addition of new dimension – “Care Transition”
• Three additional survey questions:
  – During this hospital stay, staff took my preferences and those of my family or caregiver into account in deciding what my health care needs would be when I left.
  – When I left the hospital, I had a good understanding of the things I was responsible for in managing my health.
  – When I left the hospital, I clearly understood the purpose for taking each of my medications.
How YOU Can Make an Impact

- Utilize outpatient services to facilitate adherence to medication, follow up, and disease management
- Quality Improvement
- Management of influenza vaccine supply
- Formulary review/management
- Support patient discharge process to prevent readmission
- Communication about medications
- Discharge information
- Leadership within antimicrobial stewardship
- Proper medication safety policies to avoid preventable adverse events / medication errors
Summary

• VBP incentivizes care quality improvement via bonuses or penalties on base DRG reimbursement rates
• Final incentive payment is based on a total performance score derived from sub-scores on various domains and quality measures
• The number of domains, quality measures within each domain, and weight given to each domain has changed over time
• HCAHPS scores describe a patient’s experience of care
  – One of many opportunities for pharmacy services to impact reimbursement under this model
Thank You for Your Time!!

Questions?