Medicare Hospital-Acquired Condition Reduction Program Overview

South Carolina Hospital Association

DataGen
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Bill Shyne
September 24, 2015
Today’s Objectives

• Overview of Medicare Hospital Acquired Condition Reduction Program

• Review Methodologies

• Review South Carolina’s HAC Report
# Medicare Pay for Performance Evolution

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<tr>
<th>Category 1:</th>
<th>Category 2:</th>
<th>Category 3:</th>
<th>Category 4:</th>
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<tbody>
<tr>
<td><strong>Fee for Service—No Link to Quality</strong></td>
<td><strong>Fee for Service—Link to Quality</strong></td>
<td><strong>Alternative Payment Models Built on Fee-for-Service Architecture</strong></td>
<td><strong>Population-Based Payment</strong></td>
</tr>
<tr>
<td><strong>Description</strong></td>
<td><strong>Payments are based on volume of services and not linked to quality or efficiency</strong></td>
<td><strong>At least a portion of payments vary based on the quality or efficiency of health care delivery</strong></td>
<td><strong>Some payment is linked to the effective management of a population or an episode of care. Payments still triggered by delivery of services, but opportunities for shared savings or 2-sided risk</strong></td>
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</tbody>
</table>
| **Medicare FFS** | • Limited in Medicare fee-for-service  
• Majority of Medicare payments now are linked to quality | • Hospital value-based purchasing  
• Physician Value-Based Modifier  
• Readmissions/Hospital Acquired Condition Reduction Program | • Accountable care organizations  
• Medical homes  
• Bundled payments  
• Comprehensive primary care initiative  
• Comprehensive ESRD  
• Medicare-Medicaid Financial Alignment Initiative Fee-For-Service Model | • Eligible Pioneer accountable care organizations in years 3-5 |

Medicare Pay for Performance Evolution

South Carolina Hospital Association Quality Resources

• ‘Nuts and Bolts’ Analyses
  • **HAC Impact Analysis (Annual)**
  • VBP Impact Analysis (Quarterly)
  • P4P Measure Trends (Quarterly)
  • RRP Impact Analysis and Trends (Annual)
  • QBPR 1-Page Performance Overview (Annual)
  • Quality Reference Guides (Annual)

• Analysis Descriptions
  • Data Sources & Timeframes
  • Analysis Methodology
Medicare Quality Based Payment Reform (QBPR) Programs

- Mandated by the ACA of 2010
  - **HAC Reduction Program** (remain whole or lose)
  - VBP Program (redistributive w/ winners and losers)
  - Readmissions Reduction Program (remain whole or lose)

- National pay-for-performance programs

- Most acute care hospitals must participate; CAHs excluded

- Program rules, measures, and methodologies adopted well in advance (2013-2020+)
General Medicare Quality P4P Program Themes

• Payment adjustments based on **facility-specific** performance compared to **national** standards

• Performance metrics are determined using historical data

• Program components changed

• Financial exposure increased
Medicare Hospital Acquired Condition (HAC) Reduction Program

- Program became effective FFY 2015 (October 1, 2014)
- Penalizes hospitals with the highest HAC rates
  - Rates are per 1,000 patients
  - Compared to all other eligible hospitals nationally
- 1% Penalty applied to all hospitals in the worst performing quartile
  - 25% of hospitals will receive a penalty
  - Applied to Operating, Capital, and DSH Uncompensated Care Payments
- Penalty is in addition to existing HAC DRG demotion policy
HAC Reduction Program Methodology

- HAC measures are grouped into two domains:
  - **Domain 1 (AHRQ measures):**
    - PSI-90 Composite Measure
  - **Domain 2 (CDC measures):**
    - CAUTI and CLABSI
    - SSI (colon surgery and abdominal surgery) 2016+
    - C-Diff and MRSA 2017+

- Separate performance scores are calculated for each HAC measure
  - 1 to 10 (where 1 = best; 10 = worst)
  - Based on national deciles for all program eligible hospitals
  - Improvement is not recognized

- Averages are calculated for each domain, then the domains are weighted together for a total score

<table>
<thead>
<tr>
<th>Domain Weight</th>
<th>Domain 1</th>
<th>Domain 2</th>
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<tbody>
<tr>
<td>FFY 2015</td>
<td>35%</td>
<td>65%</td>
</tr>
<tr>
<td>FFY 2016</td>
<td>25%</td>
<td>75%</td>
</tr>
<tr>
<td>FFY 2017+</td>
<td>15%</td>
<td>85%</td>
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</tbody>
</table>

- Total HAC Score determines worst performing quartile of hospitals to receive 1% payment penalty
HAC Reduction Program Trends

- Continually evolving
- Changes to measures
- Changes to domain weights
- Parameters set in IPPS rulemaking at least one year in advance

### Domain 1: AHRQ Claims Based Measures

<table>
<thead>
<tr>
<th>PSI-90: Patient Safety Indicator Composite Ratio</th>
<th>Domain Weight³</th>
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</thead>
<tbody>
<tr>
<td>PSI 15: Accidental Puncture or Laceration</td>
<td>49.2%</td>
</tr>
<tr>
<td>PSI 12: Postop PE Or DVT</td>
<td>25.8%</td>
</tr>
<tr>
<td>PSI 13: Postop Sepsis</td>
<td>7.4%</td>
</tr>
<tr>
<td>PSI 6: Iatrogenic Pneumothorax</td>
<td>7.1%</td>
</tr>
<tr>
<td>PSI 7: Central Venous Catheter-Related Blood</td>
<td>6.5%</td>
</tr>
<tr>
<td>PSI 3: Decubitus Ulcer</td>
<td>2.3%</td>
</tr>
<tr>
<td>PSI 14: Postop Wound Dehiscence</td>
<td>1.7%</td>
</tr>
<tr>
<td>PSI 8: Postop Hip Fracture</td>
<td>0.1%</td>
</tr>
</tbody>
</table>

### Domain 2: CDC Chart Abstracted Measures

<table>
<thead>
<tr>
<th>Measures</th>
<th>Domain Weight³</th>
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<tbody>
<tr>
<td>Central Line Associated Blood Stream Infection (CLABSI)</td>
<td>65% (FFY 2015)</td>
</tr>
<tr>
<td>Catheter Associated Urinary Tract Infection (CAUTI)</td>
<td>75% (FFY 2016)</td>
</tr>
<tr>
<td>Surgical Site Infection (SSI) Pooled SIR (FFY 2016+)</td>
<td>85% (FFY 2017)</td>
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<tr>
<td>SSI from Colon Surgery</td>
<td></td>
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<tr>
<td>SSI from Abdominal Hysterectomy</td>
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<tr>
<td>Clostridium difficile (C.diff.) SIR (FFY 2017+)</td>
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</tr>
<tr>
<td>Methicillin-resistant Staphylococcus Aureus (MRSA) (FFY 2017+)</td>
<td></td>
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</tbody>
</table>

- **Domain Weight³**
  - 35% (FFY 2015)
  - 25% (FFY 2016)
  - 15% (FFY 2017)
HAI_1: Central Line Associated Blood Stream Infection (CLABSI) Performance Detail

Standardized Infection Ratio (SIR) = \frac{\text{Number of Observed CLABSI Infections}}{\text{Number of Expected CLABSI Infections}}

= \frac{7.00}{14.81} = 0.473

Measure Points (Lower Is Better)

6

Decile: 51st-60th
<table>
<thead>
<tr>
<th>Measure</th>
<th>SIR</th>
<th>Decile</th>
<th>Measure Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>HAI_1: Central Line Associated Blood Stream Infection (CLABSI)</td>
<td>0.473</td>
<td>51st-60th</td>
<td>6</td>
</tr>
<tr>
<td>HAI_2: Catheter Associated Urinary Tract Infection (CAUTI)</td>
<td>2.079</td>
<td>91st-100th</td>
<td>10</td>
</tr>
<tr>
<td>Surgical Site Infection (SSI) Pooled Standardized Infection Ratio (SIR)</td>
<td>2.112</td>
<td>91st-100th</td>
<td>10</td>
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<tr>
<td>HAI_5: Methicillin-resistant Staphylococcus Aureus (MRSA)</td>
<td>1.935</td>
<td>91st-100th</td>
<td>10</td>
</tr>
<tr>
<td>HAI_6: Clostridium difficile (C.diff.)</td>
<td>0.730</td>
<td>41st-50th</td>
<td>5</td>
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<thead>
<tr>
<th>Domain 2 Score 3</th>
<th>FFY 2016</th>
<th>FFY 2017</th>
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<tr>
<td></td>
<td>8.67</td>
<td>8.20</td>
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</table>
# HAC Reduction Program Impact Calculation Worksheet

## Estimated Program Performance in FFY 2017

<table>
<thead>
<tr>
<th>Domain</th>
<th>Raw Score</th>
<th>Domain Weight</th>
<th>Weighted Domain Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domain 1 - AHRQ Claims Based Measure</td>
<td>9.00</td>
<td>15%</td>
<td>1.35</td>
</tr>
<tr>
<td>Domain 2 - CDC Chart Abstracted Measures</td>
<td>8.20</td>
<td>85%</td>
<td>6.97</td>
</tr>
</tbody>
</table>

**Total HAC Score (Sum of Weighted Domain Scores)**  
8.32

## Estimated Program Impact in FFY 2017

<table>
<thead>
<tr>
<th>Hospital Revenue Exposure Estimate:</th>
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<tbody>
<tr>
<td>Estimated FFY 2017 Revenue</td>
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<tr>
<td>Revenue at Risk For Payment Reduction</td>
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</table>

<table>
<thead>
<tr>
<th>Total HAC Score Performance Summary:</th>
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<tbody>
<tr>
<td>Estimated Total HAC Score</td>
</tr>
<tr>
<td>Lowest Total HAC Score Receiving Payment Penalty</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>HAC Payment Penalty Determination:</th>
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</thead>
<tbody>
<tr>
<td>Hospital Estimated to be in the Top (worst) Quartile?</td>
</tr>
<tr>
<td>Estimated HAC Program Payment Impact</td>
</tr>
</tbody>
</table>
No new measures adopted for the FFY 2016 or FFY 2017 Program

**FFY 2016:**
- Domain 1: AHRQ’s PSI-90 Composite (v4.5)
- Domain 2: CDC’s CAUTI, CLABSI, SSI-Abdominal Hysterectomy (New), SSI-Colon Surgery (New)
  - Preview reports were published July 2015 and corrected on September 22, 2015

**FFY 2017:**
- Domain 1: AHRQ’s PSI-90 Composite (v4.5)
- Domain 2: CDC’s CAUTI, CLABSI, SSI-Abdominal Hysterectomy, SSI-Colon Surgery, MRSA (New), C. Difficile (New)

**Expansion of Domain 2 weight in FFY 2017+ programs**
- FFY 2015: Domain 1 (35%); Domain 2 (65%)
- FFY 2016: Domain 1 (25%); Domain 2 (75%)
- **FFY 2017:** Domain 1 (15%); Domain 2 (85%) (Adopted)
IPPS FFY 2016 Final Rule

• New scoring methodology for non-reporting (FFY 2017+)
  – Currently assigns a score of 10 for the entire domain when a hospital does not meet certain reporting requirements, without a waiver.
  – Adopted methodology instead evaluates hospitals on a measure by measure basis to encourage hospitals to submit as much data as possible

• Measure Updates and Modifications:
  – CDC Measure Reference Population Updates/Rebasing (FFY 2018+)
  – CLABSI/CAUTI Measure Expansion (FFY 2018+)
    • Currently measures adult, pediatric, and neonatal ICUs only
    • Adopted expansion adds medical, surgical, medical/surgical wards
  – PSI-90 Measure Expansion
    • Potential future addition of PSI-9, PSI-10, and PSI-11 to composite measure
• CMS did not release proxy flags with the Final Rule
  – Final flags expected out in November

• IPPS FFY 2016 Final Rule Analysis
  – Use 2015 Final HAC Flags
  – Uses DG 2016 Estimates
Payment Determination

• **Penalty Inclusive of Ties:**
  - 828 Penalty Hospitals
  - 25.3% of program eligible hospitals
  - $400.3 Million National Cut (Excludes Outlier Payments)

• **Penalty Exclusive of Ties:**
  - 720 Penalty Hospitals
  - 22.0% of program eligible hospitals
  - $343.2 Million National Cut (Excludes Outlier Payments)

• **DataGen Approach:** Inclusive of ties in order to be conservative
  - Slight data changes could push hospital over the cutoff point
## HAC Program Timeframes

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<td><strong>FFY 2015: Domain 2</strong></td>
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<td><strong>FFY 2015 Program Payment Adjustment</strong></td>
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<td><strong>FFY 2016: Domain 1</strong></td>
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<td><strong>FFY 2017: Domain 1</strong></td>
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</table>
South Carolina HAC Reduction Program Performance

Percent of Eligible Hospital Receiving 1.0% Penalty in FFY 2015

<table>
<thead>
<tr>
<th>State</th>
<th>FFY 2015</th>
<th>FFY 2016</th>
<th>FFY 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statewide Impact</td>
<td>($5,671,500)</td>
<td>($7,553,900)</td>
<td>($6,525,700)</td>
</tr>
<tr>
<td>Number of Penalty Hospitals</td>
<td>13</td>
<td>17</td>
<td>12</td>
</tr>
<tr>
<td>Percent of Hospitals Receiving Penalty</td>
<td>23.60%</td>
<td>30.36%</td>
<td>21.43%</td>
</tr>
</tbody>
</table>
HAC Reduction Program Reference Guide

- See HAC Program Reference Guide for more detail
  - Program Measures
  - Domain Weights
  - Measure Scoring
  - Performance Periods
  - Penalty Determination

**Hospital Acquired Condition (HAC) Reduction Program Overview**

The Hospital Acquired Condition (HAC) Reduction Program sets payment penalties each year for hospitals in the top quartile (worst performance) of HAC rates for the country. The HAC reduction program is punitive only and does not give hospitals credit for improvement over time. Unlike the Value Based Purchasing and Readmission Reduction Program, penalties under this program are applied to total Medicare payments, inclusive of Operating, Capital, Uncompensated Care payments, and outlier payments, inclusive of payment adjustments such as DSH, IME, and Value based purchasing (VBP)/Readmission Reduction Program program adjustments.

Individual measure scores are combined into domain scores, and domain scores are combined into a Total HAC score. In FFY 2015, Domain 1 is weighted at 35% and Domain 2 is weighted at 65%. Domain 1 has one eligible measure, then the Total HAC score is determined based solely on the other domain.

*Measures not meeting the minimum scoring requirements are dropped from the domain score calculation. If a domain does not contain at least one eligible measure, then the Total HAC score is determined based solely on the other domain.

**Other Program Calculations**

**Period Standardized Infection Ratio (SIR)**

\[
\text{Period SIR} = \frac{\text{Observed Infections for Each Individual Hospital}}{\text{Expected Infections for Each Individual Hospital}}
\]

**National HAC Ratio**

\[
\text{National HAC Ratio} = \frac{\text{National HAC Rate}}{\text{Minimum HAC Rate}}
\]

**Percentile Range**

- 1st-10th: 1 pt.
- 11th-20th: 2 pts.
- 21st-20th: 3 pts.
- 25th-30th: 4 pts.
- 31st-40th: 5 pts.
- 41st-50th: 6 pts.
- 51st-60th: 7 pts.
- 61st-70th: 8 pts.
- 71st-80th: 9 pts.
- 81st-90th: 10 pts.
- 91st-100th: 0 pts.

**Performance Period**

- FFY 2015: Domain 1
- FFY 2016: Domain 2
- FFY 2017: Domain 1
- FFY 2017: Domain 2

**Measure Scoring**

For each program measure, HAC ratios for all program-eligible hospitals nationwide are separated into deciles for scoring. For each decile for best performance, hospitals are awarded points based on their national decile. When multiple hospitals have the same ratio and the same rank, the highest decile determines the measure score. In order to receive a score on a measure, hospitals must meet minimum requirements. For Domain 1, a hospital must have 1 or more predicted cases for at least one of the eight component PSI measures that make up the PSI-90 composite measure. For Domain 2, a hospital must have 1 or more predicted cases for at least one eligible measure.

- PSI-90: Patient Safety Indicator Composite Ratio
- PSI-14: Postop Wound Dehiscence
- PSI-3: Decubitus Ulcer
- PSI-6: Iatrogenic Pneumothorax
- PSI-13: Postop Sepsis
- PSI-15: Accidental Puncture or Laceration
- PSI-18: Fall Injuries
- PSI-27: Sepsis Infection
- PSI-31: Readmission
- PSI-37: Transfusion Error
- PSI-43: Wrong Site, Wrong Procedure
- PSI-54: Central Line Associated Blood Stream Infection (CLABSI)
- PSI-64: Methicillin-resistant Staphylococcus Aureus (MRSA)
- PSI-80: Surgical Site Infection (SSI) Pooled SIR
- PSI-82: Catheter Associated Urinary Tract Infection (CAUTI)
- PSI-88: SSI from Abdominal Hysterectomy
- PSI-91: SSI from Colon Surgery
- PSI-93: SSI from Vascular Surgery
- PSI-96: SSI from Coronary Artery Bypass
- PSI-98: SSI from Thoracic Surgery

**Domain Weights**

- FFY 2015:
  - Domain 1: 35%
  - Domain 2: 65%
- FFY 2016:
  - Domain 1: 25%
  - Domain 2: 75%
- FFY 2017:
  - Domain 1: 25%
  - Domain 2: 25%
Key Reminders for Hospitals

• Payment levels are at stake
• Historical data will continue to drive these programs
• Hospitals must keep pace with the pack
• Program targets move with national performance
• Complexity of program measures
• Overlap with other quality based payment reform programs
  • VBP & HAC: PSI-90, CAUTI, CLABSI, Surgical Site Infection (SSI), MRSA, and C-Diff Measures
• HACs will have a worst performing 25%
Questions?
Other SCHA / DataGen Quality Webinars

• Value Based Purchasing – Oct 29 @ 2p.m.
• Readmission Reduction Program – Nov 17 @ 1p.m.

• Invitation to all South Carolina hospitals
  – Finance teams
  – Quality teams
  – Executive team

• Registration is required