# Medicare Readmission Reduction and Hospital Acquired Condition Programs Overview

## Tennessee Hospital Association

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# Today's Objectives

- Overview of Medicare Readmission Reduction and Hospital Acquired Condition Programs
- Review Methodologies
- Review Tennessee's performance in the two programs
- Review RRP and HAC Analyses

# Medicare Quality Based Payment Reform (QBPR) Programs

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

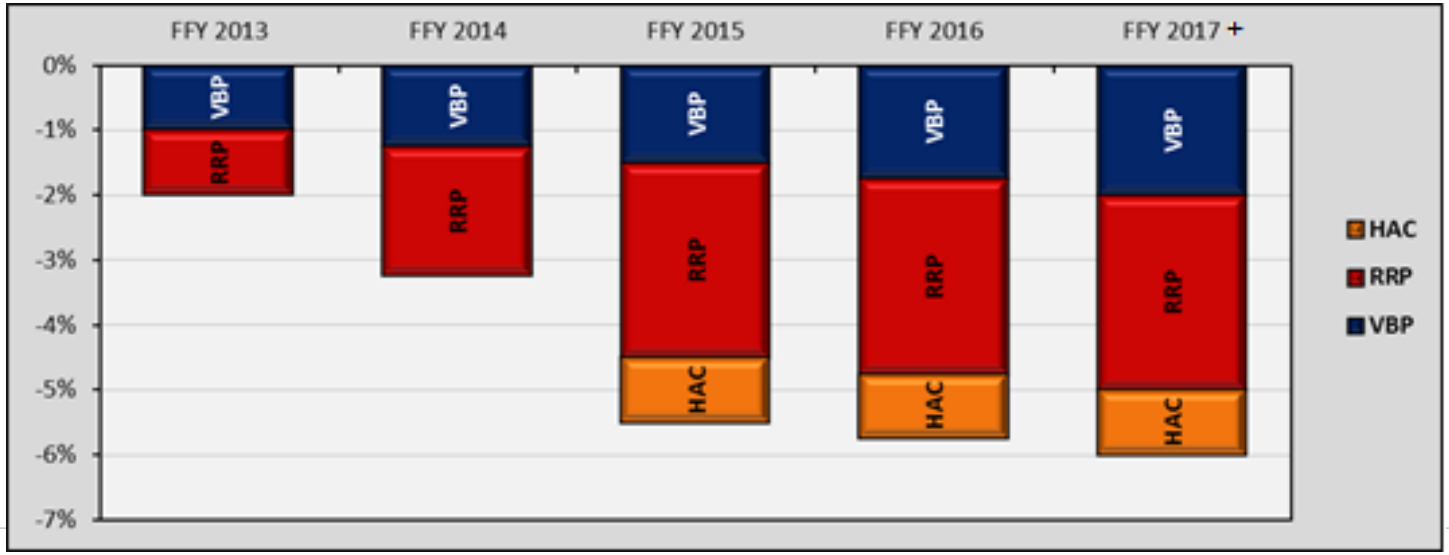

- National pay-for-performance programs

- Most acute care hospitals must participate; CAHs excluded

- Program rules, measures, and methodologies adopted well in advance (through 2027)

# Medicare Quality Programs

- Payment adjustments based on facility-specific performance compared to national standards
- Performance metrics are determined using historical data
- Program components change every year



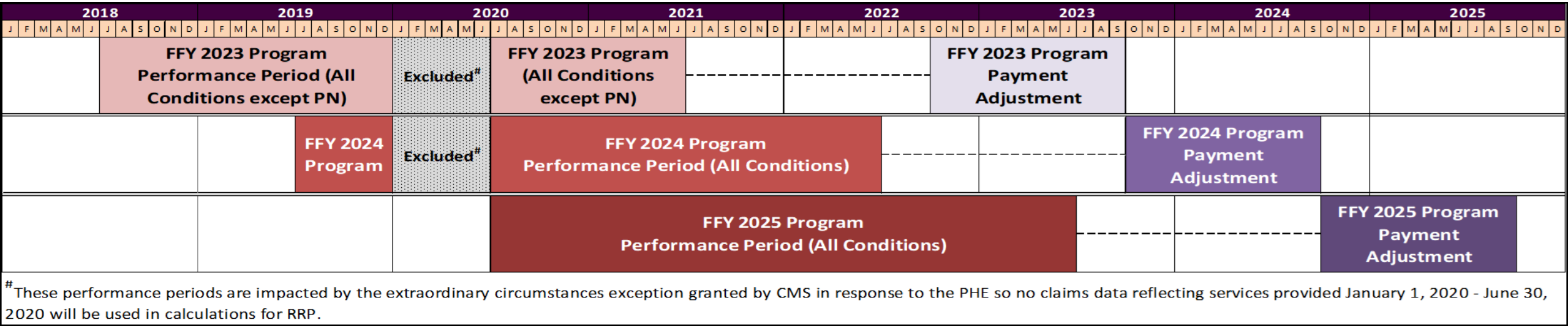
# FFY 2024 Quality Program Measure Populations

- **Value-Based Purchasing (VBP)**
  - All patients
    - Safety, Person and Community Engagement
  - Medicare FFS patients only
    - Clinical Outcomes, Efficiency and Cost Reduction
- **Readmissions Reduction Program (RRP)**
  - Medicare FFS patients only
- **Hospital Acquired Conditions (HAC)**
  - All patients
    - CAUTI, CLABSI, C-diff., MRSA, SSI Colon, SSI Abdominal Hysterectomy
  - Medicare FFS patients only
    - PSI-90

# Medicare Readmission Reduction Program (RRP)


- Program became effective FFY 2013 (October 1, 2012)
- Penalizes hospitals for exceeding expected readmission rates
  - Expected rates based on national performance levels
- Program expands over time with addition of new conditions
- Penalty capped at 3% for 2015 and thereafter
  - 1% in FFY 2013;
  - 2% in FFY 2014;
  - 3% in FFY 2015+
- Measures are established in advance through the IPPS rule

# RRP Program Timeframes




#These performance periods are impacted by the extraordinary circumstances exception granted by CMS in response to the PHE so no claims data reflecting services provided January 1, 2020 - June 30, 2020 will be used in calculations for RRP.

# RRP Methodology

- Excess readmission ratios are calculated for multiple condition areas

| Measure | FFY 2013 Program | FFY 2014 Program | FFY 2015 Program | FFY 2016 Program | FFY 2017+ Program |
|---|---|---|---|---|---|
| AMI | X | X | X | X | X |
| HF | X | X | X | X | X |
| PN | X | X | X | X | X* |
| COPD | | | X | X | X |
| THA/TKA | | | X | X | X |
| CABG | | | | | X |

*expanded to include aspiration PN and sepsis with a secondary diagnosis of PN

- Improvement is not recognized
- Certain planned readmissions are not counted
- No offsets between categories
- PN was not included in FFY 2023 due to COVID-19
- Socio-Demographic Status (SDS) adjustment based on percent of full-benefit dual eligible patients

# RRP Methodology – FFY 2024 SDS Adjustment

- Groups based on ratio of full-benefit dual eligible relative to total Medicare patients:

$$\frac{\#\ \text{Full-benefit Dual Status}}{\#\ \text{Medicare Patients}}$$

- An individual is counted as a full-benefit dual patient if the patient was identified as such for the month he/she was discharged from the hospital
  - identified using the State Medicare Modernization Act (MMA) file of dual eligibility
- Data period for identifying patients is the same 3-year period as the performance period
  - i.e. July 1, 2019 – June 30, 2022 for FFY 2024
- Total number of Medicare patients is all Medicare FFS and Medicare Advantage stays using MedPAR files
- Hospitals are grouped into national quintiles based on full-benefit dual eligible ratio and compared to hospitals within their quintile

# RRP Methodology

- Step 1: Place hospital into quintile

$$\frac{\#\ \text{Full–benefit Dual Status Patients}}{\#\ \text{Medicare Patients}} = \textbf{Full – benefit Dual Eligible Ratio}$$

$$\frac{14{,}322}{29{,}453} = \textbf{Full – benefit Dual Eligible Ratio}$$

$$48.6\% = \textbf{Full – benefit Dual Eligible Ratio}$$

Ratio of 48.6% puts this hospital in quintile 3

- Quintile placement on a national level
- Placement will change from year to year based on data period used and ratios of other hospitals
- Quintile 5 is highest, meaning the higher full-benefit dual eligible ratios
- Quintile 1 is lowest, meaning the lowest full-benefit dual eligible ratios
- Hospitals in higher quintiles will have **less** stringent benchmarks
- Hospitals in lower quintiles will have **more** stringent benchmarks

# RRP Methodology (con't)

- Step 2: Calculate excess readmission ratios for each condition
  (subject to minimum case counts requirements)

$$\frac{\text{Predicted AMI Readmission Rate}}{\text{Expected AMI Readmission Rate}} = \textbf{AMI Excess Ratio}$$

$$\frac{20.300\ \%}{19.459\ \%} = \textbf{AMI Excess Ratio}$$

$$\mathbf{1.0432} = \textbf{AMI Excess Ratio}$$

- Predicted readmissions = number of unplanned readmissions predicted for a hospital based on hospital's performance
- Expected readmission = expected U.S. readmission rate for each hospital's patient mix
- Ratio less than quintile median excess ratio
  - Lower than expected readmission rate
  - Better quality
- Ratio greater than quintile median excess ratio
  - Higher than expected readmission rate
  - Lower quality
  - Penalty applies

# RRP Methodology (con't)

- Step 3: Calculate total excess payments for each condition

$$\text{Total Payment for AMI Procedures} \times (\textbf{Median Quintile Excess Ratio} - \textbf{AMI Excess Ratio}) = \textbf{AMI Excess Dollars}$$

$$\$6{,}000{,}000 \times (\mathbf{1.0233} - \mathbf{1.0432}) = \textbf{AMI Excess Dollars}$$

$$\mathbf{\$119{,}400} = \textbf{AMI Excess Dollars}$$

Historically, excess ratio was compared to a "1"

- Step 4: Calculate total excess payments for all conditions

$$\textbf{AMI Excess Payments} + \textbf{HF Excess Payments} + \textbf{PN Excess Payments} + \textbf{COPD Excess Payments} + \textbf{THA TKA Excess Payments} + \textbf{CABG Excess Payments} = \textbf{Total Excess Dollars}$$

$$\mathbf{\$119{,}400} + \$0 + \$0 + \$0 + \$0 + \$0 + \$0 = \textbf{Total Excess Dollars}$$

$$\$119{,}400 = \textbf{Total Excess Dollars}$$

- Excess Ratios are multiplied by revenue in each condition area to find excess readmission revenue by condition
  - Sum of all conditions excess revenue = total excess readmission dollars
  - Revenue = exposure
  - More conditions = More exposure

# RRP Methodology (con't)

- Step 5: Calculate Readmissions Adjustment factor (capped at .97, or 3%, for FFY 2015+)

$$\left[1 - \text{BN Adjuster} \times \frac{\text{Total Excess Dollars}}{\text{3 yr Total Medicare IPPS Operating Revenue}}\right] = \text{Readmissions Adj. Factor}$$

$$\left[1 - 0.99 \text{ X } \frac{\$119,400}{\$50,000,000}\right] = \text{Readmissions Adjustment Factor}$$

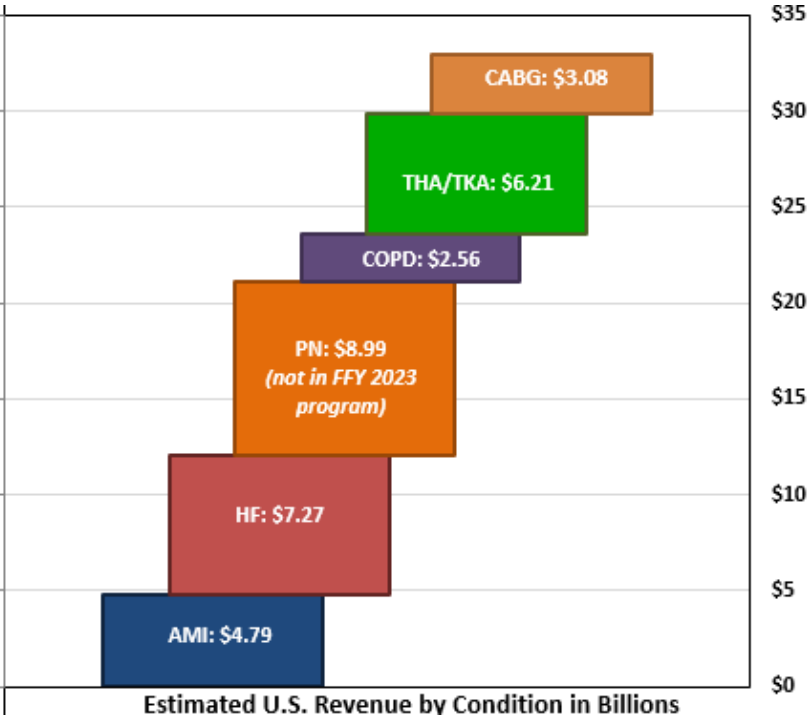
$$0.9976 = \text{Readmissions Adjustment Factor}$$

(applied on a per-claim basis)

-0.24% cut

- Total excess readmission revenue is used to calculate adjustment factors.
- The excess revenue is not your impact.
- Payments are adjusted on a per-claim basis to all Medicare FFS cases (not just RRP cases)
- Although the SDS adjustment is budget neutral nationally, there will be winners and losers within each quintile.

# RRP Trends



Estimated U.S. Revenue by Condition in Billions

- Continually evolving
- As measures are added, exposure increases and hospitals are more likely to receive penalties

| Adjustment Factor | Percent Cut | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| No Payment Penalty | 0% | 17.5% | 17.4% | 18.0% | 25.0% |
| 0.9951 to 0.9999 | -0.01% to -0.5% | 42.5% | 42.9% | 44.5% | 52.9% |
| 0.9901 to 0.9950 | -0.5% to -0.999% | 18.9% | 19.9% | 19.7% | 14.2% |
| 0.9851 to 0.9900 | -1.0% to -1.499% | 10.6% | 9.7% | 9.4% | 4.7% |
| 0.9801 to 0.9850 | -1.5% to -1.999% | 4.8% | 5.0% | 4.0% | 1.4% |
| 0.9751 to 0.9800 | -2.0% to -2.499% | 2.7% | 2.8% | 2.2% | 0.7% |
| 0.9701 to 0.9750 | -2.5% to -2.999% | 1.2% | 1.1% | 0.9% | 0.3% |
| 0.97 | -3.0% | 1.8% | 1.2% | 1.3% | 0.8% |

# RRP Performance Scorecard

## Actual FFY 2022 Performance

| Actual Adj. Factor | Actual % Impact | Est. Revenue Subject to Adj. | Est. Impact | Max Penalty (3.0%) |
|---|---|---|---|---|
| 0.9700 | -3.00% | $28,432,300 | ($853,000) | ($853,000) |

| National Budget Neutrality Modifier | % Full-Benefit Dual Eligible | National Quintile | SDS Impact (Breakout) |
|---|---|---|---|
| 0.9637 | 17.33% | 2 | ($10,000) |

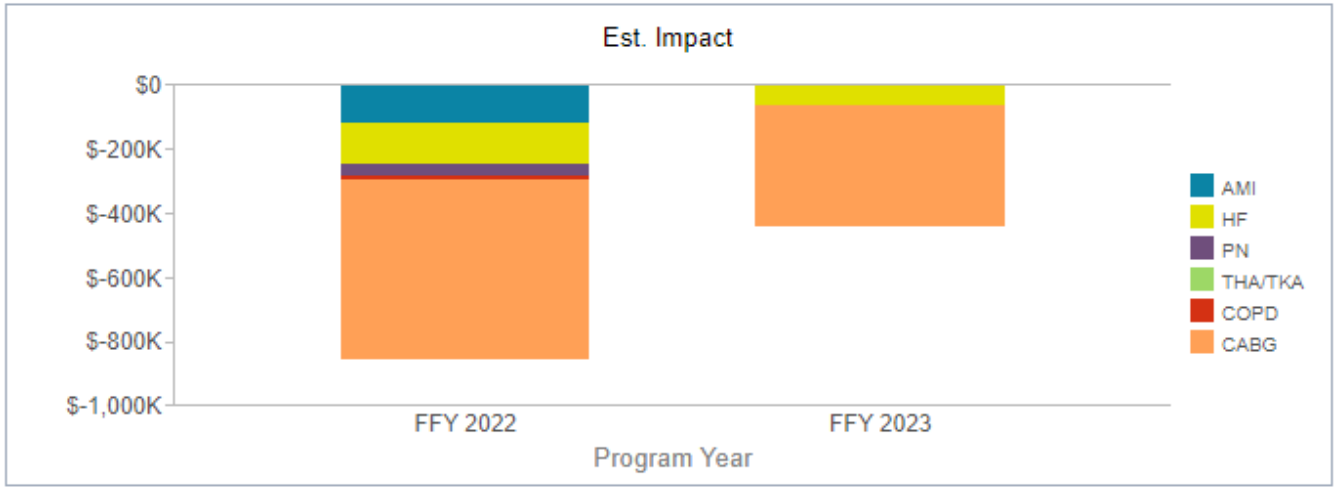
## Actual FFY 2023 Performance

| Actual Adj. Factor | Actual % Impact | Est. Revenue Subject to Adj. | Est. Impact | Max Penalty (3.0%) |
|---|---|---|---|---|
| 0.9852 | ⇧ -1.48% | $29,612,500 | ($438,300) | ($888,400) |

| National Budget Neutrality Modifier | % Full-Benefit Dual Eligible | National Quintile | SDS Impact (Breakout) |
|---|---|---|---|
| 0.9558 | 18.15% | 2 | $10,000 |

Condition Chart:

- [ ] Condition Revenue
- [x] Est. Impact




## Actual FFY 2022 Performance

| Condition | Condition Revenue | Est. Impact | Percent Impact |
|---|---|---|---|
| AMI | $3,703,900 | ($118,100) | 13.84% |
| HF | $3,355,500 | ($127,800) | 14.99% |
| PN | $4,168,600 | ($36,800) | 4.31% |
| THA/TKA | $177,000 | $0 | 0.00% |
| COPD | $1,130,500 | ($12,200) | 1.43% |
| CABG | $4,185,700 | ($558,100) | 65.43% |

## Actual FFY 2023 Performance

| Condition | Condition Revenue | Est. Impact | Percent Impact |
|---|---|---|---|
| AMI | $2,937,000 | $0 | 0.00% |
| HF | $2,311,500 | ($62,300) | 14.21% |
| THA/TKA | $153,100 | $0 | 0.00% |
| COPD | $911,500 | $0 | 0.00% |
| CABG | $3,159,700 | ($376,000) | 85.79% |

# RRP Performance Scorecard (con't)

Condition:

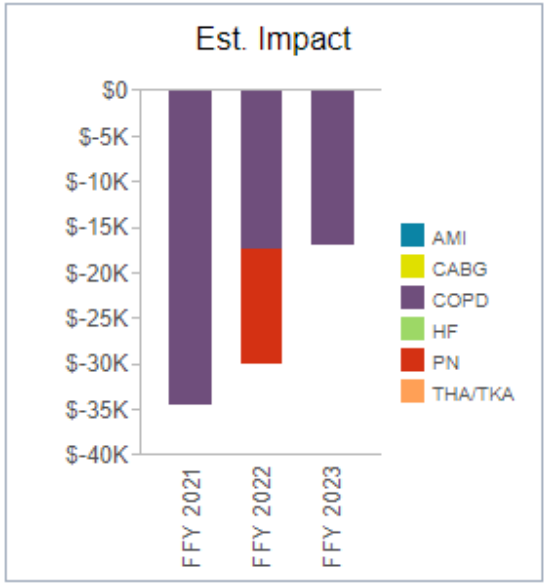
- [ ] AMI
- [x] CABG
- [ ] COPD
- [ ] HF
- [ ] PN
- [ ] THA/TKA



| Actual Performance: CABG | | |
|---|---|---|
| **FFY Program** | **2022** | **2023** |
| Eligible Discharges | 142 | 114 |
| DRG Ratio [A] | 0.0466 | 0.0371 |
| Excess Ratio [B] | 1.4277 | 1.3519 |
| Quintile Median [C] | 0.9845 | 0.9931 |
| Excess % [D = C - B] | 0.4432 | 0.3587 |
| Excess Amt. [E = A x D] | 0.0206 | 0.0133 |
| Total Excess Amt. [F = Sum(E)] | 0.0316 | 0.0155 |
| Excess % of Total [G = E/F] | 65.43% | 85.79% |
| Total Est. Impact [H] | ($853,000) | ($438,300) |
| Est. Impact by Condition [G x H] | ($558,100) | ($376,000) |

An adjustment factor in blue indicates there would have been higher penalty if not capped at 3.0%

# Readmissions Reduction Program: Hospital Case Study

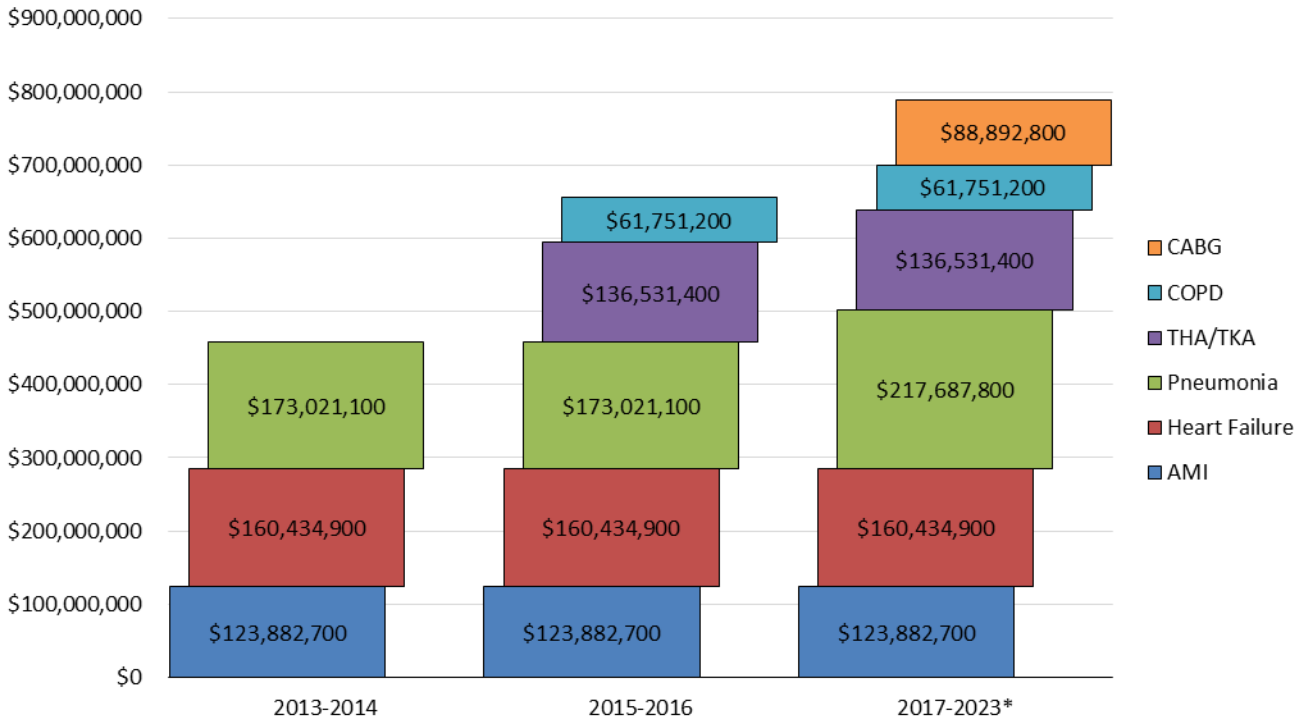



| | 2021 | | 2022 | | 2023 | |
|---|---|---|---|---|---|---|
| | Excess Ratio | Median Excess Ratio | Excess Ratio | Median Excess Ratio | Excess Ratio | Median Excess Ratio |
| AMI | 0.9184 | 0.9918 | 0.9880 ▲ | 0.9955 | 0.9870 ▼ | 0.9954 |
| HF | 0.9275 | 0.9899 | 0.8892 ▼ | 0.9927 | 0.9070 ▲ | 0.9927 |
| PN | 0.9418 | 0.9872 | 0.9977 ▲ | 0.9865 | - | - |
| THA/TKA | 0.8165 | 0.9941 | 0.8651 ▲ | 0.9944 | 0.9022 ▲ | 0.9923 |
| COPD | 1.0647 | 0.9942 | 1.0372 ▼ | 0.9941 | 1.0470 ▲ | 0.9949 |
| CABG | 0.9256 | 0.9942 | 0.9834 ▲ | 0.9845 | 0.9881 ▲ | 0.9931 |

| | | | |
|---|---|---|---|
| Quintile Assignment | 2 | 2 | 2 |
| Final RRP Adjustment Factor | 0.9988 | 0.9989 | 0.9994 |
| **Estimated Annual Impact** | ($34,500) | ($30,000) ▲ | ($17,000) ▲ |

- Hospital had several excess ratios below 1 in 2022
- Hospital still has a negative of ($30,000) in 2022 in part due to being in quintile 2 for the SDS adjustment and having more stringent benchmarks (less than 1)
- Hospitals in higher quintiles will typically be compared to less stringent benchmarks and hospitals in lower quintiles will generally be compared to more stringent benchmarks.

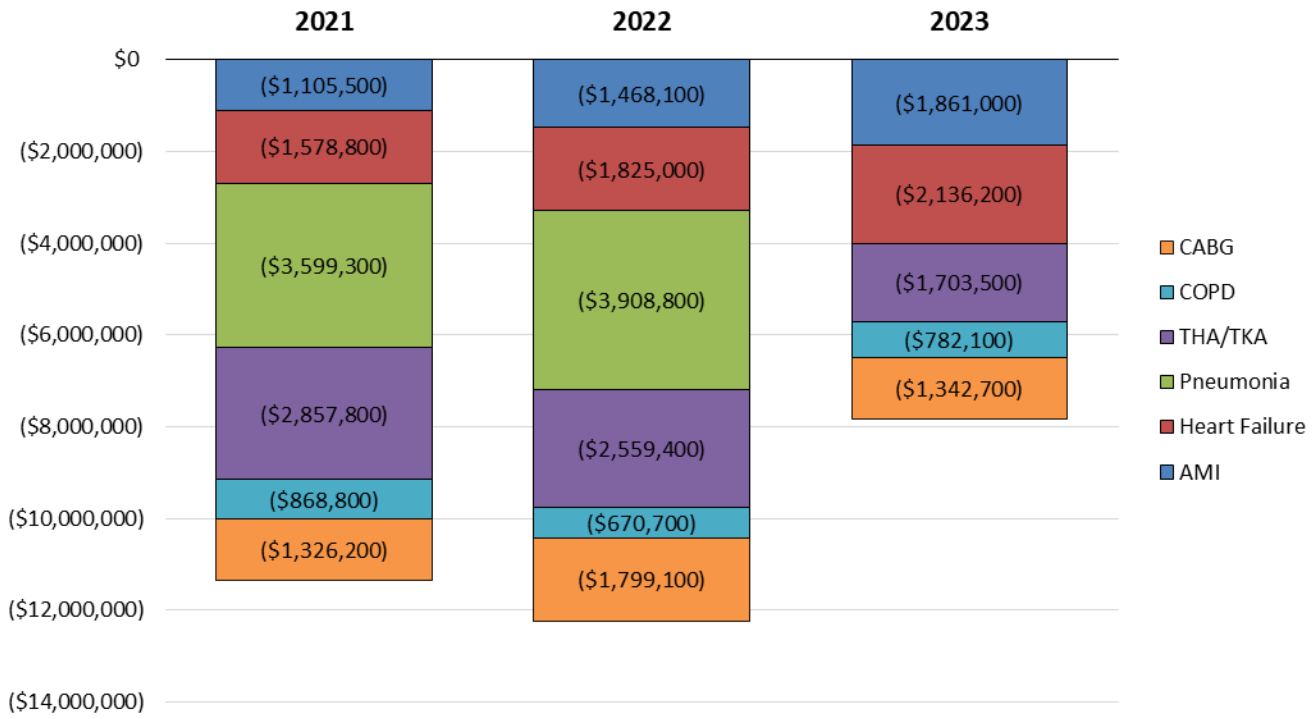
# TN's RRP Revenue by Condition




| Condition/Procedure | 2013-2014 | 2015-2016 | 2017-2023* |
|---|---|---|---|
| AMI | $123,882,700 | $123,882,700 | $123,882,700 |
| Heart Failure | $160,434,900 | $160,434,900 | $160,434,900 |
| Pneumonia | $173,021,100 | $173,021,100 | $217,687,800 |
| THA/TKA | N/A | $136,531,400 | $136,531,400 |
| COPD | N/A | $61,751,200 | $61,751,200 |
| CABG | N/A | N/A | $88,892,800 |
| **Total Program Exposure** | **$457,338,700** | **$655,621,300** | **$789,180,800** |
| **Increase in Exposure** | | **43.4%** | **20.4%** |

*no PN in FFY 2023 due to the measures association with COVID-19.

# TN's RRP Impact by Condition




| Condition/Procedure | 2021 | 2022 | 2023 |
|---|---|---|---|
| AMI | ($1,105,500) | ($1,468,100) | ($1,861,000) |
| Heart Failure | ($1,578,800) | ($1,825,000) | ($2,136,200) |
| Pneumonia | ($3,599,300) | ($3,908,800) | N/A |
| THA/TKA | ($2,857,800) | ($2,559,400) | ($1,703,500) |
| COPD | ($868,800) | ($670,700) | ($782,100) |
| CABG | ($1,326,200) | ($1,799,100) | ($1,342,700) |
| **Total Impact** | **($11,336,400)** | **($12,231,100)** | **($7,825,500)** |

Eligible providers and their characteristics are based on the FFY 2023 IPPS Final Rule Correction Notice.

# TN's Readmission Rate Trends

| | | State Rates | | | |
|---|---|---|---|---|---|
| | | 2Q 2019 July 1, 2015 - June 30, 2018 | 2Q 2020 July 1, 2016 - June 30, 2019 | 2Q 2021 July 1, 2017 - Dec 1, 2019 | 2Q 2022* July 1, 2018 - Dec 1, 2020 |
| Readmission Rates | READM_30_AMI: Acute Myocardial Infarction (AMI) 30-Day Readmission Rate | 15.6% | 16.0% ▲ | 16.0% ▲ | 15.3% ▼ |
| | READM_30_HF: Heart Failure (HF) 30-Day Readmission Rate | 21.9% | 22.0% ▲ | 22.0% ▲ | 21.4% ▼ |
| | READM_30_PN: Pneumonia (PN) 30-Day Readmission Rate | 17.2% | 17.2% ▲ | 17.3% ▲ | N/A |
| | READM_30_HIP_KNEE: Elective Total Hip/Knee Surgery (THA/TKA) 30-Day Readmission Rate | 4.0% | 4.0% ▼ | 4.0% ▼ | 4.0% ▲ |
| | READM_30_COPD: Chronic Obstructive Pulmonary Disease (COPD) 30-Day Readmission Rate | 19.6% | 19.6% ▲ | 19.7% ▲ | 20.1% ▲ |
| | READM_30_CABG: Coronary Artery Bypass Graft (CABG) 30-Day Readmission Rate | 12.5% | 12.3% ▼ | 12.4% ▲ | 11.4% ▼ |

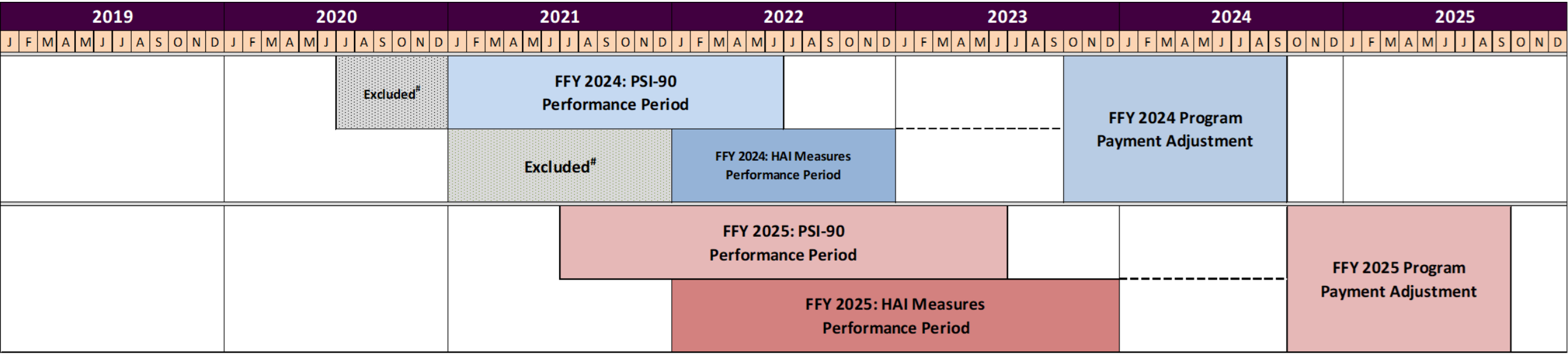
# TN's Readmission Rank Trends

| | | State Rank | | | |
|---|---|---|---|---|---|
| | | 2Q 2019 July 1, 2015 - June 30, 2018 | 2Q 2020 July 1, 2016 - June 30, 2019 | 2Q 2021 July 1, 2017 - Dec 1, 2019 | 2Q 2022* July 1, 2018 - Dec 1, 2020 |
| Readmission Ranks | READM_30_AMI: Acute Myocardial Infarction (AMI) 30-Day Readmission Rate | 30 of 51 | 30 of 51 | 42 of 51 ▲ | 47 of 51 ▲ |
| | READM_30_HF: Heart Failure (HF) 30-Day Readmission Rate | 39 of 51 | 34 of 51 ▼ | 34 of 51 | 33 of 51 ▼ |
| | READM_30_PN: Pneumonia (PN) 30-Day Readmission Rate | 45 of 51 | 46 of 51 ▲ | 47 of 51 ▲ | N/A |
| | READM_30_HIP_KNEE: Elective Total Hip/Knee Surgery (THA/TKA) 30-Day Readmission Rate | 43 of 51 | 42 of 51 ▼ | 35 of 51 ▼ | 23 of 51 ▼ |
| | READM_30_COPD: Chronic Obstructive Pulmonary Disease (COPD) 30-Day Readmission Rate | 32 of 51 | 26 of 51 ▼ | 26 of 51 | 37 of 51 ▲ |
| | READM_30_CABG: Coronary Artery Bypass Graft (CABG) 30-Day Readmission Rate | 24 of 51 | 22 of 51 ▼ | 26 of 51 ▲ | 15 of 51 ▼ |

# Medicare Hospital Acquired Condition (HAC) Reduction Program


- Program started 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 Total Medicare FFS Inpatient Dollars
- Parameters set in IPPS rulemaking at least one year in advance
- Penalty is in addition to existing HAC DRG demotion policy

# HAC Program Timeframes




#These performance periods are impacted by CMS' adoption in the FFY 2022 IPPS Final Rule to suppress data from July 1, 2020 - December 31, 2020 due to the COVID-19 PHE for the HAC program. CMS also suppressed CY 2021 data for the HAI measures in the FFY 2023 IPPS Final Rule.

# HAC Reduction Program Methodology

- HAC measures:
  - PSI-90 Composite Measure, CAUTI and CLABSI, SSI (colon surgery and abdominal surgery), C-Diff and MRSA
- Separate performance scores are calculated for each HAC measure
  - Z-score
  - Based on national mean and standard deviation for all eligible hospitals
  - Improvement is not recognized
- Average of all eligible measures are calculated to determine a total HAC score (prior to FFY 2020, averages were calculated for two domains, then the domains were weighted together for a total HAC score)
- Total HAC Score determines worst performing quartile of hospitals to receive 1% payment penalty

| # of HAI Measures with Scores | Weight applied to: | |
|---|---|---|
| | PSI 90 | Each HAI |
| 0 | 100% | N/A |
| 1 | 50% | 50% |
| 2 | 33.3% | 33.3% |
| 3 | 25% | 25% |
| 4 | 20% | 20% |
| 5 | 16.7% | 16.7% |
| Any number | N/A | 100% (equally divided) |

# PSI-90 Composite

- The PSI-90 composite measure is calculated by combining performance on 10 individual Patient Safety Indicator (PSI) measures.
- Hospitals are scored in HAC on the overall PSI-90 composite measure with each component PSI having a different weight towards the overall composite.
- Currently, HAC uses version 11.0 of the AHRQ Quality Indicators software to calculate PSI-90 composite.

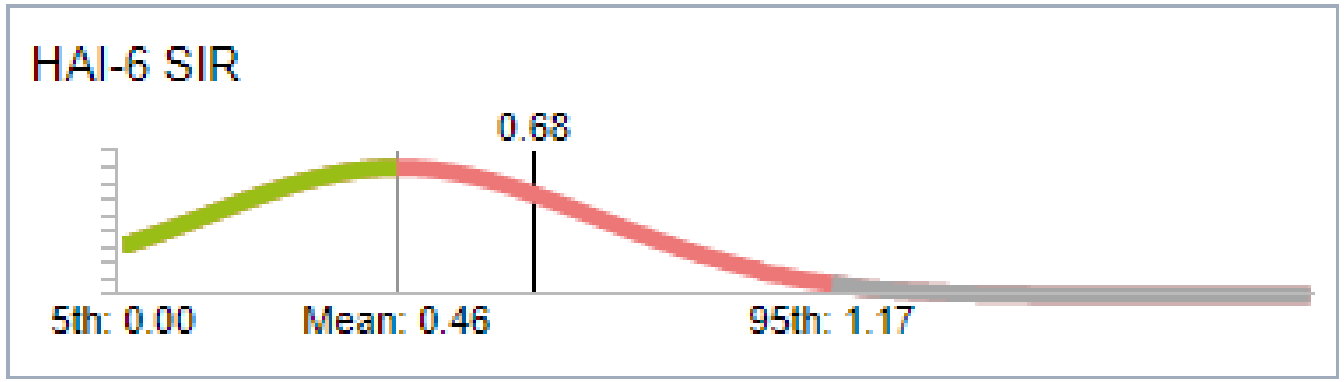
| PSI-90: Patient Safety and Adverse Events Composite[1] | Weight |
|---|---|
| *PSI 13: Postop Sepsis* | *24.9%* |
| *PSI 12: Periop PE or DVT* | *19.3%* |
| *PSI 3: Pressure Ulcer* | *16.9%* |
| *PSI 11: Postop Respiratory Failure* | *15.6%* |
| *PSI 10: Postop Acute Kidney Injury Requiring Dialysis* | *8.6%* |
| *PSI 9: Periop Hemorrhage or Hematoma Rate* | *4.6%* |
| *PSI 6: Iatrogenic Pneumothorax* | *3.9%* |
| *PSI 15: Unrecognized Abdominopelvic Accidental Puncture/Laceration* | *3.8%* |
| *PSI 8: In-Hospital Fall with Hip Fracture* | *1.4%* |
| *PSI 14: Postop Wound Dehiscence* | *0.9%* |

# HAC Reduction Program: Z-score Methodology

- HAC program evaluates hospitals based on a **Z-score**
  - Measure ratios are winsorized to remove effects of outliers (top and bottom 5%)
  - Represents a hospital's distance from the national average for a measure, in terms of units of standard deviation
    - A **POSTIVE** z-score is above the average, and reflects **POOR** performance
    - A **NEGATIVE** z-score is below the average, and reflects **GOOD** performance
    - **Lower scores are better**
  - Z-scores are averaged together to determine Total HAC Score

$$\text{Z} - \text{score} = \frac{\text{Hospital's Measure Performance} - \text{Mean Performance for All Hospitals}}{\text{Standard Deviation for All Hospitals}}$$

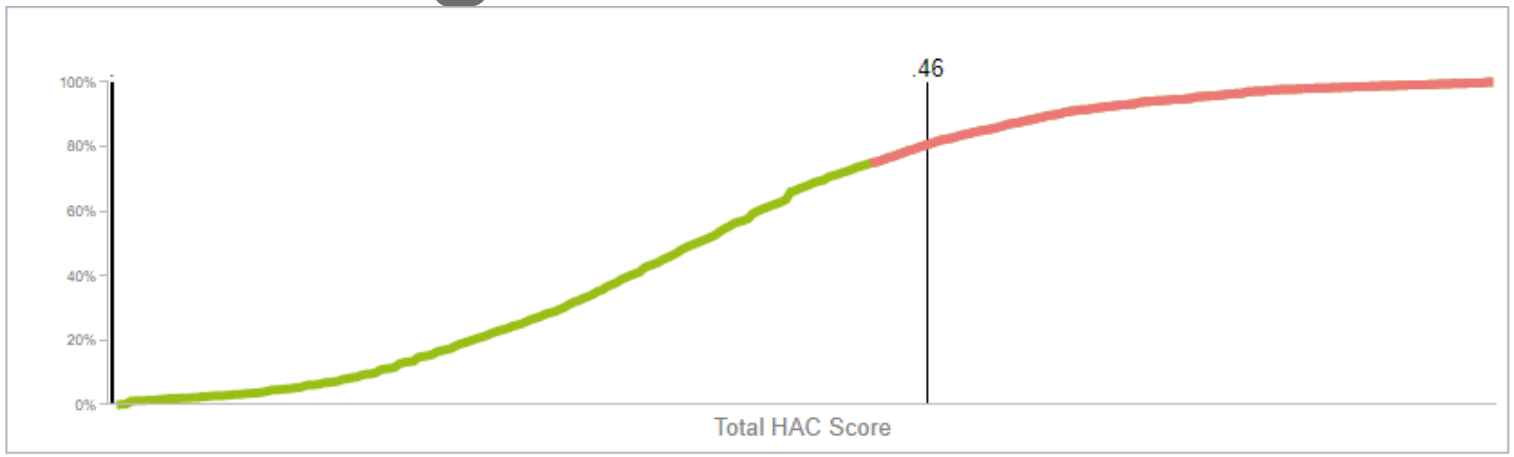
# HAC Reduction Program Measure Detail




## HAI-6: Clostridium difficile (C.diff.)

| Numerator | Denominator | Standardized Infection Ratio (SIR) | Winsorized SIR | Winsorized National Mean | Winsorized National Std. Deviation | C.diff Z-Score |
|---|---|---|---|---|---|---|
| 57.00 | 83.81 | 0.6800 | 0.6800 | 0.4631 | 0.3238 | 0.6698 |

# HAC Reduction Program Performance Scorecard




## Estimated FFY 2024 Performance

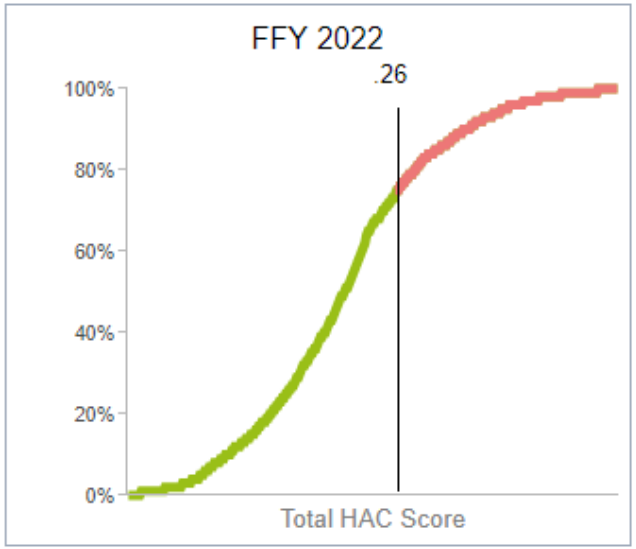
| Total HAC Score | 75th Cutoff | Payment Penalty? | Est. Annual Impact |
|---|---|---|---|
| 0.4600 | 0.3379 | Yes | ($1,412,800) |

## Estimated FFY 2024 Performance

Lower is Better

| Measure | Base Score | Measure Z-Score |
|---|---|---|
| **AHRQ Claims Based** | | |
| PSI-90-Safety | 0.8100 | -1.2604 |
| **CDC Chart Abstracted** | | |
| HAI-1 | 1.0770 | 0.0425 |
| HAI-2 | 0.5330 | -0.4932 |
| SSI | 2.0050 | 2.0812 |
| HAI-5 | 2.3600 | 1.7203 |
| HAI-6 | 0.6800 | 0.6698 |

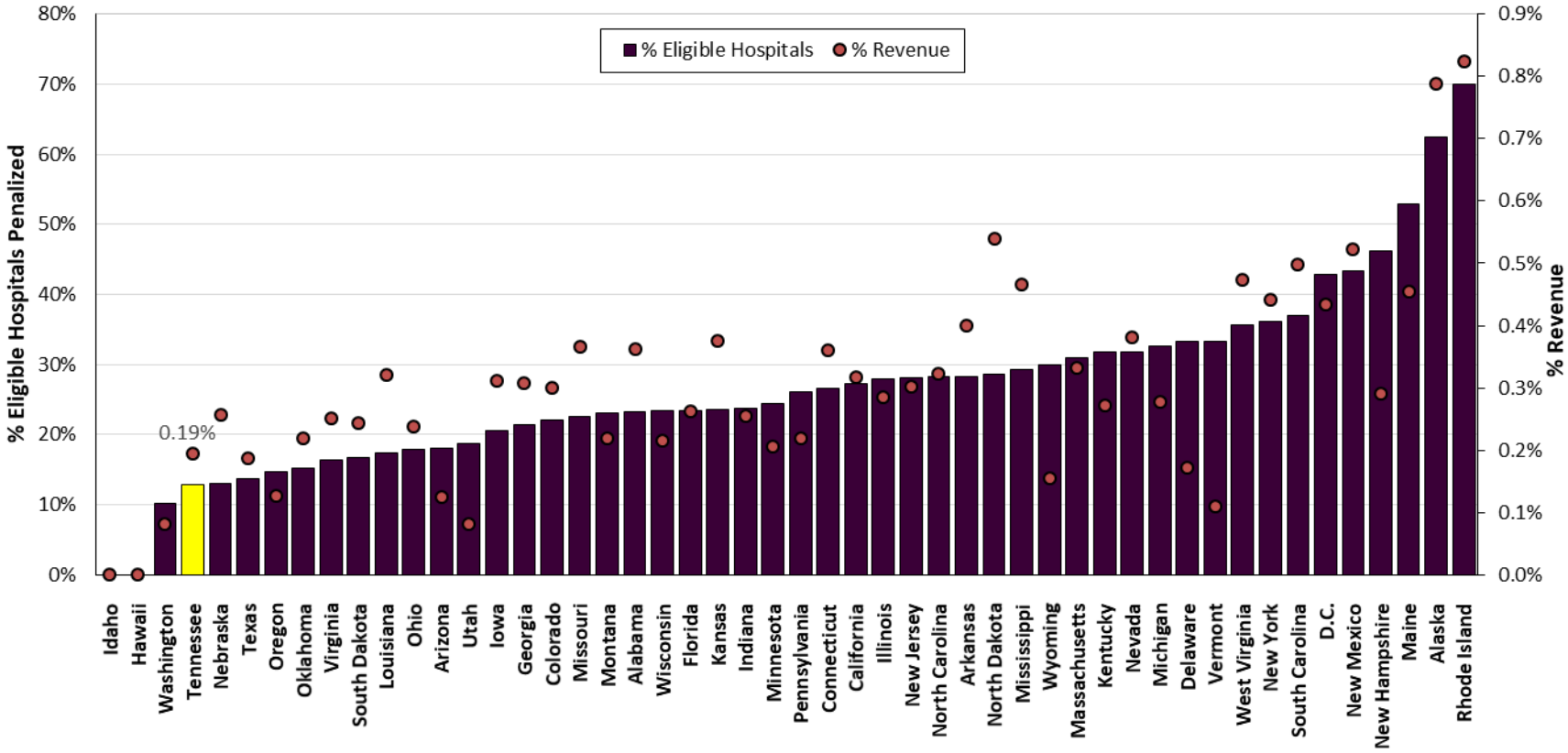
# Hospital Acquired Condition: Hospital Case Study




| | 2020 | 2021 | | 2022 | |
|---|---|---|---|---|---|
| PSI-90 Score | -0.0183 | -0.1267 | ▼ | 1.4252 | ▼ |
| HAI-1 CLABSI Score | 0.3678 | -0.1342 | ▼ | -1.291 | ▼ |
| HAI-2 CAUTI Score | 0.8354 | 0.2816 | ▼ | 1.0445 | ▼ |
| SSI Colon/Abd. Score | -1.5000 | 0.0929 | ▲ | -0.398 | ▼ |
| HAI-5 MRSA Score | N/A | N/A | - | N/A | ▲ |
| HAI-6 C.Diff Score | 1.9710 | 1.5775 | ▼ | 0.5193 | ▼ |
| Total HAC Score | 0.3312 | 0.3382 | ▲ | 0.2599 | ▼ |
| | | | | | |
| 75th Percentile Total HAC Score | 0.3306 | 0.3383 | | 0.2998 | |
| **Receives 1.0% Reduction?** | Yes | No | | No | |

- Hospital does worse (Total HAC score increases) from 2020 to 2021.
- Hospital goes from penalty in 2020 to no penalty in 2021 (even with better performance in 2020 compared to 2021) because a hospital must keep up with other providers in the US in order to avoid getting a penalty.
- Even if all hospitals improve, 1.0% penalty is always applied to worst performing quartile.

# TN's HAC Reduction Program Performance

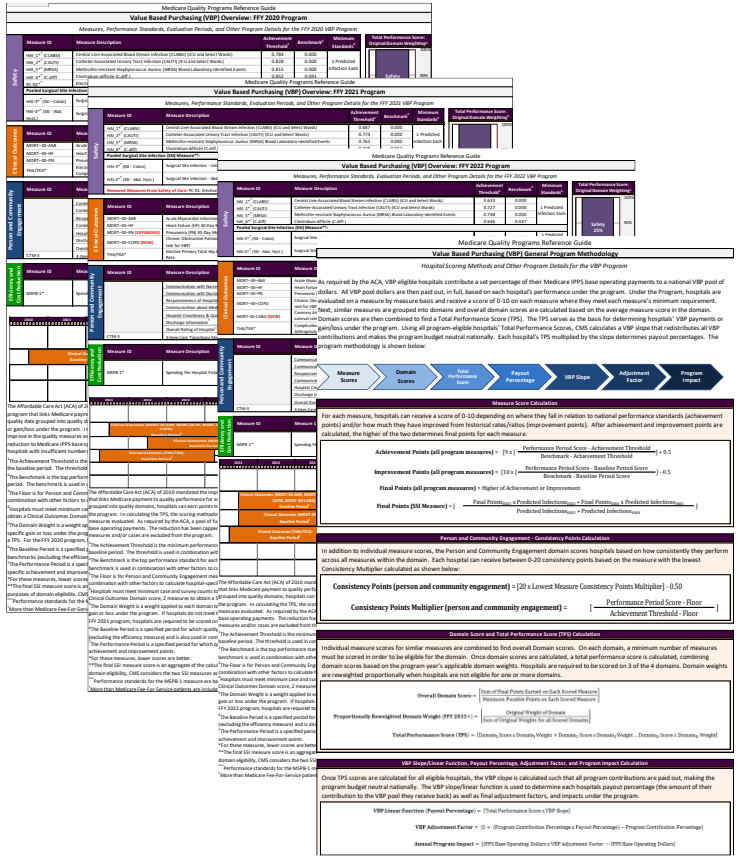


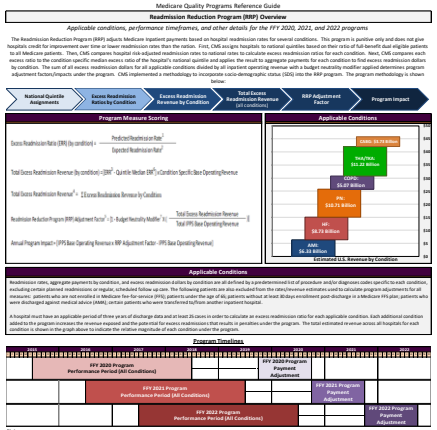

**HAC Reduction Program Performance**

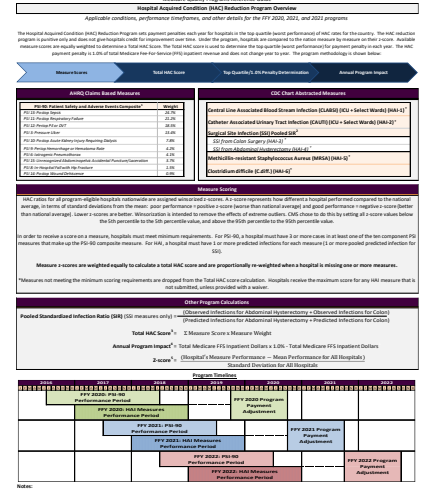
| | FFY 2020 | FFY 2021 | FFY 2022 |
|---|---|---|---|
| **Statewide Impact** | ($5,791,400) | ($11,643,400) | ($5,585,100) |
| **Number of Penalty Hospitals** | 21 | 22 | 11 |
| **Percent of Hospitals Receiving Penalty** | 24.4% | 25.6% | 12.8% |
| **Percent of Total Revenue Affected** | 0.21% | 0.42% | 0.19% |

Eligible providers and their characteristics are based on the FFY 2023 IPPS Final Rule Correction Notice.

# Quality Program Reference Guide

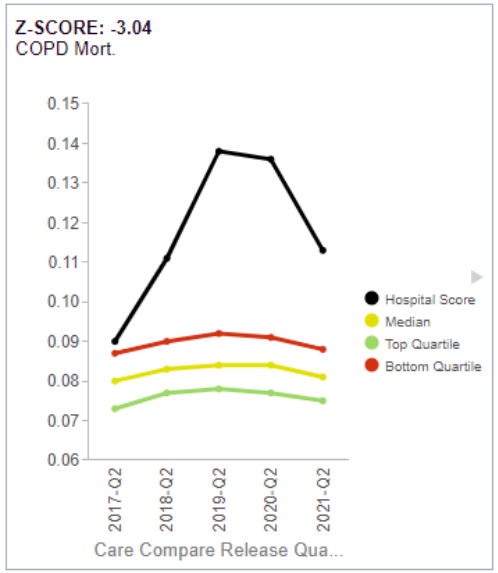


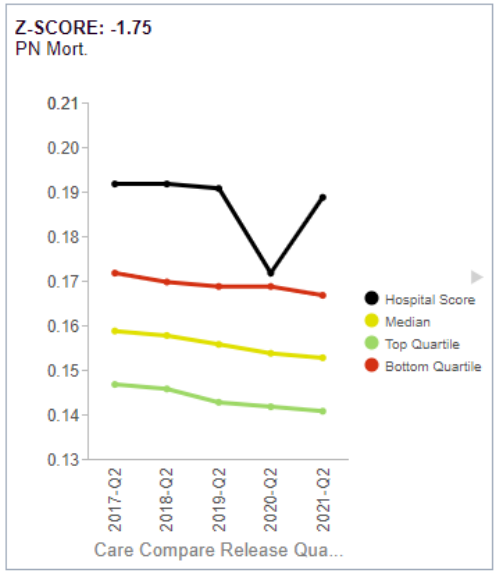



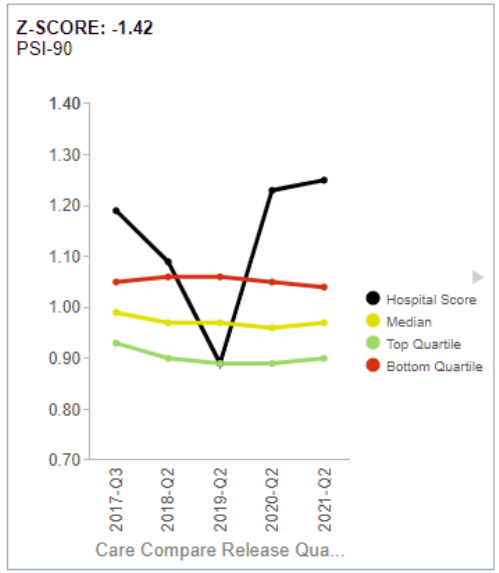



# Quality Program Measure Trends

- Chasing a moving target
  - Measures/Domains
  - National Improvement Trends
  - Performance Standards
  - Z-scores



# Hospital-Specific One-Pager Report


- 3-year trend for each hospital
- FFYs 2021-2023
- Actual performance on all 3 programs: VBP, RRP, HAC

# Other Quality Data Sources

- Care Compare
- Quality Net
- Other

# Key Reminders for Hospitals

- Payments are at stake
- Historical data will continue to drive these programs
- Program targets move with national performance, so hospitals must keep pace with the pack
- Complexity of program measures
- Overlap with other quality based payment reform programs
  - VBP & HAC: CAUTI, CLABSI, Surgical Site Infection (SSI), MRSA and C-Diff Measures
  - VBP & RRP: THA/TKA, AMI, HF, PN, CABG, and COPD
- HACs will have a worst performing 25%

# Thank you.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