The Nuts and Bolts of VBP: Impact of Scores on Reimbursement

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1. Identify current requirements for the HCAHPS survey.

2. Describe how HCAHPS is calculated into VBP scores.

3. Identify techniques for prioritizing performance improvement strategies.
HCAHPS Survey
**Intent:**
Provide a standardized survey instrument and data collection methodology for measuring patients' perspectives on hospital care

**Goals:**
1. Produce comparable data on the patient's perspective of care that allows objective and meaningful comparisons between hospitals on domains that are important to consumers
2. Public reporting of the survey results is designed to create incentives for hospitals to improve their quality of care
3. Public reporting will serve to enhance public accountability in health care by increasing the transparency of the quality of hospital care provided in return for the public investment

[http://www.hcahpsonline.org](http://www.hcahpsonline.org), Centers for Medicare & Medicaid Services, Baltimore, MD.
The Survey: Methodology

- 27 Questions
- 18 patient perspectives on care and patient rating items
- 8 key topics:
  - communication with doctors
  - communication with nurses
  - responsiveness of hospital staff
  - pain management
  - communication about medicines
  - discharge information
  - cleanliness of the hospital environment
  - quietness of the hospital environment

The Survey: Methodology

- Hospitals required to have minimum 300 completed surveys
  - If unable to reach 300, must survey all eligible patients

  - Average hospital receives almost 900 completed surveys per year
  - Additional data allows for deeper and more stable data

- Client Exclusions:
  - Patients who die while in the hospital
  - Documented “No Publicity” patients
  - Newborns
  - Other patients excluded by law in your state
The Survey: Methodology

• Languages
  o English
  o Spanish
  o Russian
  o Chinese
  o Vietnamese
  o Portuguese

• 4 Modes of Administration
  o Mail
  o Phone
  o Mail then phone
  o Interactive Voice Response
The Survey: Methodology

- **Press Ganey Exclusions:**
  - Admitted and discharged on same day
    - Observation Patients, Outpatients
  - Under age 18 on admission
  - Discharged to SNF or Hospice
  - Admitted from or discharged to a correctional facility
  - Patients with an international address
  - Specific MS-DRGs

- **Included:**
  - Patients who leave against medical advice (AMA)
  - Patients discharged to intermediate care, rehabilitation facility
  - Patients with dementia (unless excluded due to MS-DRG)

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New HCAHPS Questions

- Five new questions:
  - Two demographic questions
    - During this hospital stay were you admitted through the ED?
    - How would you rate your overall mental/emotional health?
  - Three care transitions questions (next slide)
- Voluntary use began with July 1, 2012 discharges
- Mandatory use began with January 1, 2013 discharges
- Public reporting will occur after 12 months of data collection
- Likely to be added to VBP
Care Transitions Measure 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.
  - Strongly disagree
  - Disagree
  - Agree
  - Strongly agree

- When I left the hospital, I clearly understood the purpose for taking each of my medications.
  - Strongly disagree
  - Disagree
  - Agree
  - Strongly agree
  - I was not given any medication when I left the hospital

- When I left the hospital, I had a good understanding of the things I was responsible for in managing my health.
  - Strongly disagree
  - Disagree
  - Agree
  - Strongly agree
HCAHPS and Value Based Purchasing (VBP) Calculations
Hospital Based VBP

- Required as part of Affordable Care Act (ACA)
- Incentive pool funded by withheld portion of base operating DRG payments across all patients
- 1% of base DRG payment withheld FFY13
- Increased to 1.25% FFY14 (October 1, 2013)
- Hospitals have to earn back a percentage of withheld funds based on performance
- Not a simple calculation
Key elements of VBP

- Zero sum game.
- Hospitals will lose reimbursement unless their performance is at benchmark levels.
- Withhold of baseline DRG payment (not annual payment update) across all patients.
- Incentive pool to be phased in:
  - 1.0% in FY2013
  - 1.25% in FY2014
  - 1.5% in FY2015
  - 1.75% in FY2016
  - 2.0% in FY2017
- Percentage of withhold earned back based on performance.
# VBP Measurement: Now and in the Future

<table>
<thead>
<tr>
<th>Incentive/Penalty</th>
<th>1% of Base DRG operating payment in FY13, rising to 2% in FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Measurement Areas of Interest</strong></td>
<td></td>
</tr>
<tr>
<td>FFY 2013</td>
<td>Core Measures, Patient Experience, AMI, HF, PN, SCIP, HCAHPS</td>
</tr>
<tr>
<td>FFY 2014</td>
<td>Core Measures, HCAHPS, Outcomes, (Largely unchanged), (Unchanged)</td>
</tr>
<tr>
<td></td>
<td>30d risk-adjusted mortality AMI, HF, PN</td>
</tr>
<tr>
<td>FFY 2015 (proposed)</td>
<td>Core Measures, Patient Experience, (Largely unchanged), (Unchanged)</td>
</tr>
<tr>
<td></td>
<td>Outcomes, Adding AHRQ PSI composite and CLABSI</td>
</tr>
<tr>
<td></td>
<td>Efficiency of Care, Average spending per M/care Beneficiary</td>
</tr>
<tr>
<td>FFY 2016 (proposed)</td>
<td>Clinical Care, Person &amp; Caregiver Experience &amp; Outcomes, Safety</td>
</tr>
<tr>
<td></td>
<td>Efficiency &amp; Cost Reduction, Care Coordination, Community/Population Health</td>
</tr>
<tr>
<td><strong>Considerations</strong></td>
<td>Domain weighting for score calculation changes as new domains added</td>
</tr>
<tr>
<td></td>
<td>Measures within domains subject to change (additions, deletions)</td>
</tr>
<tr>
<td></td>
<td>Proposal for FY16 is a realignment of all measures</td>
</tr>
</tbody>
</table>
Baseline and Performance Periods

- Baseline Period
  - Every single year has a baseline period (prior year)
  - Calculates thresholds (baselines and national reference points)
  - Establishes hospital level measure starting point

- Performance Period
  - Used to calculate VBP points and incentive payments
HCAHPS VBP Timeline

- FY 2013 Performance Period
- FY 2014 Performance Period
- FY 2015 Performance Period

Timeline:
- 2009
  - 1Q 2Q 3Q 4Q
- 2010
  - 1Q 2Q 3Q 4Q
- 2011
  - 1Q 2Q 3Q 4Q
- 2012
  - 1Q 2Q 3Q 4Q
- 2013
  - 1Q 2Q 3Q 4Q

Baseline Periods:
- FY 2013
- FY 2014
- FY 2015

Payments Affected:
- FY 2013 Performance Period
- FY 2014 Performance Period
- FY 2015 Performance Period

HCAHPS Domains

- Nurse Communication
- Doctor Communication
- Cleanliness and quietness
- Responsiveness of hospital staff
- Pain management
- Communication about medications
- Discharge information
- Overall Rating

- Total Possible Points = 100
  - 8 Domains = 80 possible points (domains scored individually)
  - Plus 20 possible points for “Consistency”
Calculating Domain Scores

- Full 20 points if all satisfaction domains at or above achievement threshold
- If one or more HCAHPS domain is below its achievement threshold, number of consistency points awarded is determined by the lowest performing domain
- Based on a sliding scale that aligns the range of possible points (0 to 20) to the performance range from 0 to the threshold (50th percentile)
# Thresholds and Benchmarks

<table>
<thead>
<tr>
<th>Measure</th>
<th>Achievement Threshold</th>
<th>Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clinical</td>
<td>50&lt;sup&gt;th&lt;/sup&gt; percentile</td>
<td>Mean of top decile</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>50&lt;sup&gt;th&lt;/sup&gt; percentile</td>
<td>95&lt;sup&gt;th&lt;/sup&gt; percentile</td>
</tr>
</tbody>
</table>

- National data from Baseline Period used to establish thresholds and benchmarks
- Hospital data from Baseline Period used to calculate improvement points.
Threshold and Benchmark

Established with data from the baseline period

Lower scores

Achievement threshold (Median)

Benchmark (Mean of Top Decile)

Higher scores
Achievement and Improvement Points

- Awarded points toward earn back of withheld DRG payments
- Every single domain “counts” towards your VBP score

- Achievement Points
  - Earned when performance is at or above national threshold (50th percentile)
  - Calculated for each domain

- Improvement Points
  - Based on your hospital’s improvement from baseline period
  - Earned when starting point is below 50th percentile

- Each measure scored on Achievement and Improvement, the higher of which is used in overall score calculation
Scoring on Achievement

Baseline period

Attainment Threshold

Performance period

Target

Benchmark

1.........10 points
Scoring on Improvement
What are Consistency Points?

- Based on your lowest performing HCAHPS domain
- Looks at the “floor”
  - Lowest reported average top box percentage (0\textsuperscript{th} percentile)
  - “Floor” is used to calculate consistency points
- Hospital at/above threshold earns all 20 consistency points

- All 8 domains at or above the thresholds for their respective measures to earn all 20 Consistency points.
- Otherwise, the lowest scoring measures determines the number of Consistency points earned

Example of Consistency Points

Floor

HCAHPS 1
HCAHPS 2
HCAHPS 3
HCAHPS 4
HCAHPS 5
HCAHPS 6
HCAHPS 7
HCAHPS 8

Consistency Points

0  5  10  15  20

Threshold

Floor

Benchmark

Consistency Points

0  5  10  15  20
Converting Scores to VBP Points

Improvement Range adjusts according to performance in the baseline period

Achievement Range

<table>
<thead>
<tr>
<th>Achievement Range</th>
<th>0</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
</table>

Improvement Range

<table>
<thead>
<tr>
<th>Improvement Range</th>
<th>0</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
</table>

Example Calculation

Source: CMS Hospital Inpatient Value-Based Purchasing Final Rule, CMS-3239-F; May 6 2011.
Converting Scores into Payments

- Overall VBP score calculated by weighting the clinical score 70% and the satisfaction score 30%.
- Exchange function converts Overall VBP Score into percentage of Medicare MS-DRG withhold earned back.
- Takes into account threshold and benchmark.
- Empirical exchange function
  - CMS required to redistribute leftover funds
  - Funds will be redistributed by increasing the slope of the exchange function.
  - Ultimate slope (steepness) of exchange function will be determined by performance across all hospitals during the performance period
    - Generally low performance (i.e., lots of money left over), steeper slope
Effects of Increasing Exchange Slope Function

High performers come out ahead.

- Percent of Incentive Earned
- VBP Points
Effects of Rising Targets
VBP – National Baseline Performance FFY13

National Distribution of VBP Scores

- Average
- 90th Pctl
VBP – Change since Baseline FFY13

National Distribution of VBP Scores

N = 3045

VBP Score
Communication with Nurses

Average Top Box %

FY 2014
Performance

FY 2014
Baseline

FY 2013
Performance

FY 2013
Baseline

Rising Thresholds and Benchmarks

Overall Rating of Hospital

Threshold (50th Percentile)

- CMS FY2013
- CMS FY2014
- CMS FY2015
- PG Estimated FY2016

Benchmark (95th Percentile)

- CMS FY2013
- CMS FY2014
- CMS FY2015
- PG Estimated FY2016

### HCAHPS: Thresholds, and Benchmarks

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Threshold FFY13</th>
<th>Threshold FFY14</th>
<th>Benchmark FFY13</th>
<th>Benchmark FFY14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communications with Nurses</td>
<td>75.18</td>
<td>75.79</td>
<td>84.70</td>
<td>84.99</td>
</tr>
<tr>
<td>Communication with Doctors</td>
<td>79.42</td>
<td>79.57</td>
<td>88.95</td>
<td>88.45</td>
</tr>
<tr>
<td>Responsiveness of Staff</td>
<td>61.82</td>
<td>62.21</td>
<td>77.69</td>
<td>78.08</td>
</tr>
<tr>
<td>Pain Management</td>
<td>68.75</td>
<td>68.99</td>
<td>77.90</td>
<td>77.92</td>
</tr>
<tr>
<td>Communication about Meds</td>
<td>59.28</td>
<td>59.85</td>
<td>70.42</td>
<td>71.54</td>
</tr>
<tr>
<td>Cleanliness and Quietness</td>
<td>62.80</td>
<td>63.54</td>
<td>77.64</td>
<td>78.1</td>
</tr>
<tr>
<td>Discharge Information</td>
<td>81.93</td>
<td>82.72</td>
<td>89.09</td>
<td>89.24</td>
</tr>
<tr>
<td>Overall Rating</td>
<td>66.02</td>
<td>67.33</td>
<td>82.52</td>
<td>82.55</td>
</tr>
</tbody>
</table>
Prioritize Performance Improvement Strategies: Key Drivers
“Rising Tide” measure: Nurse Communication

This cluster of measures makes up 15% of a hospital’s VBP score.
Ultimate goal: reduce fear and anxiety:
• Eye contact, smile, introduction
  • Do staff understand the “why”?
  • How do you know all your staff are consistently exhibiting expected behaviors?
• “Golden minute”
  • Used in Home Health; applies well in Acute Care
  • Connect with patient (not related to clinical condition)
• “What are you most concerned about?”
• “What works well at home for you when you have pain?”
• No pass zone
American Pain Society Findings

“Tell me what pain to expect.”
(How often nurses kept you informed)

Patients’ exercise of choice in pain management intervention also lead to greater satisfaction.
(How often included in decisions regarding treatment)

Patients felt that pain worsened when providers’ responses were uncaring.
(How often did nurses/physicians treat you with courtesy and respect?)

Frequent assessments, rapid response, appropriate intervention and explanations all lead to effective pain management.
(Responsiveness of hospital staff)
Cleanliness

- ONLY the patient’s perception counts!
Cleanliness and Quality

Satisfaction With Cleanliness vs. Overall Satisfaction by Area*

- Inpatient: Satisfaction 3.49, Cleanliness 3.39
- Emergency Department: Satisfaction 3.29, Cleanliness 3.42
- Outpatient Surgery: Satisfaction 3.68, Cleanliness 3.66
- Outpatient Test & Treatment: Satisfaction 3.56, Cleanliness 3.54

* 4=very satisfied, 3=somewhat satisfied, 2=somewhat dissatisfied, 1=very dissatisfied

Inpatients Admitted Through the ED Give Lower Scores - Across Every HCAHPS Domain

The tight national distribution means that small % Top Box differences can drive large differences in national rank.

**Doctor Communication:**
- 85.6% Top Box → 83rd percentile
- 76.7% Top Box → 19th percentile

**Inpatient Scores on HCAHPS Survey**

<table>
<thead>
<tr>
<th>Domain</th>
<th>Admitted through ED</th>
<th>Other Inpatients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nurse</td>
<td>77.6</td>
<td>80.5</td>
</tr>
<tr>
<td>Responsive</td>
<td>62.6</td>
<td>69.4</td>
</tr>
<tr>
<td>Physician</td>
<td>71.2</td>
<td>76.7</td>
</tr>
<tr>
<td>Clean</td>
<td>72.9</td>
<td>85.6</td>
</tr>
<tr>
<td>Quiet</td>
<td>54.2</td>
<td>60.9</td>
</tr>
<tr>
<td>Pain</td>
<td>60.9</td>
<td>67.8</td>
</tr>
<tr>
<td>Medication</td>
<td>60.3</td>
<td>66.1</td>
</tr>
<tr>
<td>Discharge</td>
<td>88.6</td>
<td>82.8</td>
</tr>
<tr>
<td>Rate</td>
<td>74.5</td>
<td>69.5</td>
</tr>
<tr>
<td>Recommend</td>
<td>78.7</td>
<td>71.9</td>
</tr>
</tbody>
</table>

Source: Press Ganey Data, July 2012-Dec 2012

VBP Calculator: Prioritizing HCHAPS Initiatives

**MEDICAL CENTER**

Payment Period: FFY2013
Baseline Period: Clinical & HCAHPS: 7/1/2009-6/30/2010
Clinical: Public Data, HCAHPS: Public Data

**Your VBP Score**

- Clinical Score: 70.91
- Satisfaction Score: 47.00

**Estimated Financial Impact**

<table>
<thead>
<tr>
<th></th>
<th>Holdback</th>
<th>Earn Back</th>
<th>Net</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original</td>
<td>$680,909</td>
<td>$433,985</td>
<td>-$246,927</td>
</tr>
<tr>
<td>Adjusted</td>
<td>$680,909</td>
<td>$433,985</td>
<td>-$246,927</td>
</tr>
<tr>
<td>Difference</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>

### VBP Calculator: Prioritizing Initiatives

#### Satisfaction Measures (HCAHPS)

<table>
<thead>
<tr>
<th>Measure</th>
<th>Period Baseline</th>
<th>Performance</th>
<th>Sample Size</th>
<th>VBP Points</th>
<th>0</th>
<th>Holdback</th>
<th>Earn Back</th>
<th>Net</th>
</tr>
</thead>
<tbody>
<tr>
<td>RN Comm</td>
<td>0.70</td>
<td>0.78</td>
<td>300+</td>
<td>5</td>
<td></td>
<td>$20,427</td>
<td>$10,214</td>
<td>-$10,213</td>
</tr>
<tr>
<td>MD Comm</td>
<td>0.76</td>
<td>0.72</td>
<td>300+</td>
<td>4</td>
<td></td>
<td>$20,427</td>
<td>$8,171</td>
<td>-$12,256</td>
</tr>
<tr>
<td>Clean/Quiet</td>
<td>0.50</td>
<td>0.58</td>
<td>300+</td>
<td>2</td>
<td></td>
<td>$20,427</td>
<td>$4,085</td>
<td>-$16,342</td>
</tr>
<tr>
<td>Responsive</td>
<td>0.57</td>
<td>0.68</td>
<td>300+</td>
<td>5</td>
<td></td>
<td>$20,427</td>
<td>$10,214</td>
<td>-$10,213</td>
</tr>
<tr>
<td>Meds Expl</td>
<td>0.55</td>
<td>0.61</td>
<td>300+</td>
<td>3</td>
<td></td>
<td>$20,427</td>
<td>$6,128</td>
<td>-$14,299</td>
</tr>
<tr>
<td>Pain Mgmt</td>
<td>0.65</td>
<td>0.73</td>
<td>300+</td>
<td>6</td>
<td></td>
<td>$20,427</td>
<td>$12,256</td>
<td>-$8,171</td>
</tr>
<tr>
<td>Discharge</td>
<td>0.83</td>
<td>0.85</td>
<td>300+</td>
<td>4</td>
<td></td>
<td>$20,427</td>
<td>$8,171</td>
<td>-$12,256</td>
</tr>
<tr>
<td>Hosp Rate</td>
<td>0.60</td>
<td>0.65</td>
<td>300+</td>
<td>2</td>
<td></td>
<td>$20,427</td>
<td>$4,085</td>
<td>-$16,342</td>
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<tr>
<td>Consistency</td>
<td></td>
<td></td>
<td></td>
<td>16</td>
<td></td>
<td></td>
<td></td>
<td>$8,171</td>
</tr>
</tbody>
</table>

*What you don’t see – 15% “Usually” responses!*
<table>
<thead>
<tr>
<th>Order</th>
<th>Question</th>
<th>Source</th>
<th>Percentile Rank</th>
<th>Correlation Coefficient</th>
<th>Correlation Rank</th>
<th>Priority Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Pleasantness of room decor</td>
<td>PG</td>
<td>48</td>
<td>0.46</td>
<td>52</td>
<td>100</td>
</tr>
<tr>
<td>2</td>
<td>Noise level in and around room</td>
<td>PG</td>
<td>54</td>
<td>0.42</td>
<td>43</td>
<td>97</td>
</tr>
<tr>
<td>2</td>
<td>Room cleanliness</td>
<td>PG</td>
<td>48</td>
<td>0.44</td>
<td>49</td>
<td>97</td>
</tr>
<tr>
<td>4</td>
<td>Physician kept you informed</td>
<td>PG</td>
<td>48</td>
<td>0.44</td>
<td>46</td>
<td>94</td>
</tr>
<tr>
<td>5</td>
<td>Time physician spent with you</td>
<td>PG</td>
<td>48</td>
<td>0.42</td>
<td>40</td>
<td>88</td>
</tr>
<tr>
<td>5</td>
<td>Physician concern questions/worries</td>
<td>PG</td>
<td>41</td>
<td>0.44</td>
<td>47</td>
<td>88</td>
</tr>
<tr>
<td>5</td>
<td>Recommend the hospital</td>
<td>HCAHPS</td>
<td>33</td>
<td>0.66</td>
<td>55</td>
<td>88</td>
</tr>
<tr>
<td>8</td>
<td>Likelihood recommending hospital</td>
<td>PG</td>
<td>33</td>
<td>0.54</td>
<td>54</td>
<td>87</td>
</tr>
<tr>
<td>9</td>
<td>Staff worked together care for you</td>
<td>PG</td>
<td>33</td>
<td>0.45</td>
<td>51</td>
<td>84</td>
</tr>
<tr>
<td>10</td>
<td>Friendliness/courtesy of physician</td>
<td>PG</td>
<td>48</td>
<td>0.39</td>
<td>35</td>
<td>83</td>
</tr>
<tr>
<td>10</td>
<td>Cleanliness of hospital environment</td>
<td>HCAHPS</td>
<td>33</td>
<td>0.44</td>
<td>50</td>
<td>83</td>
</tr>
<tr>
<td>12</td>
<td>Doctors listen carefully to you</td>
<td>HCAHPS</td>
<td>48</td>
<td>0.37</td>
<td>32</td>
<td>80</td>
</tr>
<tr>
<td>12</td>
<td>Overall rating of care given</td>
<td>PG</td>
<td>27</td>
<td>0.51</td>
<td>53</td>
<td>80</td>
</tr>
<tr>
<td>14</td>
<td>Doctors treat with courtesy/respect</td>
<td>HCAHPS</td>
<td>54</td>
<td>0.33</td>
<td>21</td>
<td>75</td>
</tr>
<tr>
<td>14</td>
<td>Staff include decisions re:trtmnt</td>
<td>PG</td>
<td>27</td>
<td>0.44</td>
<td>48</td>
<td>75</td>
</tr>
<tr>
<td>16</td>
<td>How well your pain was controlled</td>
<td>PG</td>
<td>33</td>
<td>0.42</td>
<td>41</td>
<td>74</td>
</tr>
<tr>
<td>17</td>
<td>Staff do everything help with pain</td>
<td>HCAHPS</td>
<td>27</td>
<td>0.44</td>
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<td>PG</td>
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<td>Staff concern for your privacy</td>
<td>PG</td>
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<td>PG</td>
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What questions do you have?

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