Value-Based Purchasing
AT A GLANCE
Fiscal Year 2015 and Your Organization
Welcome to the third edition of Value-Based Purchasing at a Glance. Once again, Centers for Medicare and Medicaid Services (CMS) has raised the bar on quality and patient perception of care. That means it’s time for healthcare organizations everywhere to make sure that not can they only absorb and respond to the latest requirements, but also that they have a foundation in place to stand up under the even tougher ones waiting in the future.

As you read this document please ask yourself the following questions: Are leaders driving the changes needed to meet these new demands with a sufficient level of urgency? Are staff members fully engaged and ready to make these changes? Does everyone understand the “why” behind what we’re asking them to do—in terms of the impact their actions will have on the patients we serve and our own financial health?

Our goal at Studer Group is to continuously issue updates on the upcoming fiscal year’s changes and focus in on the areas that matter most for maximum reimbursement. (If you missed our previous updates on FY 2013 and FY 2014 rulings, visit www.studergroup.com/hcahps to access those and other resources.) Below is an overview of the final FY 2015 ruling released by the Centers for Medicare and Medicaid Services (CMS).

In FY 2015 (discharges from October 1, 2014, to September 30, 2015) the Value-Based Purchasing program includes a total of 26 measures, up from the initial 20 measures. CMS has also added an Efficiency domain that consists of measures around Medicare spending per beneficiary. The DRG operating payment will increase to 1.50% as illustrated in the graphic to the right.

The final rule also eliminated and added some individual measures from the Process of Care Measures and Outcomes Measures. We outline those changes in greater detail later in this paper.

**ROADMAP FOR FISCAL YEAR 2015**

- **HCAHPS Composites (30% Weight)**
- **Outcomes (30% Weight)**
- **Process of Care Measures (20% Weight)**
- **Efficiency (20% Weight)**

Performance attainment and improvement will determine total hospital reimbursement.
The baseline and performance periods that impact 2015 reimbursement, noted at right, includes the addition of the Efficiency domain periods.

With more requirements and elevated goals, it is evident that just sustaining results is not enough. The message is consistent with prior years; we must get progressively better and consistently improve results to stay ahead of the curve.

As previously stated, the FY 2015 VBP performance score will be calculated based on four domain scores; Clinical Process of Care (20% weight), Patient Experience of Care - HCAHPS (30% weight), Patient Outcomes (30% weight) and the addition of the Efficiency domain (20% weight).
The difference between the 2014 ruling and the 2015 rulings are as follows.

CMS proposed the addition of the Efficiency domain to examine all Medicare (Part A and Part B) spending beginning three days prior to admission through 30 days after discharge.

**PATIENT EXPERIENCE OF CARE MEASURES (HCAHPS) (30 PERCENT)**

Your results on the HCAHPS survey will determine 30 percent of your reimbursement in FY 2015; just as in FY 2014. See below for the eight measures and the scores pertaining to the VBP baseline period that will factor into CMS calculations. As you can see, the green numbers indicate increased threshold from 2014 to 2015. There is continued pressure to perform better and get results faster as the percent of threshold increased in every single composite.

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</thead>
<tbody>
<tr>
<td>Communication with Nurses</td>
<td>47.77%</td>
<td>75.79%</td>
<td>76.56%</td>
<td>84.99%</td>
<td>85.70%</td>
</tr>
<tr>
<td>Communication with Doctors</td>
<td>55.62%</td>
<td>79.57%</td>
<td>79.88%</td>
<td>88.45%</td>
<td>88.79%</td>
</tr>
<tr>
<td>Responsiveness of Hospital Staff</td>
<td>35.10%</td>
<td>62.21%</td>
<td>63.17%</td>
<td>78.08%</td>
<td>78.06%</td>
</tr>
<tr>
<td>Pain Management</td>
<td>43.58%</td>
<td>68.99%</td>
<td>69.46%</td>
<td>77.92%</td>
<td>78.17%</td>
</tr>
<tr>
<td>Communication about Medicines</td>
<td>35.48%</td>
<td>59.85%</td>
<td>60.89%</td>
<td>71.54%</td>
<td>71.85%</td>
</tr>
<tr>
<td>Hospital Cleanliness &amp; Quietness</td>
<td>41.94%</td>
<td>63.54%</td>
<td>64.07%</td>
<td>78.10%</td>
<td>78.90%</td>
</tr>
<tr>
<td>Discharge Information</td>
<td>57.67%</td>
<td>82.72%</td>
<td>83.54%</td>
<td>89.24%</td>
<td>89.72%</td>
</tr>
<tr>
<td>Overall Rating of Hospital</td>
<td>32.82%</td>
<td>67.33%</td>
<td>67.92%</td>
<td>82.55%</td>
<td>83.44%</td>
</tr>
</tbody>
</table>

Note: Implementation FY 2015
Source: OPPS VBP Final rule 8.31.12

![StuderGroup Logo]
Another 20 percent of the score that determines your reimbursement will be based on your organization’s performance on certain Process of Care Measures (down from 45 percent in FY 2014). The following 12 measures will factor into the CMS calculations used to determine your FY 2014 reimbursement.

**2015 FINAL RULE PROCESS OF CARE MEASURES**

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>AMI-7a</td>
<td>Fibrinolytic Therapy Received Within 30min of Hospital Arrival</td>
<td>80.66%</td>
<td>80.00%</td>
<td>96.30%</td>
<td>100.00%</td>
</tr>
<tr>
<td>AMI-8a</td>
<td>Primary PCI Received Within 90min of Hospital Arrival</td>
<td>93.44%</td>
<td>95.34%</td>
<td>100.00%</td>
<td>100.00%</td>
</tr>
<tr>
<td>HF-1</td>
<td>Discharge Instructions</td>
<td>92.66%</td>
<td>92.09%</td>
<td>100.00%</td>
<td>100.00%</td>
</tr>
<tr>
<td>PN-3b</td>
<td>Blood Cultures Performed in the Emer. Dept Prior to Initial Antibiotic Received in Hospital</td>
<td>97.30%</td>
<td>94.11%</td>
<td>100.00%</td>
<td>100.00%</td>
</tr>
<tr>
<td>PN-6</td>
<td>Initial Antibiotic Selection for CAP in Immunocompetent Patient</td>
<td>94.46%</td>
<td>97.78%</td>
<td>100.00%</td>
<td>100.00%</td>
</tr>
<tr>
<td>SCIP-Inf-1</td>
<td>Prophylactic Antibiotic Received Within 1hr Prior to Surgical Incision</td>
<td>98.07%</td>
<td>97.71%</td>
<td>100.00%</td>
<td>100.00%</td>
</tr>
<tr>
<td>SCIP-Inf-2</td>
<td>Prophylactic Antibiotic Selection for Surgical Patients</td>
<td>98.13%</td>
<td>98.63%</td>
<td>100.00%</td>
<td>100.00%</td>
</tr>
<tr>
<td>SCIP-Inf-3</td>
<td>Prophylactic Antibiotics Discontinued Within 24hrs After Surgery End Time</td>
<td>96.63%</td>
<td>98.63%</td>
<td>99.96%</td>
<td>100.00%</td>
</tr>
<tr>
<td>SCIP-Inf-4</td>
<td>Cardiac Surgery Patients w/ Controlled 6AM Postoperative Serum Glucose</td>
<td>96.34%</td>
<td>97.49%</td>
<td>100.00%</td>
<td>100.00%</td>
</tr>
<tr>
<td>SCIP-Inf-9</td>
<td>Postoperative Urinary Catheter Removal on Post Operative Day 1 or 2</td>
<td>92.86%</td>
<td>95.79%</td>
<td>99.98%</td>
<td>99.76%</td>
</tr>
<tr>
<td>SCIP-Card-2</td>
<td>Surgery Patients on a Beta Blocker Prior to Arrival That Received a Beta Blocker During the Perioperative Period</td>
<td>95.65%</td>
<td>95.91%</td>
<td>100.00%</td>
<td>100.00%</td>
</tr>
<tr>
<td>SCIP-VTE-1</td>
<td>Surgery Patients w/ Recommended Venous Thromboembolism Prophylaxis Ordered (removed from FY2015 measures)</td>
<td>94.62%</td>
<td>N/A</td>
<td>100.00%</td>
<td>100.00%</td>
</tr>
<tr>
<td>SCIP-VTE-2</td>
<td>Surgery Patients Who Received Appropriate Venous Thromboembolism Prophylaxis Within 24hrs Prior to Surgery to 24hrs After Surgery</td>
<td>94.92%</td>
<td>94.89%</td>
<td>99.83%</td>
<td>99.99%</td>
</tr>
</tbody>
</table>

Notice there was one measure removed around Surgery in Patients with Recommended Venous Thromboembolism Prophylaxis ordered (SCIP VTE-1). You’ll also notice that all of the 2015 “benchmark” numbers are at 100 percent, with the exception of two. That means it’s absolutely critical to get these Process of Care Measures correct each time to receive the optimal amount of reimbursement. Consistent with past years, much of the industry did quite well in this area which is why the majority of the benchmark percentages are at 100 percent for 2015.
### OUTCOMES MEASURES (30 PERCENT)

Another 30 percent of the score that determines your reimbursement will be based on your organization’s performance on certain Outcome Measures (up from 25 percent in FY 2014). The below 5 measures will factor into the CMS calculations used to determine your FY 2015 reimbursement and the Patient Safety for Selected Indicators are broken out separately.

#### 2015 OUTCOME MEASURES

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<tbody>
<tr>
<td>MORT–30–AMI</td>
<td>Acute Myocardial Infarction (AMI) 30-Day Mortality Rate (shown as survival rate)</td>
<td>84.77%</td>
<td>84.74% ↓</td>
<td>86.73%</td>
<td>86.23% ↓</td>
</tr>
<tr>
<td>MORT–30–HF</td>
<td>Heart Failure (HF) 30-Day Mortality Rate (shown as survival rate)</td>
<td>88.61%</td>
<td>88.15% ↓</td>
<td>90.42%</td>
<td>90.03% ↓</td>
</tr>
<tr>
<td>MORT–30 PN</td>
<td>Pneumonia (PN) 30-Day Mortality Rate (shown as survival rate)</td>
<td>88.18%</td>
<td>88.26% ↑</td>
<td>90.21%</td>
<td>90.41% ↑</td>
</tr>
<tr>
<td>AHRQ NEW</td>
<td>Patient Safety Indicator composite</td>
<td>----</td>
<td>62.28%</td>
<td>----</td>
<td>45.17%</td>
</tr>
<tr>
<td>CLABSI NEW</td>
<td>Central Line-Associated Bloodstream Infections</td>
<td>----</td>
<td>43.70%</td>
<td>----</td>
<td>00.00%</td>
</tr>
</tbody>
</table>
You will notice two additional measures were added for FY 2015: Agency for Healthcare Research and Quality Patient Safety Indicators (AHRQ PSI) composite and Central Line-Associated Bloodstream Infections (CLABSI). For the Outcomes Measure, you’ll also notice that two of the 2015 “benchmark” numbers will decrease from 2014 and one shows a slight increase.

**EFFICIENCY MEASURES (20 PERCENT)**

The most notable change from the 2014 to 2015 ruling is the addition of the Efficiency domain. Twenty percent of the score that determines your reimbursement will be based on your organization’s performance in this composite. As previously stated, CMS proposed the addition of the Efficiency domain to examine all Medicare (Part A and Part B) spending beginning three days prior to admission through 30 days after discharge.

### 2015 FINAL RULE EFFICIENCY MEASURES

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<tbody>
<tr>
<td>MSPB-1</td>
<td>Medicare Spending per Beneficiary</td>
<td>----</td>
<td>Median Medicare spending per beneficiary ratio across all hospitals during performance period</td>
<td>----</td>
<td>Mean of lowest decile of Medicare spending per beneficiary ratios across all hospitals during performance period</td>
</tr>
</tbody>
</table>
WHAT THE FUTURE HOLDS

We know going forward that the agency will add other quality performance metrics to the mix. CMS will continue to withhold a higher percentage of base operating DRG funding and at the same time will continue to raise the bar in pursuit of greater value and quality. As mentioned, CMS will increase its base operating DRG payment withholding which will continue to increase for the next three years. The percentage is expected to cap at 2.00% in FY 2017. As shown below, the DRG payment withholding in 2016 will increase to 1.75%.

CMS has proposed measures for FY 2016. They are projected to use the same baseline period for the mortality and AHRQ Outcomes Measures. All of the measures established for FY 2015 are expected to remain, and one additional measure will likely be added; a “Safe Surgery Checklist Use” measure.

CMS is also developing additional CAHPS surveys that will be released in the coming years. Exact timelines for release are not yet final. Just as we have done with our Value-Based Purchasing updates, Studer Group will release additional information on these CAHPS surveys as they become available.

Additional CAHPS Surveys

<table>
<thead>
<tr>
<th>Emergency Department</th>
<th>(Watch a 31 minute video and read a brief overview on EDCAHPS here: <a href="http://www.studergroup.com/edindustryupdate">www.studergroup.com/edindustryupdate</a>)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ambulatory Surgery / Hospital Outpatient Surgery</td>
<td></td>
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<tr>
<td>Hospice</td>
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<tr>
<td>Accountable Care Organizations/Physician Practices</td>
<td>(Watch a 25 minute video and read a brief overview on CGCAHPS here: <a href="http://www.studergroup.com/cgcahps">www.studergroup.com/cgcahps</a>)</td>
</tr>
<tr>
<td>Health Insurance Exchanges (HIE)</td>
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<tr>
<td>Hemodialysis – Freestanding Clinics</td>
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</table>
HALTING SHRINKING MARGINS

The average healthcare system in America in 2011 achieved a 2.2% net operating margin. If that hospital keeps doing exactly what it’s doing now, by 2021 its net operating margin is projected to fall to -16.8%. We must assess our organizations and remain focused and serious about making needed changes to protect our margins.

The average hospital has a 2.2% operating margin.

REIMBURSEMENT CUTS

- 2.2% will be a 16.8% deficit

“Reimbursement changes, technology changes, procedures change, medications change, events and people change…the most important skill is to create a culture that has the agility and ability to adapt to changes.”

- Quint Studer

The good news is that margin and mission are intertwined and interdependent. Margin lets us continue meeting our mission. Mission inspires the passion that enables us to make the continuous performance improvements that maintain healthy margins. When everyone understands this concept it makes our job so much easier.

Don’t hesitate to make the margin/mission connection every chance you have. And never stop reminding people that every improvement they make saves lives, makes people healthier and happier and gets them home to their loved ones faster. Once they “get” this truth on a deep and fundamental level, they will put their heart and soul into striving to do their work better and better. Their values won’t allow them not to do so…and everyone will benefit from the results.

Organizations coached by Studer Group vastly outperform and improve faster than their peers in Value-Based Purchasing measures. What’s more, the gap is widening. Organizations we coach understand the resources and tactics needed to succeed and hardwire an approach that leads to high reliability organizations. To learn more, please visit www.studergroup.com.