Hospital Acquired Condition (HAC) Reduction Program

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HAC Program is Required by Law (Section 3008 of Affordable Care Act)

- HAC program to start in FY 2015
- HHS Secretary must establish a HAC payment adjustment (reduction of 1 percent) for all inpatient hospital payments to affected hospitals
  - Includes Indirect Medical Education (IME) and Disproportionate Share (DSH) payments
- Must apply to one quarter of all hospitals (those with lowest performance)
- This HAC program is in addition to the HAC Non-Payment Program
- Reductions will be applied after adjustments for the Value-Based Purchasing (VBP) and the Hospital Readmissions Reductions Programs
Impact on Teaching Hospitals

- Teaching hospitals will be disproportionately affected by the HAC Reduction Program in two significant ways:
  - According to CMS, almost half (48.6%) of all teaching hospitals will be penalized. This is a slight decrease from the proposed rule, where 56.7% were estimated to be penalized.
  - Institutions that are penalized will see their total payments reduced, including add-ons (IME and DSH). This is different from the Readmissions and VBP Programs, where the penalty only applies to base DRG payments. CMS will discuss the methodology for applying the penalty in the FY 2015 IPPS proposed rule.
HAC Reduction Program Framework

Total HAC Score

Domains
- Domain 1 (AHRQ Measure)
- Domain 2 (CDC Measures)

Measures
- PSI-90 Composite Measure
- CAUTI and CLABSI Measures (FY 2015)

25% of worst performing hospitals receive 1% reduction

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HAC Domains and Measures

Domain 1
(AHRQ Measure)

Weighted 35%

AHRQ PSI-90 Composite
This measure consists of:
- PSI-3: pressure Ulcer
- PSI-6: iatrogenic pneumothorax
- PSI-7: central venous catheter-related bloodstream infection rate.
- PSI-8: hip fracture rate
- PSI-12: postoperative PE/DVT rate
- PSI-13: sepsis rate
- PSI-14: wound dehiscence rate
- PSI-15: accidental puncture

Domain 2
(CDC Measures)

Weighted 65%

2015 (2 measures):
- CAUTI
- CLABSI

2016 (1 additional measure):
- Surgical Site Infection (Colon Surgery and Abdominal Hysterectomy)

2017 (2 additional measures):
- MRSA
- C Diff

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HAC Measure Scoring for FY 2015

- Points will be assigned according to a hospital’s performance on three measures (PSI-90 Composite, CLABSI, and CAUTI).
- The performance range for each of the measures will be divided into 10 deciles. All hospitals will receive between 1 and 10 points for each measure.
- Higher score equals worse performance.
- A hospital’s total HAC score is calculated by:
  - Multiplying the Agency for Healthcare Research and Quality (AHRQ)’s PSI-90 Composite measure (Domain 1) score by 35 percent and the average of the two Centers for Disease Control (CDC) measure (Domain 2) scores by 65 percent.
  - Summing the two weighted domain scores to determine the total HAC score.
- The total HAC score will be used to determine the top quartile of affected hospitals.
Which Hospitals Will Be Affected Under the HAC Reduction Program?

Percent of Hospitals Penalized by Type for FY 2015

Source: FY 2014 IPPS Final Rule, Display Copy Pp 2156-2157

*The CMS analysis identifies 276 teaching hospitals, which is low. CMS did not provide a rationale for how the 276 were selected.