# Housekeeping

- You will not hear any audio until the webinar begins.
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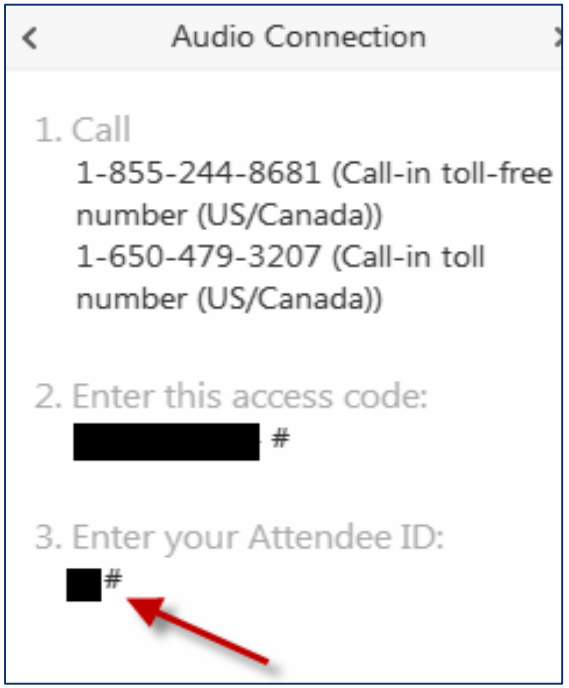


- Submit typed questions through the Q&A panel to All Panelists.
- If you experience technical issues, Type a message in the Chat panel to AAMC Meetings.

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Tomorrow's Doctors, Tomorrow's Cures

# FY 2017 Inpatient PPS Final Rule Teleconference

Learn
Serve
Lead

## September 20, 2016

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Association of
American Medical Colleges

# Important Info on Final Rule

- In *Federal Register* on August 22 – available at https://www.gpo.gov/fdsys/pkg/FR-2016-08-22/pdf/2016-18476.pdf



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# AAMC Resources

## Individual Institution Reports

- AAMC Hospital Medicare Inpatient Impact Report (mbaker@aamc.org)
- AAMC Hospital Compare Benchmark Report (swetzel@aamc.org)
- FY 2016 AAMC Report on Medicare Inpatient Quality Programs

## General Resources

- AAMC IPPS & OPPS Regulatory Page - Contains previous IPPS webinars and comment letters (www.AAMC.org/hospitalpaymentandquality)
- AAMC Quality Spreadsheet – Will be updated (https://www.aamc.org/download/412838/data/aamcqualitymeasuresspreadsheet.xlsx)



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# Today's Agenda

| Payment Issues | Federal Register Page #(s) |
|---|---|
| Documentation & Coding | 56780-56785 |
| Two-Midnight Policy | 57058-57060 |
| Graduate Medical Education (GME) | 57027-57031 |
| Medicare DSH UCP | 56945-56973 |
| NOTICE Act | 57037-57054 |

| Quality Issues | Federal Register Page #(s) |
|---|---|
| Hospital Readmissions Reduction Program | 56973-56979 |
| Hospital Value Based Purchasing Program | 56979-57011 |
| Hospital Acquired Conditions Program | 57011-57026 |
| Inpatient Quality Reporting Program | 57110-57127 |



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# Payment Key Takeaways

## Documentation & Coding

- -1.5% reduction

## Two-Midnight Policy

- Restoring 0.2% reduction imposed in 2014
- Temporary increase of 0.8% to offset cuts in FY2014-2016

## Graduate Medical Education (GME)

- Urban hospitals with RTTs have five years to establish FTE limitation

## Medicare DSH UCP Payment

- FY2017: Three reporting periods to calculate Factor 3 of UCP
- Delaying use of data from Worksheet S-10

## NOTICE Act

- Standardized form Medicare Outpatient Observation Notice (MOON) going through PRA approval process
- 30-day comment period ended onSeptember 1



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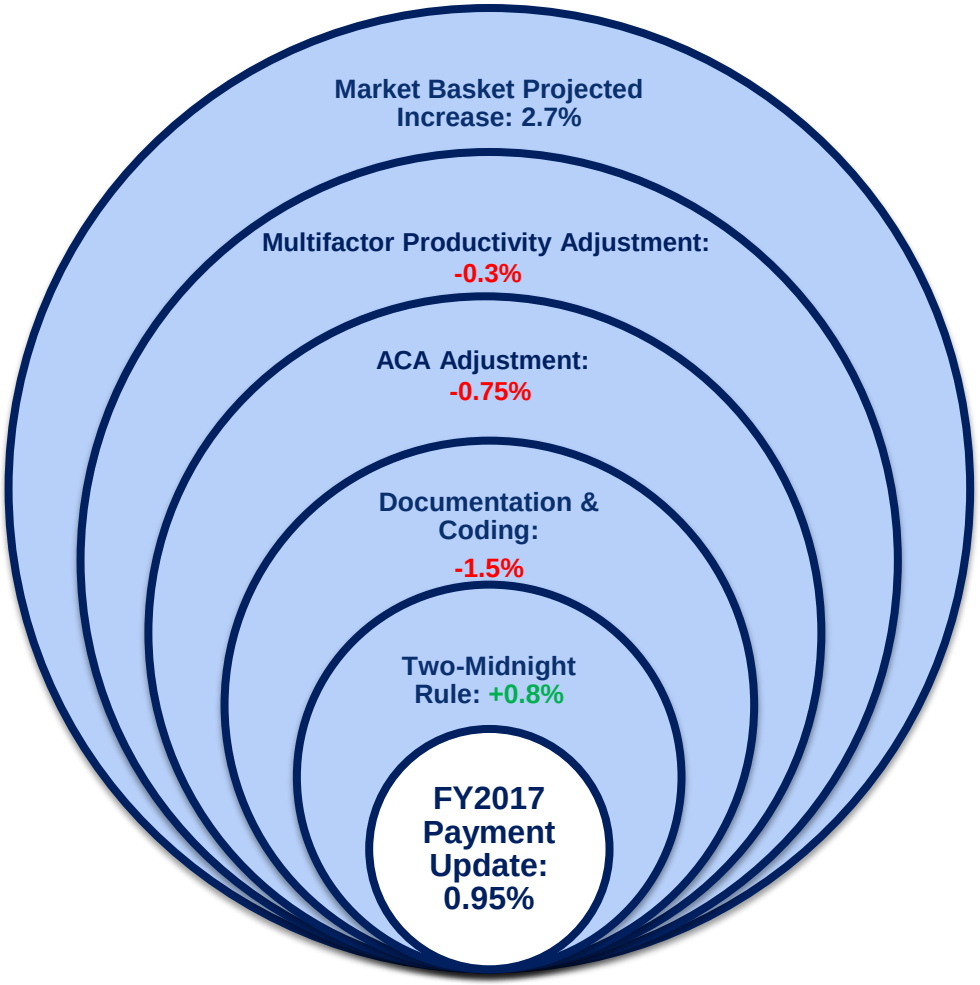
# Payment Updates

# FY2017 Market Basket Update




**Overall Impact**

- All Hospitals: 0.9%
- Major Teaching Hospitals: 1.1%



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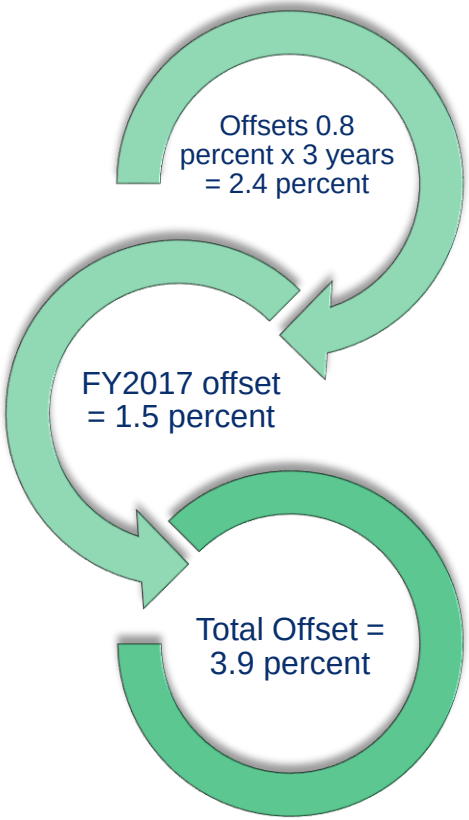
# Documentation & Coding

# Documentation & Coding

The American Taxpayer Relief Act (ATRA) required total of $11B recoupment adjustment by FY2017 to cover overpayments from FY2010-2012

- **CMS Original Estimate: 3.2 percent**
- **FY2014-FY2016**
  - CMS collected $6 billion
- **FY2017**
  - CMS will collect remaining $5 billion
  - -1.5% recoupment adjustment



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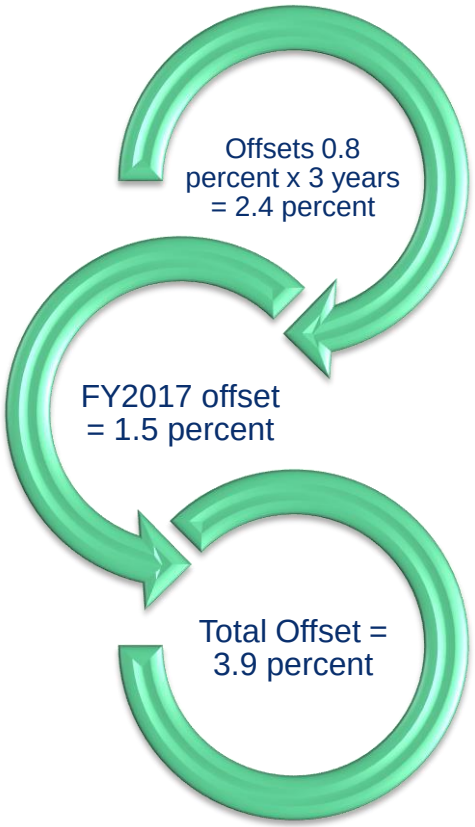
# Documentation & Coding

## Medicare Access and CHIP Reauthorization Act of 2015 (MACRA)

- CMS anticipated a single, positive adjustment in FY 2018 to offset the recoupment reductions
- MACRA implemented a 0.5 percent adjustment from FY2018-2023
  - Total of 3.0 percent

**Potential loss of 0.7 percent***






*CMS originally estimated 3.2 percent offset

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# Outlier Payments

# Outlier Payments

- **Outlier Threshold**
  - For FY2017, CMS finalizes an outlier fixed-loss cost threshold equal to the prospective payment rate for the MS-DRG, plus any IME, empirically justified DSH payments, estimated uncompensated care payment, and any new technology add-on payments, plus **$23,570**.



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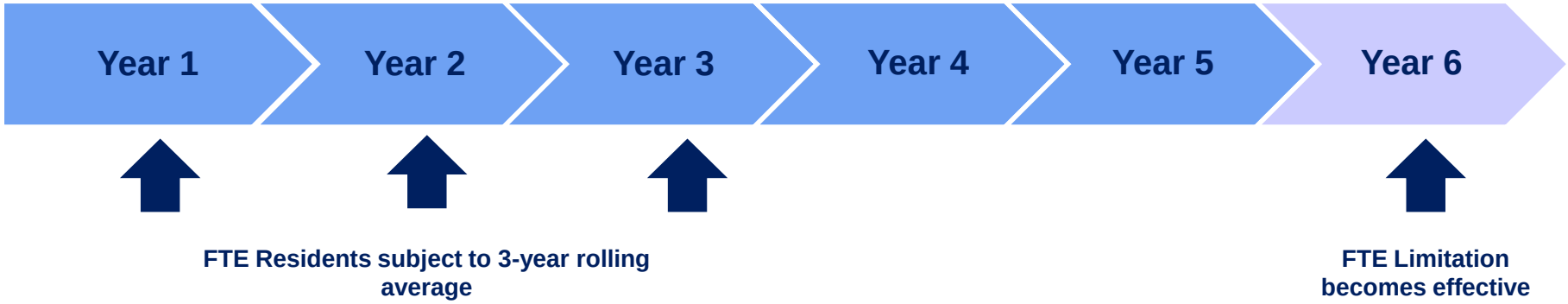
# Graduate Medical Education (GME)

# Urban Hospitals with Rural Training Tracks (RTTs)

**Urban hospitals with RTTs will now have 5 years to establish an FTE limitation instead of 3 years**

The rural track FTE limitation will take effect beginning with the urban hospital's cost reporting period that follows or coincides with the start of the sixth program year of the RTT's existence.



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# Urban Hospitals with Rural Training Tracks (RTTs)

- For Rural Track programs that started after October 1, 2012, for which FTE limitations would become effective this year, they will be given an additional 2 years to establish an FTE limitation

# Urban Hospitals with Rural Training Tracks (RTTs)

- New Methodology to account for time residents spend at each hospital
  - Cap calculations are now apportioned among all training sites

**CMS Example**

| Time Training at Urban Hospital | | | | | | |
|---|---|---|---|---|---|---|
| | Year 1 FTEs | Year 2 FTEs | Year 3 FTEs | Year 4 FTEs | Year 5 FTEs | |
| PGY-1 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | |
| PGY-2 | 0.0 | 0.2 | 0.2 | 0.2 | 0.2 | |
| PGY-3 | 0.0 | 0.0 | 0.1 | 0.1 | 0.1 | |
| Total | 2.0 | 2.2 | 2.3 | 2.3 | 2.3 | 11.1 |
| **Time Training at Rural Hospital** | | | | | | |
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | |
| PGY-1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| PGY-2 | 0.0 | 1.8 | 1.8 | 1.8 | 1.8 | |
| PGY-3 | 0.0 | 0.0 | 1.9 | 1.9 | 1.9 | |
| Total | 0.0 | 1.8 | 3.7 | 3.7 | 3.7 | 12.9 |
| **Total FTEs (Urban & Rural)** | | | | | | |
| | Total: 2.0 | Total: 4.0 | Total: 6.0 | Total: 6.0 | Total: 6.0 | Total: 24 |

p.57030



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# CMS Announced Three Rounds of Slot Redistributions

| | |
|---|---|
| Round 8 | Closure of Pacific Hospital of Long Beach, CA<br>IME Cap: 20.47<br>DGME Cap: 25.92 |
| Round 9 | Closure of Huey P. Long Medical Center, Pineville, LA<br>IME Cap: 11.04<br>DGME Cap: 11.04 |
| Round 10 | Closure of St. Joseph's Hospital, Philadelphia, PA<br>IME Cap: 8.35<br>DGME Cap: 8.35 |

- **Deadline: October 31, 2016**
- Hospitals may apply for any or all three rounds



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# Medicare DSH

# Medicare DSH Payments

**Section 3133 of the ACA added a new section to the SSA that modified the methodology for computing the Medicare DSH payment adjustment**

## Empirically Justified DSH Payment

**The amount that will continue to be paid under the statutory formula for Medicare DSH payments**

**25%**

## Uncompensated Care Payment (UCP)

**What otherwise would have been paid as Medicare DSH payments, reduced to reflect changes in the percentage of individuals under age 65 who are uninsured**

**75%**



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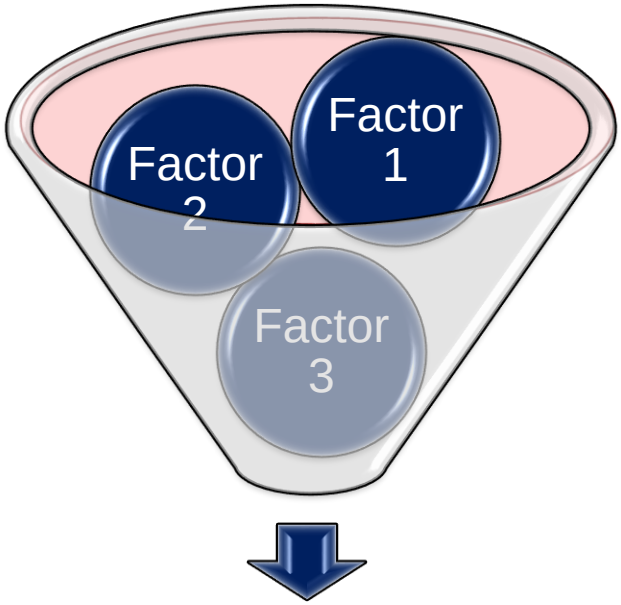
# DSH Uncompensated Care Payment (UCP)




**Factor 1:** **$10.79 billion**

- Equals **75 percent of the aggregate DSH payments** that would have been made under section 1886(d)(5)(F) without application of the DSH changes made by ACA;

**Factor 2:** **55.56%**

- Reduces the amount of Factor 1 based on the **ratio** of the percent of the population who are **insured in the most recent period following implementation of the ACA** to the percent of the population who were **insured in a base year prior to ACA implementation**;
  - **FY2017 UCP Amount**: **$5.977 billion**

**Factor 3**

- Determined by a hospital's uncompensated care amount for a given time period relative to the uncompensated care amount for that same time period for **all** hospitals that receive Medicare DSH payments in that fiscal year, expressed as a percentage



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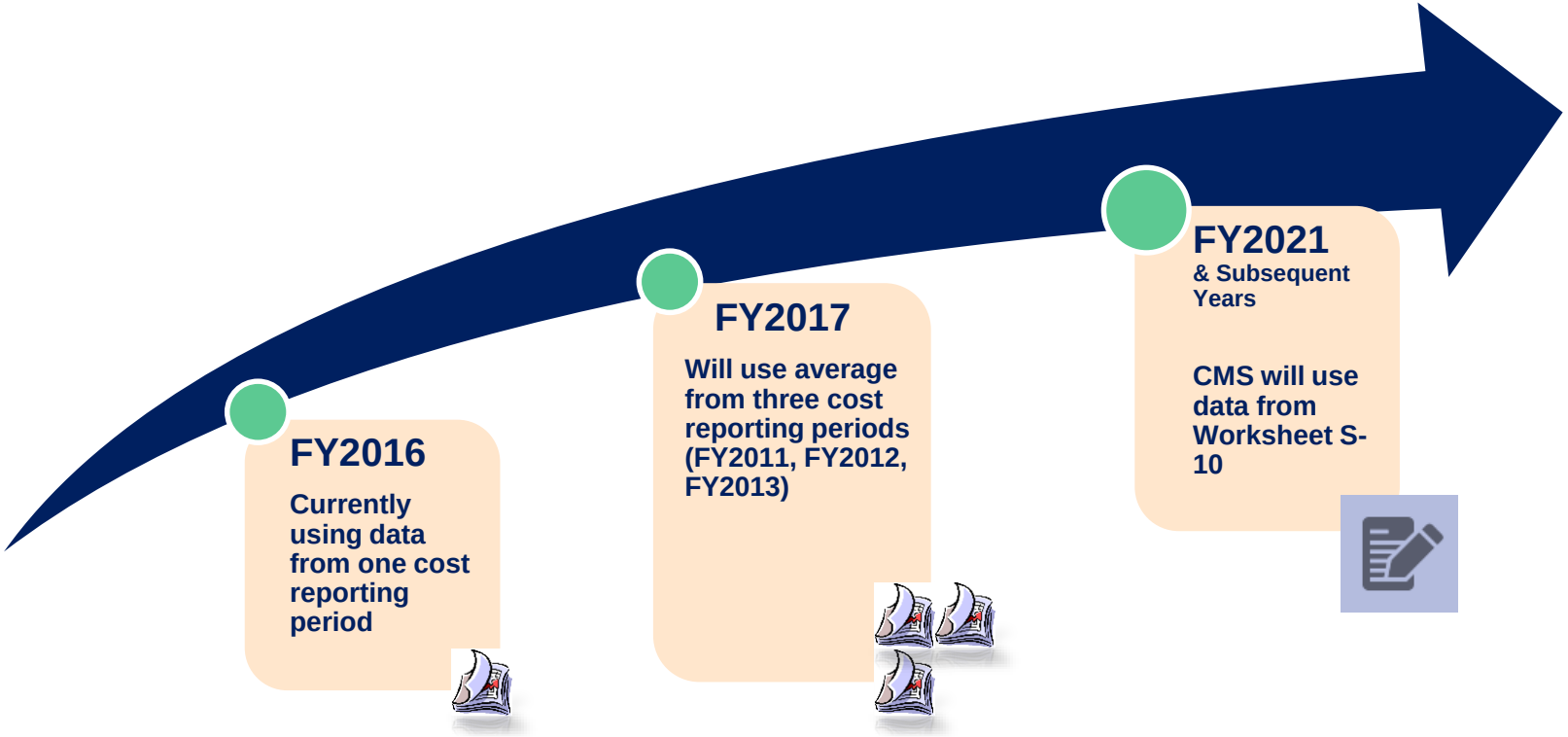
# Changes to Factor 3

**CMS finalizes changes to the methodology for Factor 3 in FY2017.**
**CMS will delay the use of Worksheet S-10 in FY2018.**



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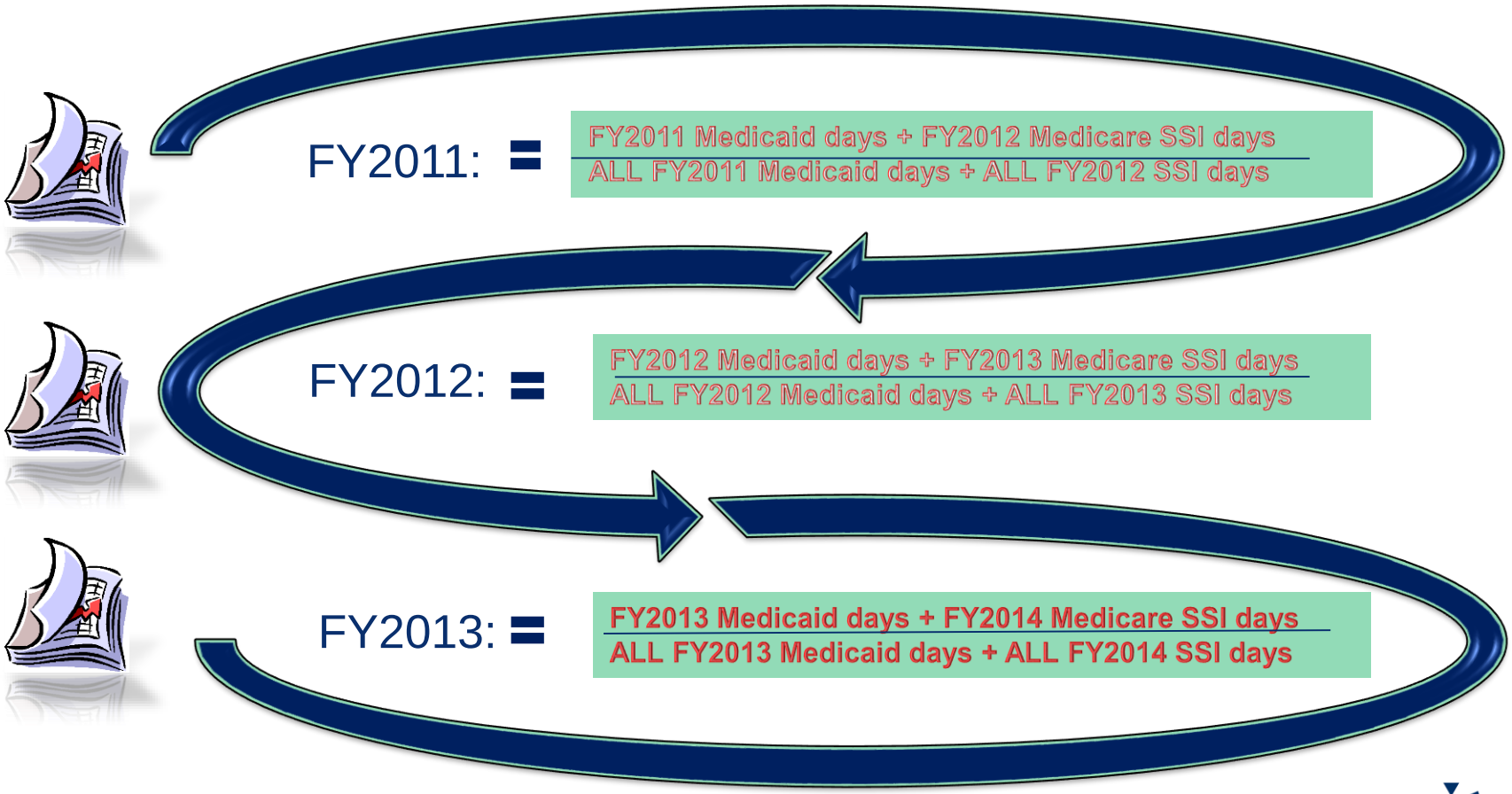
# FY2017 UCP Factor 3 Calculation

**Calculate Factor 3 for each cost reporting period (FY2011, FY2012, FY2013).**



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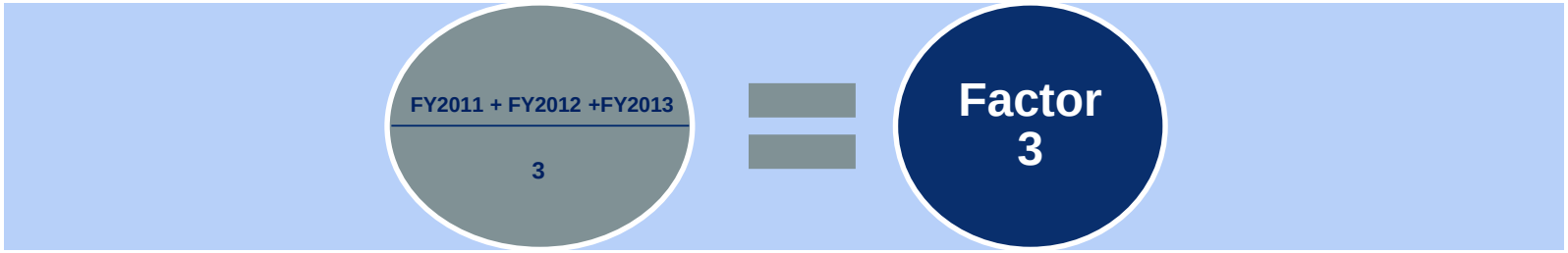
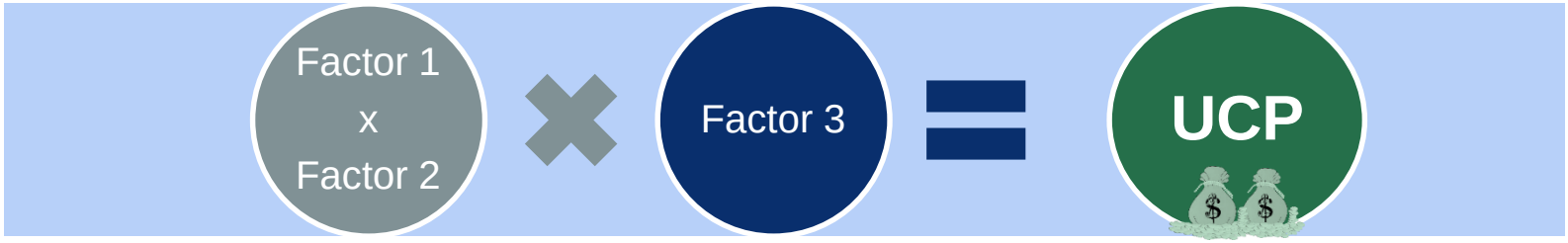
# FY2017 UCP Factor 3 Calculation

**Add all three amounts together. Then divide by the total number of cost reporting periods:**




**Multiply Factor 3 by the product of Factor 1 & Factor 2 to determine your UCP for FY2017:**



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# Delay Worksheet S-10 Data

## CMS is delaying the use of Worksheet S-10 to calculate Factor 3 of the UCP in FY2018

- CMS plans to incorporate WS-10 no later than 2021

## AAMC Comments

- A longer transition period is needed
- DGME costs should be included in both numerator and denominator of cost-to-charge ratio
- Definition of uncompensated care should include unreimbursed and uncompensated care costs of Medicaid, SCHIP, and other state and local government indigent care programs
- Worksheet S-10 data should be audited for accuracy



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# Two-Midnight Policy

# Rescinding 0.2 Percent Payment Reduction

Rescinding 0.2 percent payment reduction

+

One time increase of 0.6 percent to offset 0.2percent reductions in FY2014-2016

→

Increase in payments of 0.8 percent for FY2017



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# NOTICE Act



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# NOTICE Act

- Requires hospitals and CAHs to provide to individual receiving outpatient observation services for more than 24 hours both a written notice and an oral explanation that the individual is an outpatient receiving observation services and the implications of that status

# NOTICE Act

**Medicare Outpatient Observation Notice (MOON)**

- **Mandatory, standardized form**
- **Includes the statutorily required elements to fulfill the written notice requirement under the NOTICE Act**

**Medicare Outpatient Observation Notice (MOON)**

- ❑ **Explain that the individual is an outpatient**
- ❑ **Explain the reason for outpatient status**
- ❑ **Explain implications of receiving observation services as an outpatient**
- ❑ **Include blank section for additional information**
- ❑ **Include a signature area for patient, or person qualified on patient's behalf, to sign**



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# NOTICE Act

**MOON going through Paper Reduction Act (PRA) approval process**

- 30 day comment period began on publication of final rule and ended on September 1
- AAMC submitted comments

**Upon PRA approval, hospitals will have 90 days to implement the MOON form**



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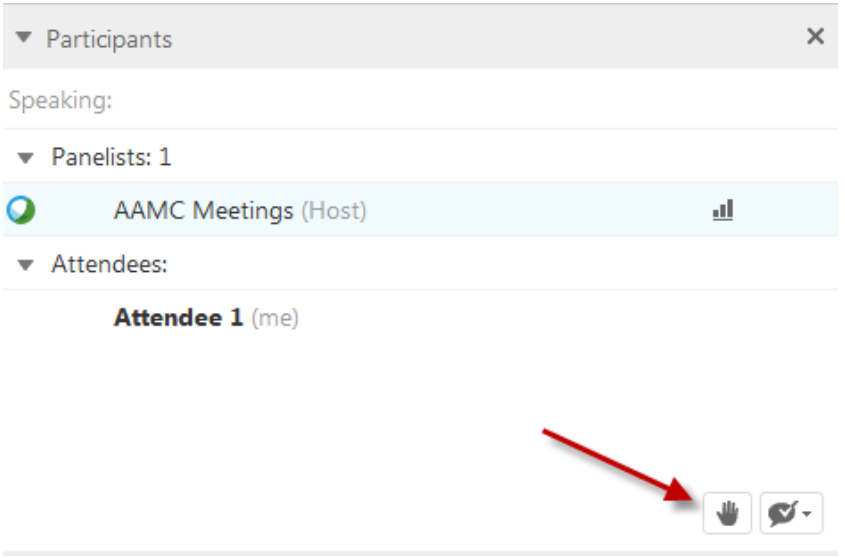
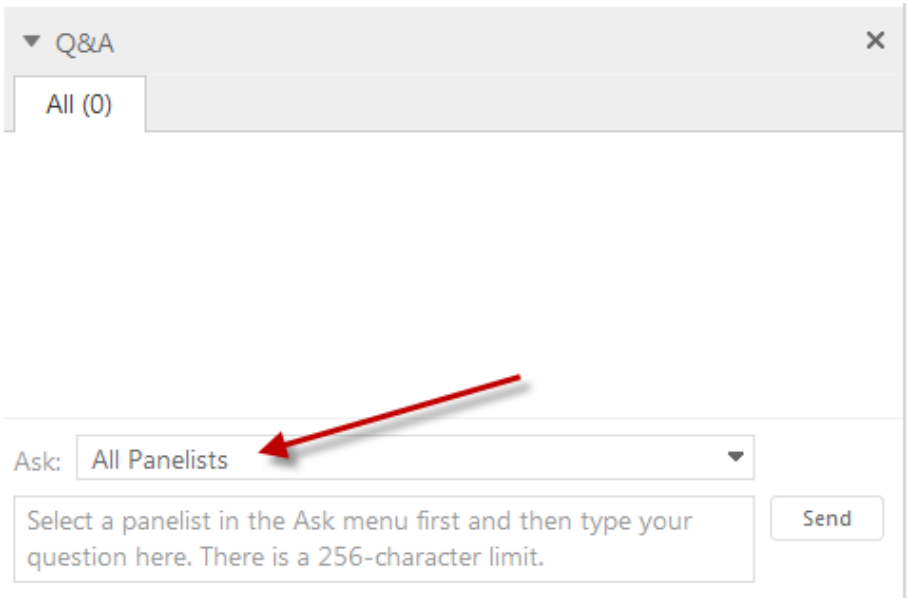
# Questions?

Click the "Raise Hand" icon , to ask a question. Your name will be called and your phone line will be unmuted.

Click the hand again to put your hand down.




Submit typed questions through the Q&A panel.

Send to All Panelists.

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# Quality Programs in IPPS

# AAMC Quality Resources

## Individual Institution Reports

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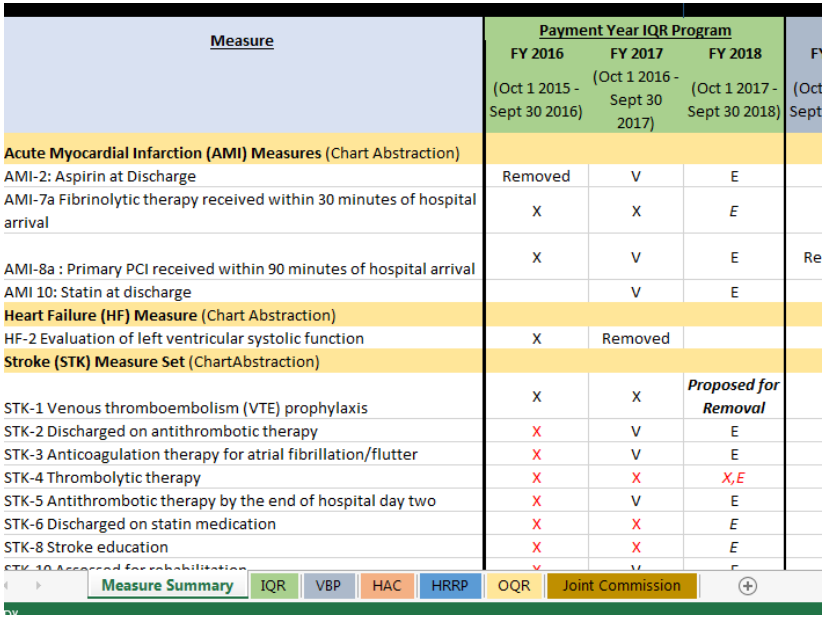
- AAMC Hospital Compare Benchmark Report (swetzel@aamc.org)
- FY 2017 AAMC Report on Medicare Inpatient Quality Programs



| Measure | Payment Year IQR Program FY 2016 (Oct 1 2015 - Sept 30 2016) | FY 2017 (Oct 1 2016 - Sept 30 2017) | FY 2018 (Oct 1 2017 - Sept 30 2018) | FY (Oct Sept |
|---|---|---|---|---|
| **Acute Myocardial Infarction (AMI) Measures** (Chart Abstraction) | | | | |
| AMI-2: Aspirin at Discharge | Removed | V | E | |
| AMI-7a Fibrinolytic therapy received within 30 minutes of hospital arrival | X | X | *E* | |
| AMI-8a : Primary PCI received within 90 minutes of hospital arrival | X | V | E | Re |
| AMI 10: Statin at discharge | | V | E | |
| **Heart Failure (HF) Measure** (Chart Abstraction) | | | | |
| HF-2 Evaluation of left ventricular systolic function | X | Removed | | |
| **Stroke (STK) Measure Set** (ChartAbstraction) | | | | |
| STK-1 Venous thromboembolism (VTE) prophylaxis | X | X | ***Proposed for Removal*** | |
| STK-2 Discharged on antithrombotic therapy | X | V | E | |
| STK-3 Anticoagulation therapy for atrial fibrillation/flutter | X | V | E | |
| STK-4 Thrombolytic therapy | X | X | *X,E* | |
| STK-5 Antithrombotic therapy by the end of hospital day two | X | V | E | |
| STK-6 Discharged on statin medication | X | X | *E* | |
| STK-8 Stroke education | X | X | *E* | |
| STK-10 Assessed for rehabilitation | X | V | E | |

Measure Summary | IQR | VBP | HAC | HRRP | OQR | Joint Commission

## General Resources

- AAMC IPPS & OPPS Regulatory Page - Contains previous IPPS webinars and comment letters (www.AAMC.org/hospitalpaymentandquality)
- AAMC Quality Spreadsheet – (https://www.aamc.org/download/412838/data/aamcqualitymeasuresspreadsheet.xlsx)



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# Quality Summary- FY 2017

**6.0% at risk in FY 2017 for performance**

**Hospital Compare**

**IQR**
25% reduction of market basket update for not reporting

E-measures

**EHR Incentive Program**
2.025% reduction for not-reporting

Measures must be publicly reported at least 1 year before being including in VBP

**VBP**
2.0% of base DRG

- Rewards for good performance/penalties for poor performance
- Credit for improvement
- Readmission measures cannot be in VBP; HAC measures eligible for VBP

**Readmissions**
3.0% of base DRG

- Penalties for excess readmissions
- No credit for improvement
- Up to 3% of base DRG at risk

**HAC**
1.0% of total payment

- Automatic penalty for one quarter of hospitals deemed as having "worst" performance.
- No credit for improvement
- HAC measures are in VBP too

# FY 2017 IPPS Final Rule Key Takeaways

**Hospital Acquired Condition Reduction Program**

- No new measures adopted
- New scoring methodology
- Changes to Domain 1: new reporting requirements, performance periods, and revised patient safety composite (PSI-90)

**Value Based Purchasing Program**

- New measures adopted: episode-of-care payments for AMI and HF; PN mortality following CABG; expansion in denominator for current PN mortality measure
- Change in performance period for PSI-90
- Expansion of CLABSI and CAUTI measures to include infections in both ICU and select wards

**Readmissions Reduction Program**

- No new measures adopted
- Clarification on public posting of readmissions data

**Inpatient Quality Reporting Program**

- Removal of 15 measures (including 13 e-CQMs)
- Addition of new episode based payment measures and excess days after hospitalization for PN; modified PN payment measure and PSI-90 composite
- Increase in number of electronically required measures – further alignment with EHR incentive program



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# Hospital Acquired Condition (HAC) Reduction Program

# HAC Reduction Program Updates

**FY 2017 Update**

- Third year of the HACRP
- All previously finalized measures now included in payment determination (including MRSA and C. diff)
- HACRP Hospital Specific Reports for FY 2017 have been released
- CMS projects that over half of major teaching hospitals will be penalized in FY 2017

**Finalized Changes:**

- FYs 2017-2018
  - **PSI-90 composite**: Implementation of modified measure, change in measure eligibility, change in performance years
- FY 2018
  - New HACRP scoring methodology (change from deciles to continuous scoring)



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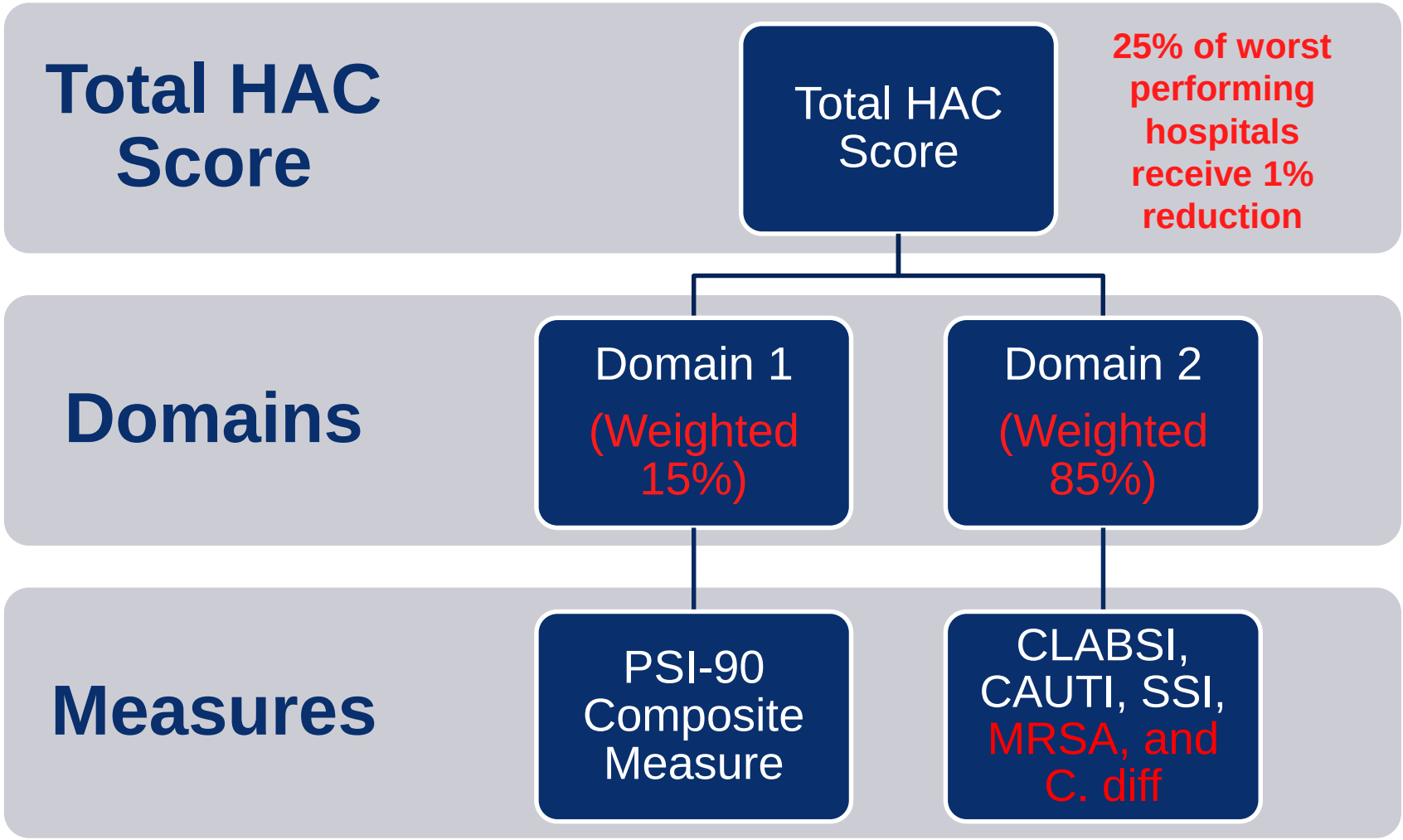
# HAC Reduction Program Framework for FY 2017



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# HACRP Measures and Domain Weights Through FY 2017

| | FY 2015 | FY 2016 | FY 2017 |
|---|---|---|---|
| **Domain 1 performance period** | July 2011 – June 2013 | July 2012 – June 2014 | July 2013 – June 2015 |
| Weights | 35% | 25% | 15% |
| • PSI 90* | x | x | x |
| | | | |
| **Domain 2 performance period** | CYs 2012 – 2013 | CYs 2013 – 2014 | CYs 2014 - 2015 |
| Weights | 65% | 75% | 85% |
| • CLABSI | x | x | x |
| • CAUTI | x | x | x |
| • SSI – Colon Surgery and Abdominal Hysterectomy | | x | x |
| • MRSA | | | x |
| • C. Diff | | | x |

*The modified PSI-90 patient safety composite measure will start FY 2018 payment determination



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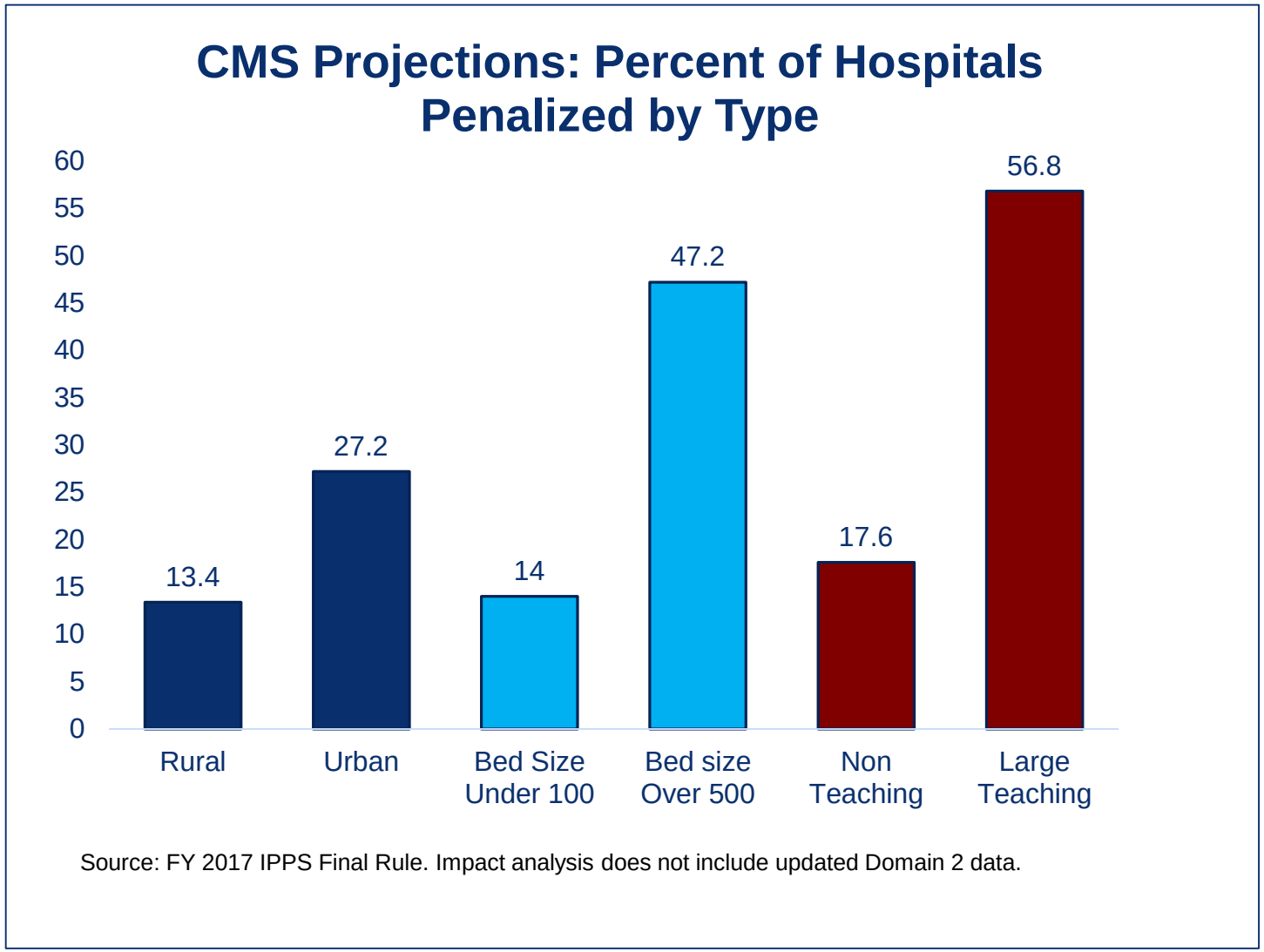
# Breakdown of Hospitals Penalized By HAC Reduction Program for FY 2017




Source: FY 2017 IPPS Final Rule. Impact analysis does not include updated Domain 2 data.



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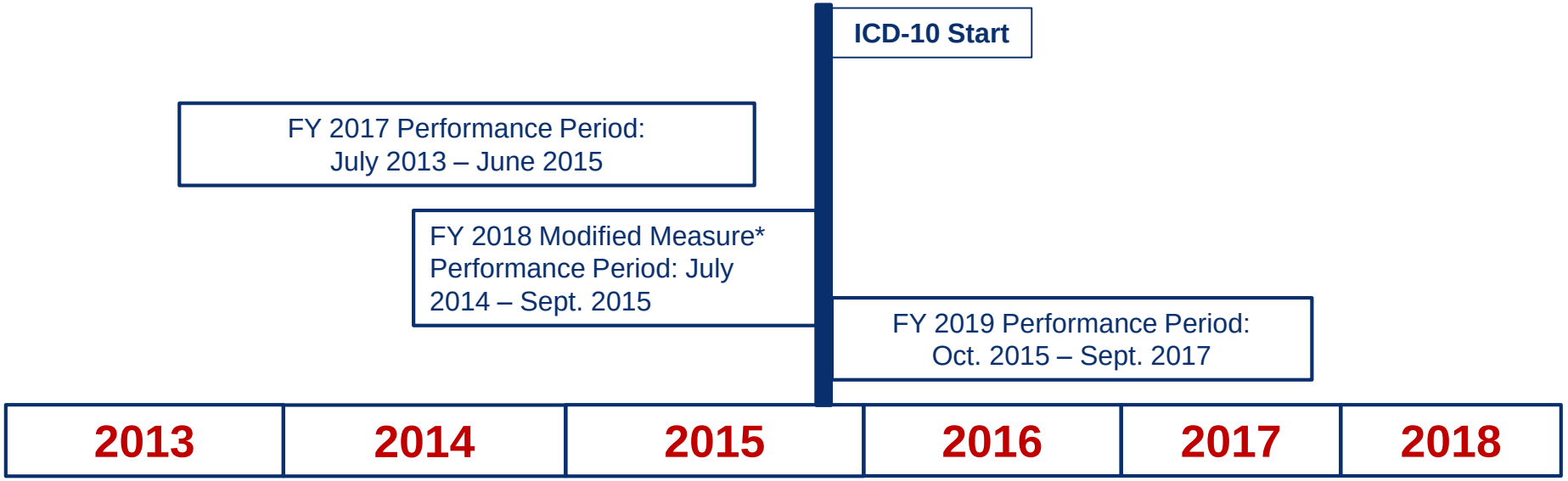
# Finalized Changes to PSI-90 in HACRP




Additional changes to PSI-90 measure:

- Finalized change in PSI-90 reporting requirements starting FY 2017: A hospital must have 3 or more eligible discharges for at least 1 PSI-90 component **AND** at least 12 months of data to receive a Domain 1 score

*PSI-90 Modified Measure: Removal of PSI-7; addition of PSIs 9,10,11; re-specification of PSIs 12 and 15, and re-weighting of indicators



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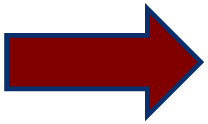
# HACRP Finalized Scoring Methodology FY 2017

**Current Methodology**

- Decile-based scoring
- Results in "ties" at the penalty threshold
- A few hospitals with zero adverse events in Domain 1 identified for the penalty



**Finalized Methodology** (Starting FY 2017)

- Winsorized Z-score approach
- Continuous scoring – removes ties
- CMS estimates ~6% of hospitals would be affected:
  - fewer 500+ bed hospitals penalized;
  - increase in "moderately high" DSH hospitals penalized



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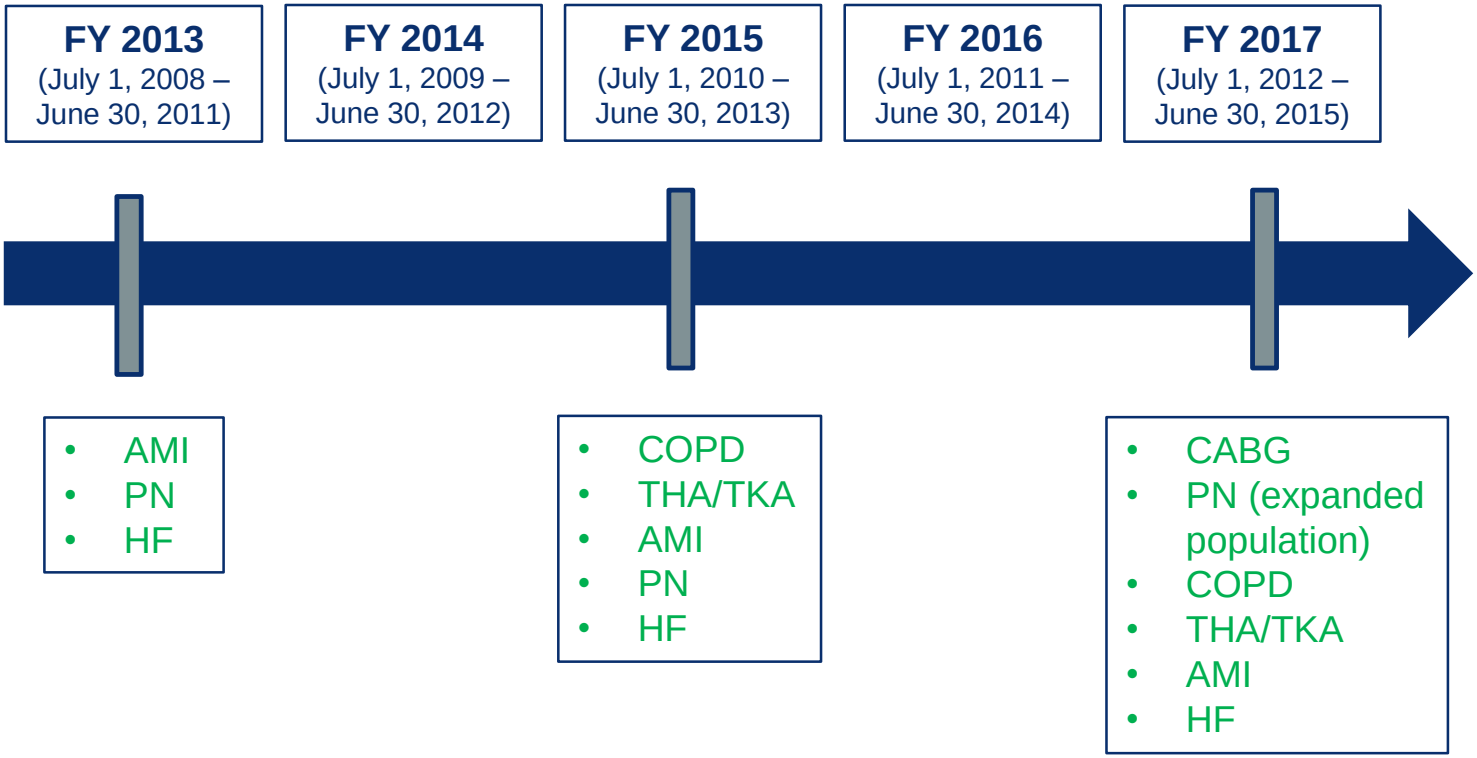
# Readmissions Reduction Program (HRRP)

# Hospital Readmissions Reduction Program Updates

- No new measures added to HRRP in this rule
- Methodology for CABG finalized
- No discussion of SES
- Clarification on public reporting of data

# HRRP Measure Timeline



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# Value Based Purchasing (VBP) Program (done)



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# Updates to VBP Program

FY 2017 Payments

- Reduction in base DRGs increased from 1.75% to 2% to fund incentive pool
- Amount at risk is $1.8 billion
- CMS expects to publicly release final FY 2017 VBP payment adjustment factors in October (Table 16B)



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# Finalized Changes to Measures in VBP Starting FY 2019

**Measures Added**

- AMI Episode of Care Payments (Efficiency) — FY 2021
- HF Episode of Care Payments (Efficiency) — FY 2021
- All Cause Mortality Following CABG Surgery (Clinical Care) — FY 2022

FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | Future

**Measures Modified**

- Expansion of CAUTI & CLABSI (Safety Domain) — FY 2019
- Expansion of PN Mortality (Clinical Care) — FY 2021



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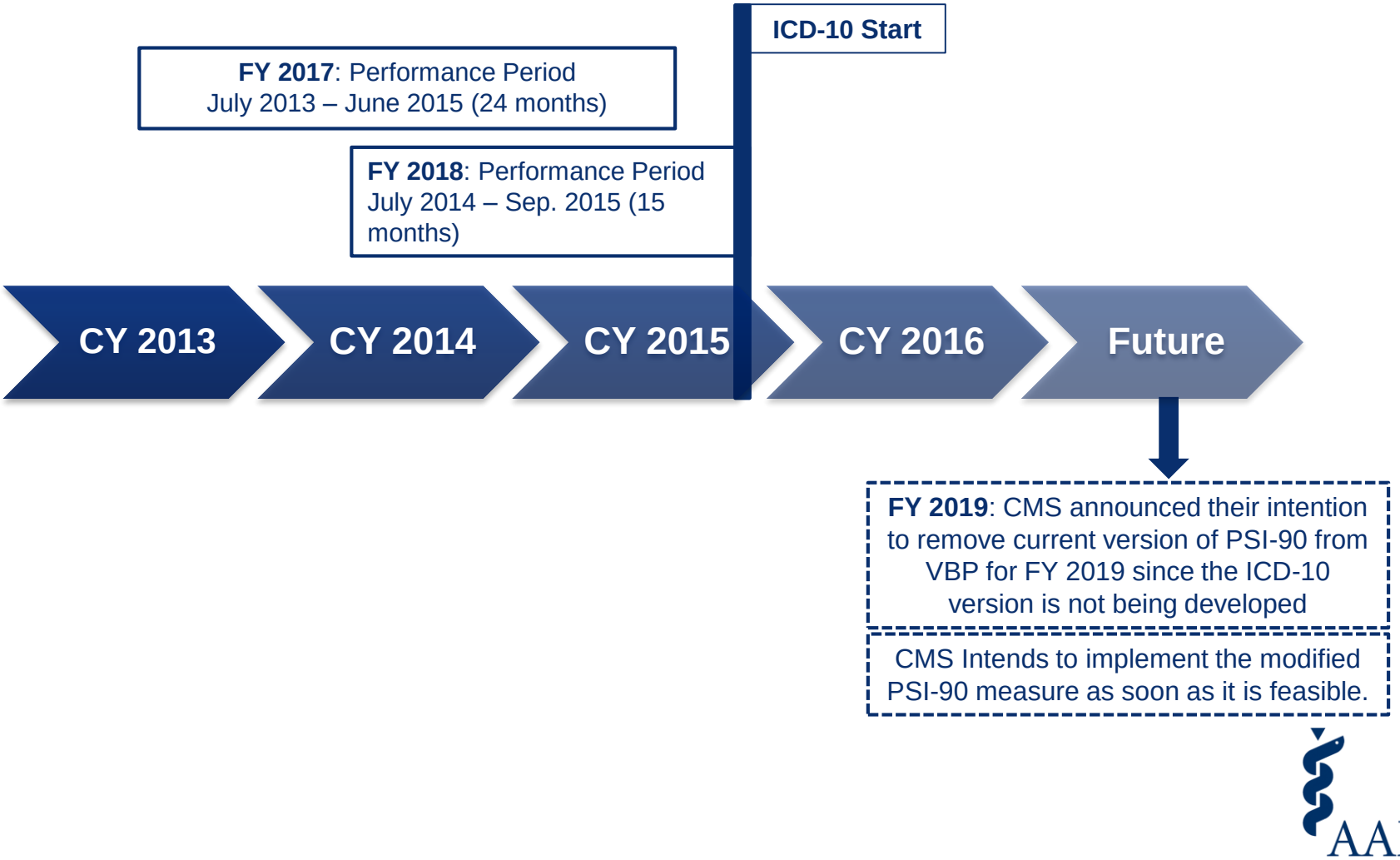
# Finalized Changes to PSI-90 in HACRP



# Finalized VBP Domain Weighting FYs 2019


* Domain name change finalized



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# Inpatient Quality Reporting (IQR) Program

# IQR Program Finalized Changes FY 2019

- Removal of 15 measures (including 13 eCQMs).
- Changes to measures:
  - Two measures modified: expanding the cohort for the PN episode-of-care payments measure and inclusion of revised PSI-90 measure
  - Adoption of PN excess days following hospitalization and three clinical based payment measures
- Increase in eCQM requirements for IQR; Greater alignment between IQR and MU

# Removal of Measures From IQR Starting FY 2019

| Measure | EHR | Chart - Abstracted | Structural |
|---|---|---|---|
| AMI-2: Aspirin Prescribed at Discharge | ✓ | | |
| AMI-7a: Fibrinolytic Therapy Received within 30 Minutes of Hospital Arrival | ✓ | | |
| AMI-10: Statin Prescribed at Discharge | ✓ | | |
| HTN: Healthy Term Newborn | ✓ | | |
| PN-6: Initial Antibiotic Selection for CAP in Immunocompetent Patients | ✓ | | |
| SCIP-Inf-1: Prophylactic antibiotic received within one hour prior to surgery | ✓ | | |
| SCIP Inf-2 Prophylactic antibiotic selection for surgical patients | ✓ | | |
| SCIP Inf-9 Urinary catheter removed on POD1 or POD2 | ✓ | | |
| STK-4 Thrombolytic therapy | ✓ | ✓ | |
| VTE-3 Venous thromboembolism patients with anticoagulation overlap therapy | ✓ | | |
| VTE-4 Patients receiving un-fractionated Heparin with doses/labs monitored by protocol | ✓ | | |
| VTE-5 VTE discharge instructions | ✓ | ✓ | |
| VTE-6 Incidence of potentially preventable VTE *(Chart Abstracted Measure Retained)* | ✓ | | |
| Participation in a Systematic Clinical Database for Nursing Sensitive Care | | | ✓ |
| Participation in a Systematic Clinical Database Registry for General Surgery | | | ✓ |



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# New Measures Finalized for IQR Starting FY 2019

| Required Measures | | | |
|---|---|---|---|
| **Measure** | **Data Collection** | **MAP Recommended?** | **NQF Endorsed?** |
| **Modified Measures** | | | |
| PN Payment per 30 day episode | Claims | Conditional support (NQF endorsement and SDS review) | No |
| PSI-90 Revised Composite | Claims | Support | Yes |
| **New Measures** | | | |
| Aortic Aneurysm Procedure episode based payment | Claims | Does not support (Overlap with MSPB, not NQF endorsed, SDS review, does not link outcomes to quality) | No |
| Cholecystectomy and Common Duct Exploration Episode based Payment | Claims | Does not support (Overlap with MSPB, not NQF endorsed, SDS review, does not link outcomes to quality) | No |
| Spine fusion/refusion episode based payment | Claims | Does not support (Overlap with MSPB, not NQF endorsed, SDS review, does not link outcomes to quality) | No |
| Excess days in acute care after hospitalization for PN | Claims | Conditional support (NQF endorsement and considered for SDS adjustment) | No |

# Electronic Reporting Requirements for FY 2019

- Greater alignment with CQM requirements in the IQR and EHR incentive program
- For IQR: CMS finalizes requirement to electronically report **8 eCQMS*** starting FY 2017 reporting period /FY 2019 payment determination.
- Hospitals would be required to submit a full year of data for these measures by February 28, 2018. Hospitals have the option to report on a quarterly or semi-annual basis.
- CMS will validate eCQMs starting CY 2018/2020 payment determination

*If a hospital chooses to electronically submit ED-1, ED-2, PC-01, or VTE-6, they would still be required to submit the chart abstracted version of these measures.



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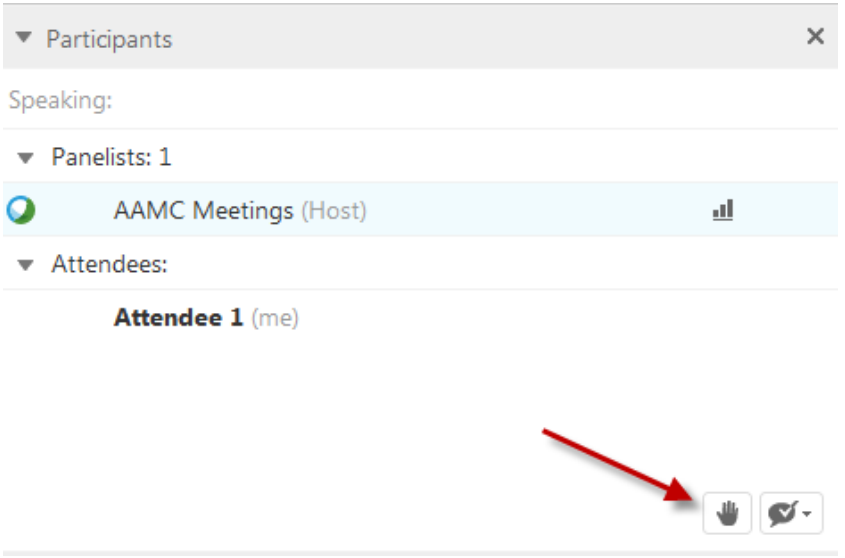
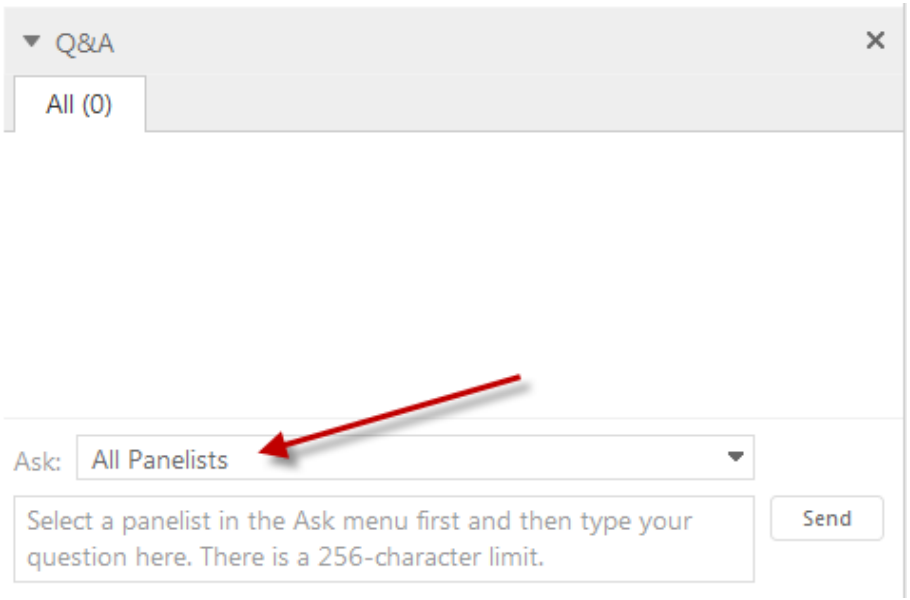
# Questions?

Click the "Raise Hand" icon , to ask a question. Your name will be called and your phone line will be unmuted.

Click the hand again to put your hand down.




Submit typed questions through the Q&A panel.

Send to All Panelists.

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