

## VBP Key Elements

- Zero sum game (depending on your point of view)
- Incentive pool funded by withhold of portion of baseline DRG payment (*not* the annual payment update) across all patients.
- Hospital earn back a percentage of withhold based on performance on Clinical Quality and Satisfaction measures.
- Hospitals lose reimbursement unless their performance is at benchmark levels.
  - Most hospitals will lose money under VBP
  - Under currently-favored methodology, fewer than 100 hospitals will earn full incentive.

## VBP Key Elements

- VBP score a reflection of performance on a combination of clinical and satisfaction measures.
  - Measures selected from those now used for public reporting and the Medicare APU.
    - Clinical measures (AMI, HF, PN, SCIP)
    - Patient satisfaction (HCAHPS)
    - Each measure scored on *Attainment* and *Improvement*, the higher of which is used in overall score calculation
  - Performance on clinical measures contributes 70% of overall score.
  - Performance on satisfaction measures contributes 30% of overall score.

## Medicare Reimbursement at Stake

- Reductions apply to all MS-DRGs.
- 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

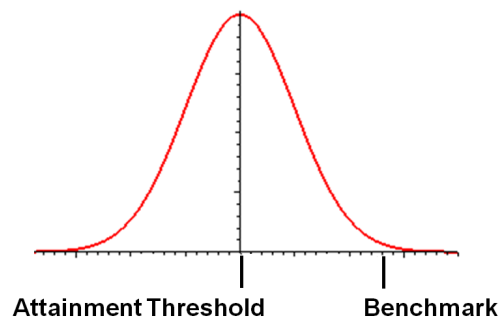
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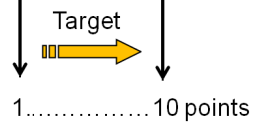


## Scoring on Attainment

Baseline (e.g., 2008)



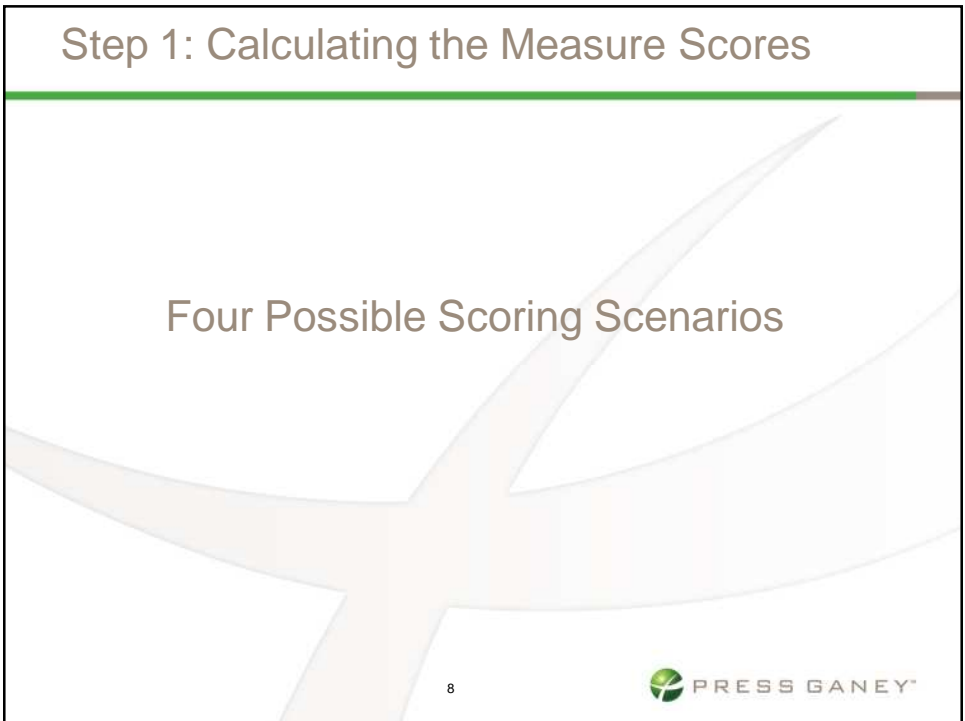
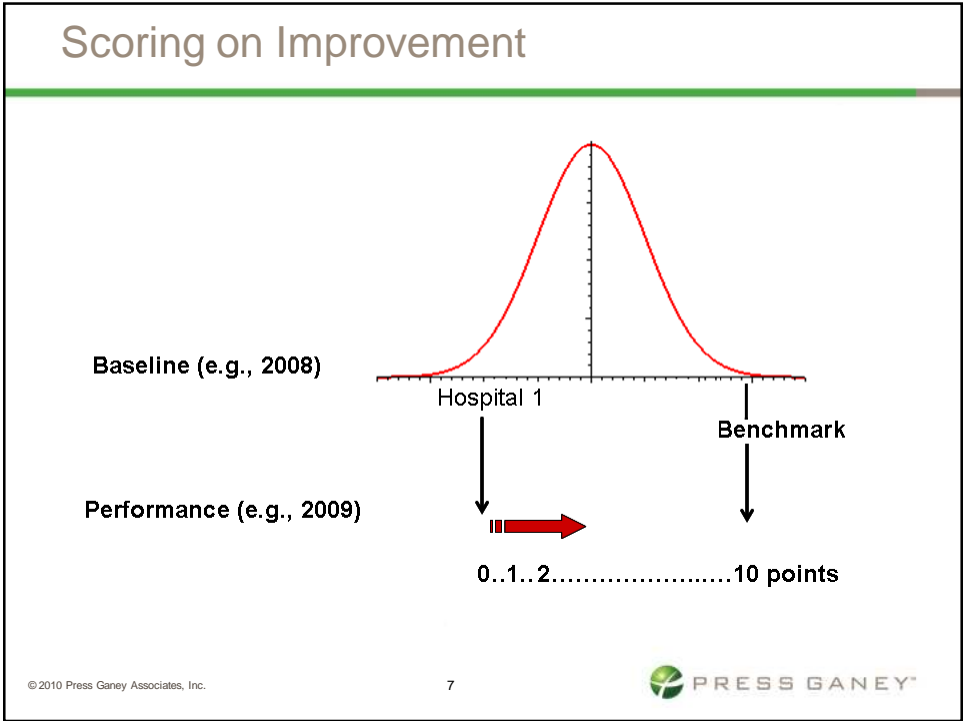
Performance (e.g., 2009)



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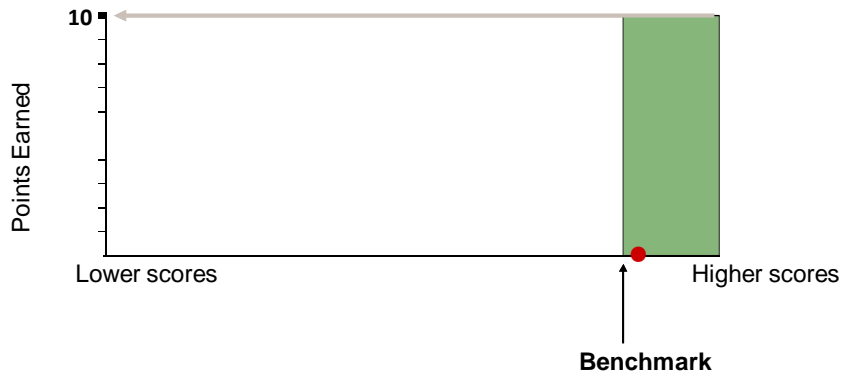
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### Scenario 1: Attainment Above Benchmark

Hospital exceeds benchmark and earns 10 points



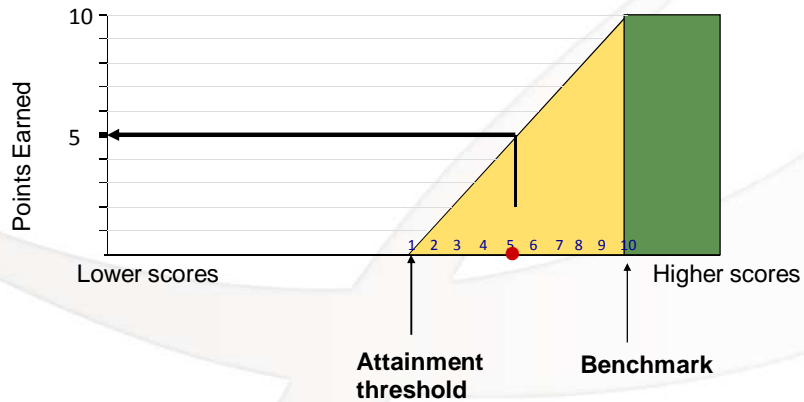
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### Scenario 2: Attainment Above Threshold, But Below Benchmark

Hospital earns 5 points due to attainment

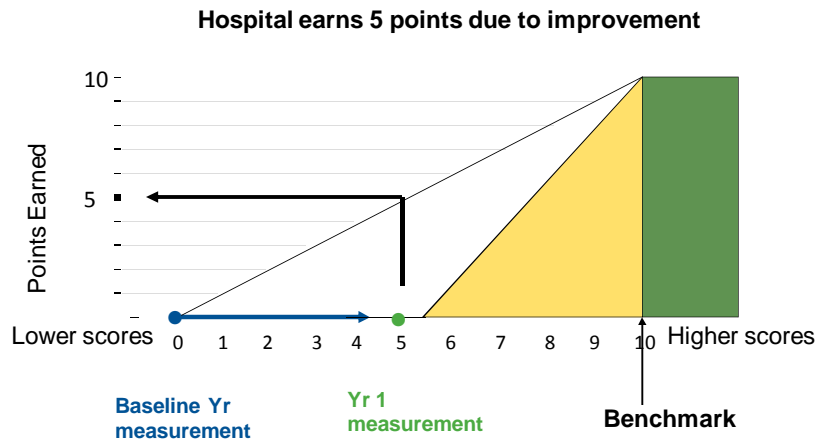


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### Scenario 3: Performance Below Attainment Threshold

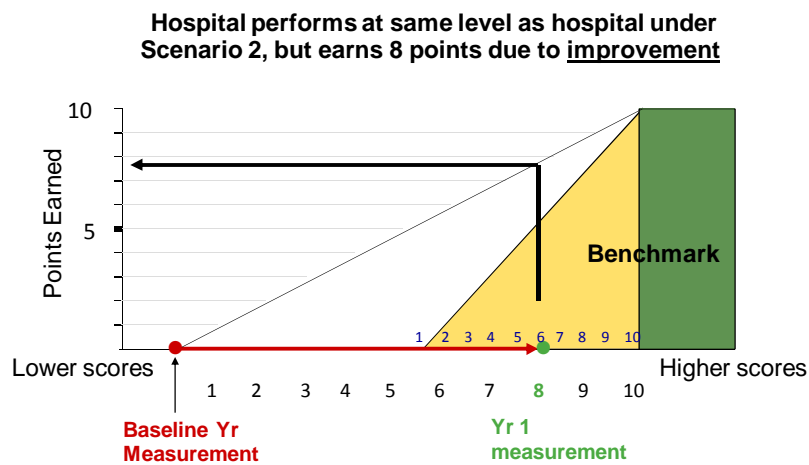


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### Scenario 4: The Greater of Attainment or Improvement



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## Step 2: Calculating the Clinical Score

- **Clinical Score**
  - Any given hospital might report on some or all of the individual measures.
  - Each hospital has its own maximum potential points (measures reported, multiplied by 10).
  - Overall score for each hospital is the number of earned points as a percentage of its maximum potential points.

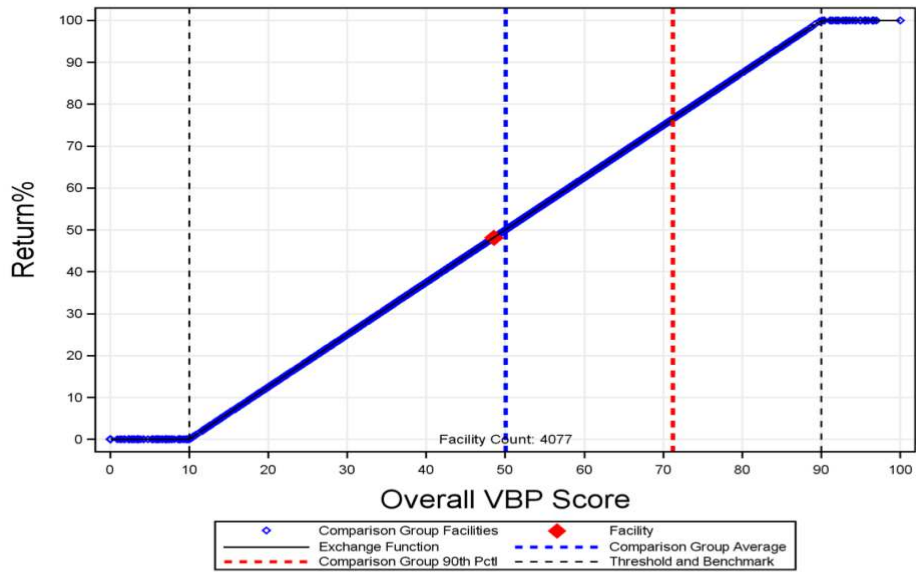
## Step 3: Calculating the Satisfaction Score

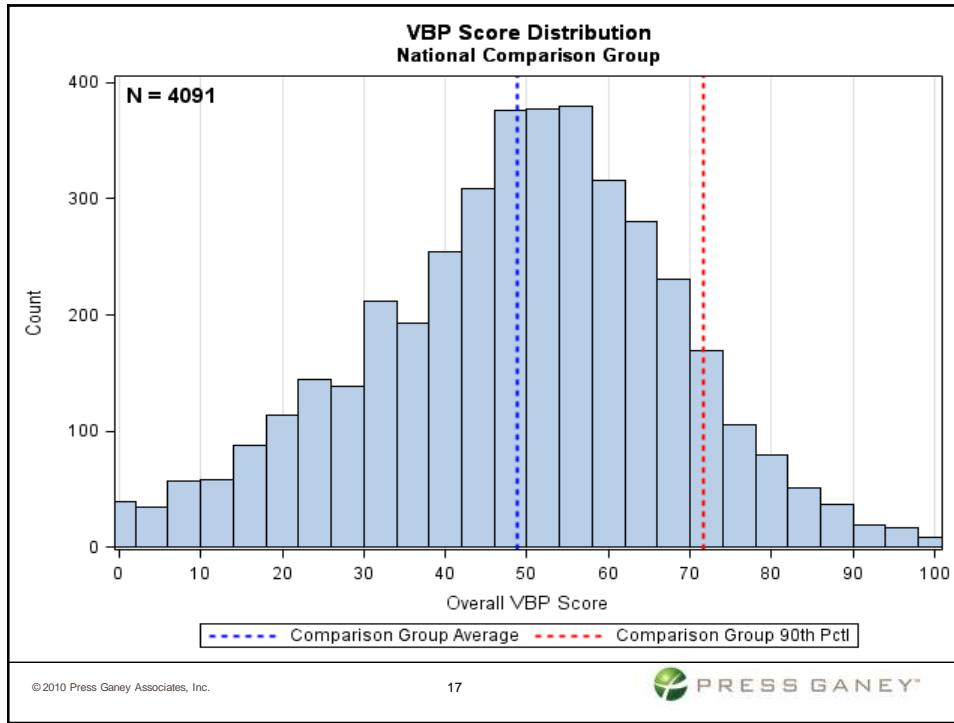
- **Satisfaction Score**
  - Total earned points = sum of points earned across all dimensions plus “minimum performance points” earned
  - Minimum performance points”: Additional 20 points awarded for having all 8 dimensions above a minimum threshold.

## Step 4: Converting Scores into Payment

- 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.

### Exchange Function





## Press Ganey's VBP Optimizer<sup>SM</sup>

- Web-based, interactive calculator
- Shows how measure-level performance affects reimbursement
- Model the effects of different performance scenarios on reimbursement

**Value-Based Purchasing Optimizer<sup>SM</sup>**  
Outcomes driven. Performance strong.

Recalculate Generate Report

**Your VBP Score** 60.83

Clinical Score: 81 60.83 60.83

Satisfaction Score: 13 60.83 60.83

**Estimated Financial Impact**

	Original	Holdback	Earn Back	Net
Original	\$1,922,598	\$1,222,286		-\$701,211
Adjusted	\$1,922,598	\$1,222,286		-\$701,211
Difference	\$0	\$0	\$0	\$0

**Clinical Measures (RRGM)**

Measure	Cases	Rate	Adjust Rate	0	10	Holdback	Earn Back	Net
AMI-1	154	1.00	1.00	█	█	\$59,767	Full	
AMI-2	316	1.00	1.00	█	█	\$59,767	Full	
AMI-3	61	0.93	0.93	█	█	\$59,767	Full	
AMI-4	80	0.99	0.99	█	█	\$59,767	Full	
AMI-5	305	1.00	1.00	█	█	\$59,767	Full	
HF-1	326	0.73	0.73	█	█	\$59,767	\$48,882	-\$42,885
HF-3	168	0.92	0.92	█	█	\$59,767	\$56,258	-\$39,509
HF-4	42	0.86	0.86	█	█	\$59,767	\$84,368	-\$5,379
PN-2	154	0.99	0.99	█	█	\$59,767	\$75,011	-\$14,756
PN-3B	194	0.95	0.95	█	█	\$59,767	\$28,129	-\$61,638
PN-4	30	1.00	1.00	█	█	\$59,767	Full	
PN-4	102	0.96	0.96	█	█	\$59,767	\$84,368	-\$5,379
PN-7	43	0.95	0.95	█	█	\$59,767	\$75,011	-\$14,756
SCIP-INF-1A	617	0.97	0.97	█	█	\$59,767	\$56,258	-\$33,509
SCIP-INF-3A	601	0.97	0.97	█	█	\$59,767	\$75,011	-\$14,756

**Satisfaction Measures (HCAHPS)**

Measure	Cases	Rate	Adjust Rate	0	10	Holdback	Earn Back	Net
HCAHPS-1	300+	0.70	0.70	█	█	\$57,707	\$12,055	-\$45,652
HCAHPS-2	300+	0.78	0.78	█	█	\$57,707	\$6,027	-\$51,680
HCAHPS-3	300+	0.51	0.51	█	█	\$57,707	\$0	-\$57,707
HCAHPS-4	300+	0.53	0.53	█	█	\$57,707	\$6,027	-\$51,680
HCAHPS-5	300+	0.55	0.55	█	█	\$57,707	\$6,027	-\$51,680
HCAHPS-6	300+	0.68	0.68	█	█	\$57,707	\$18,083	-\$39,624
HCAHPS-7	300+	0.76	0.76	█	█	\$57,707	\$6,027	-\$51,680
HCAHPS-8	300+	0.60	0.60	█	█	\$57,707	\$6,027	-\$51,680
Lowest Pctl				█	█	\$110,416	\$18,083	-\$97,332