Guiding Principles For Performance-Based Payment Programs

- Program must improve care for all patients, regardless of payer (Stakeholder buy-in)

- Program incentives should support achievement of all payer model targets

- Program should prioritize high volume, high cost, opportunity for improvement and areas of national focus (Stakeholder buy-in)

- Predetermined performance targets and financial impact (transparency, sustainability)

- Hospital ability to track progress (transparency, and infrastructure)

- Encourage cooperation and sharing of best practices
Changes in performance on the QBR (and VBP) measures used for FY 2016 performance for Maryland versus the United States (October 2013 through September 2014) reveal that Maryland is:

- Similar to the nation on the clinical process of care measures
- Better than the nation on the 30-day condition-specific mortality measures.
- Better than the nation on the CLABSI measure;
- Worse than the nation for CAUTI and SSI infection measures- we are aligning with Medicare
- With exception of the “Discharge Information”, lagged behind on HCAHPS measures.
- Improving from the base period on inpatient all cause mortality rates

Final QBR payment scaling for FY 2016 rate year is provided in Appendix II.
Maryland Quality Based Reimbursement Program Commission Approved Changes for Rate Year 2018

- Continue to allocate 2 percent of hospital-approved inpatient revenue for QBR performance in FY 2018 to be finalized by the Aggregate Revenue “at risk” recommendation.

- Adjust measurement domain weights to include: 50 percent for Patient Experience/Care Transition, 35 percent for Safety, and 15 percent for Clinical Care.

<table>
<thead>
<tr>
<th></th>
<th>Clinical Care</th>
<th>Patient experience of Care/ Care Coordination</th>
<th>Safety</th>
<th>Efficiency</th>
</tr>
</thead>
<tbody>
<tr>
<td>QBR FY 2017</td>
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<tr>
<td></td>
<td>15% (1 measure-mortality)</td>
<td>45% (8 measures- HCAHPS)</td>
<td>35% (3 infection measures, PSI)</td>
<td>Potentially Avoidable Utilization (PAU)</td>
</tr>
<tr>
<td>Final QBR FY 2018</td>
<td>15% (1 measure-mortality)</td>
<td>50% (9 measures- HCAHPS + CTM)</td>
<td>35% (7 measures- Infection, PSI, PC-01)</td>
<td>PAU</td>
</tr>
<tr>
<td>CMS VBP FY 2018</td>
<td></td>
<td></td>
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<td>25%</td>
</tr>
</tbody>
</table>
|                      | 25% (3 measures- condition specific mortality) | 25% (9 measures- HCAHPS + CTM) | 25% (7 measures- Infection, PSI, PC-01) | }
RY2018 QBR Update Considerations

- Finalize percent of revenue at risk
- Finalize preset scale for rewards and penalties
Readmission Reduction Incentive Program

- Incentive program designed to support the waiver goal of reducing Medicare readmissions, but applied to all-payers.
- Case-Mix Adjusted 30-Day, All-Hospital, All Cause Readmission Rate
- **RY 2017:** 9.3% minimum improvement target (CY 2013 compared to CY2015), scaled penalties up to 2% and rewards up to 1%.
- Planned admissions, newborns, same-day transfers, deaths, and rehab discharges are excluded.
- Continue to assess the impact of observation stays, admission reductions, SES/D and all payer and Medicare readmission trends and make adjustments to the rewards or penalties if necessary.
Note: Based on final data for January 2012 – June 2015, and preliminary data through August 2015.
Change in All-Payer Risk-Adjusted Readmission Rates by Hospital

Note: Based on final data for January 2012 – June 2015, and preliminary data through August 2015.

Goal of 9.3% Cumulative Reduction
15 Hospitals are on Track for Achieving Goal
RY2018 RRIP Update Considerations

- Potential measure updates (e.g., planned admissions, transfer logic)
- Incorporating attainment levels to the program
- Medicare vs. Non-Medicare readmission rates
- Incorporation of Socio-economic and other factors to the program
- Statewide and hospital-specific target
- Payment adjustment structure and amounts (Scaling)
MHAC Overview

- Uses Potentially Preventable Complications (PPCs) tool developed by 3M.

- PPCs are defined as harmful events (accidental laceration during a procedure) or negative outcomes (hospital acquired pneumonia) that may result from the process of care and treatment rather than from a natural progression of underlying disease.

- Links hospital payment to hospital performance by comparing the observed number of PPCs to the expected number of PPCs.
FY2014 Audits

- 9 Hospitals Audited for ICD coding accuracy and POA quality
- Independent auditor reviews 230 cases (115 coding audit, 115 POA quality)
- Specific cases selected POA quality review (e.g., cases at-risk but not having one of the PPCs with largest reduction, cases that changed from having a PPC to not having PPC in final data)
- 8 out of 9 hospitals met 95% target for POA accuracy across POA quality and coding accuracy. POA quality audits identified higher rate of POA issues (5 hospitals with POA issues around 5-7%), however not systematically assigning POA of Y in cases with issues
- Hospitals and POA quality criteria updated for FY 2015 audits
Monthly Risk-Adjusted PPC Rates

Note: Reported as of 9/30/2015, based on final data through June 2015. Includes PPC24.
Change in All-Payer Risk-Adjusted PPC Rates YTD by Hospital

Notes:
Excludes McGready Hospital due to small sample size and includes PPC 24.
RY2018 MHAC Update Considerations

- Statistical Validity and Reliability Analysis
- Evaluation of tier groups
- Statewide target
- Maximum at risk determination
- Monitoring of ICD-10 Impact
Potentially Avoidable Utilization Measure

- Expanding the definition to other areas (9 Months)
  - Nursing home admissions
  - High risk patient utilization
  - Sepsis admissions
  - Avoidable Emergency Department Visits

- Risk adjusted measure of PAUs (18 months)