On April 29, 2011, the healthcare industry changed forever. It's on that date that the Centers for Medicare and Medicaid Services (CMS) released its Hospital Value-Based Purchasing (VBP) Final Rule, required under the Patient Protection and Affordable Care Act.

At the time, many organizations were still unsure exactly how Value-Based Purchasing would affect them. Today, however, organizations have a much clearer picture of how these initiatives are impacting their financial picture. CMS continues to raise the bar on quality and patient perception of care, making it critical for organizations to have a foundation in place that can withstand the even tougher ones waiting in the future. Simply maintaining results is not enough.

Our goal at Studer Group is to act as a resource to you by providing updates on future changes and focus in on the areas that matter most for maximum reimbursement. (If you missed our previous updates on FY 2013, FY 2014 or FY 2015 rulings, visit www.studergroup.com/hcahps to access those and other resources.) Below is an overview of the final FY 2016 ruling released by CMS.

In FY 2016 (payment adjustment effective for discharges from October 1, 2015 to September 30, 2016) the Value-Based Purchasing program includes a total of 24 measures. The measures are represented in four different Domains; HCAHPS Composites (Patient Experience of Care), Outcome, Process of Care and Efficiency. The diagnosis-related groups (DRG) base operating payments will increase from 1.50% in FY 2015 to 1.75% in FY 2016 as illustrated in the graphic to the right.
CMS has added two new measures in the Central Line-associated Blood Stream Infection area under the Outcome Domain in FY 2016. In addition, several measures were removed from the Clinical Process of Care Domain and one was added in the same area. We outline those changes in greater detail later in this paper.

The baseline and performance periods that impact 2016 reimbursement are noted below. The FY 2016 VBP performance score will be calculated based on the four domain scores; HCAHPS Composites (Patient Experience of Care) at 25 percent weight, Outcome at 40 percent weight, Process of Care at 10 percent weight and Efficiency at 25 percent weight.
The difference between the 2015 ruling and the 2016 ruling is as follows.

PATIENT EXPERIENCE OF CARE MEASURES (HCAHPS) (25 PERCENT)

Results on the HCAHPS survey will determine 25 percent of your reimbursement in FY 2016; a five percent decrease from FY 2015. The eight measures and scores pertaining to the VBP baseline period that will factor into CMS calculations are listed below. As you can see, the green numbers indicate increased threshold from 2015 to 2016. There is continued pressure to perform better and get results faster as the percent of threshold increased in every single composite with the exception of two, which decreased slightly from 2015.

### 2016 PATIENT EXPERIENCE OF CARE MEASURES (HCAHPS)

<table>
<thead>
<tr>
<th>HCAHPS Survey Dimensions</th>
<th>2016 Floor (percent)</th>
<th>2015 Threshold (percent)</th>
<th>2016 Threshold (percent)</th>
<th>2015 Benchmark (percent)</th>
<th>2016 Benchmark (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communication with Nurses</td>
<td>53.99</td>
<td>75.56</td>
<td>77.67</td>
<td>85.70</td>
<td>86.07</td>
</tr>
<tr>
<td>Communication with Doctors</td>
<td>57.01</td>
<td>79.88</td>
<td>80.40</td>
<td>88.79</td>
<td>88.56</td>
</tr>
<tr>
<td>Responsiveness of Hospital Staff</td>
<td>38.21</td>
<td>63.17</td>
<td>64.71</td>
<td>79.06</td>
<td>79.76</td>
</tr>
<tr>
<td>Pain Management</td>
<td>48.96</td>
<td>69.46</td>
<td>70.18</td>
<td>78.17</td>
<td>78.16</td>
</tr>
<tr>
<td>Communication about Medicines</td>
<td>34.61</td>
<td>60.89</td>
<td>62.33</td>
<td>71.85</td>
<td>72.77</td>
</tr>
<tr>
<td>Hospital Cleanliness &amp; Quietness</td>
<td>43.08</td>
<td>64.07</td>
<td>64.95</td>
<td>78.90</td>
<td>79.10</td>
</tr>
<tr>
<td>Discharge Information</td>
<td>61.36</td>
<td>83.54</td>
<td>84.70</td>
<td>89.72</td>
<td>90.36</td>
</tr>
<tr>
<td>Overall Rating of Hospital</td>
<td>34.95</td>
<td>67.96</td>
<td>69.32</td>
<td>83.44</td>
<td>83.97</td>
</tr>
</tbody>
</table>

Source: IPPS VBP Final rule 8.19.13
We at Studer Group have done extensive research that proves healthcare organizations that are highly rated by patients are fundamentally better than other hospitals in the outcomes they achieve. The graphs below show the relationship between the quality of the patient experience of care and Value-Based Purchasing reimbursement bonuses or penalties, and between the quality of the patient experience of care and excess readmission penalties.

The population used for each of these graphs is the entire CMS national database, downloaded from HospitalCompare.gov. This database reports patient experience of care results for over 3,800 hospitals nationwide, ranging from very small to very large hospitals, located in both rural and urban environments.

**RELATIONSHIP BETWEEN THE QUALITY OF THE PATIENT EXPERIENCE OF CARE AND VALUE-BASED PURCHASING REIMBURSEMENT BONUSES**

Both Clinical Process of Care and Patient Experience of Care VBP Scores Are Influenced by Quality of Patient Experience of Care

VBP Total Performance Score and Penalty or Bonus Received are Influenced by the Quality of Patient Experience of Care
### PROCESS OF CARE MEASURES (10 PERCENT)

Another 10 percent of the score that determines reimbursement will be based on your organization's performance on certain Process of Care Measures (down from 20 percent in FY 2015). The following 12 measures will factor into the CMS calculations used to determine your FY 2014 reimbursement.

#### 2016 PROCESS OF CARE MEASURES

<table>
<thead>
<tr>
<th>Measure ID</th>
<th>MEASURE</th>
<th>2015 Threshold (percent)</th>
<th>2016 Threshold (percent)</th>
<th>2015 Benchmark (percent)</th>
<th>2016 Benchmark (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMI–7a</td>
<td>Fibrinolytic Therapy Received Within 30min of Hospital Arrival</td>
<td>80.00</td>
<td>91.15</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>PN–6</td>
<td>Initial Antibiotic Selection for CAP in Immunocompetent Patient</td>
<td>97.78</td>
<td>96.55</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>SCIP–Inf–2</td>
<td>Prophylactic Antibiotic Selection for Surgical Patients</td>
<td>98.64</td>
<td>99.07</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>SCIP–Inf–3</td>
<td>Prophylactic Antibiotics Discontinued Within 24hrs After Surgery End Time</td>
<td>98.64</td>
<td>98.09</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>SCIP–Inf–9</td>
<td>Postoperative Urinary Catheter Removal on Post Operative Day 1 or 2</td>
<td>95.79</td>
<td>97.06</td>
<td>99.77</td>
<td>100</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>95.92</td>
<td>97.73</td>
<td>100</td>
<td>100</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>94.89</td>
<td>98.23</td>
<td>99.99</td>
<td>100</td>
</tr>
<tr>
<td>IMM–2</td>
<td>Influenza Immunization</td>
<td>----</td>
<td>90.61</td>
<td>----</td>
<td>98.88</td>
</tr>
<tr>
<td>AMI–8a</td>
<td>Primary PCI Received Within 90min of Hospital Arrival</td>
<td>95.35</td>
<td>----</td>
<td>100</td>
<td>----</td>
</tr>
<tr>
<td>HF–1</td>
<td>Discharge Instructions</td>
<td>94.12</td>
<td>----</td>
<td>100</td>
<td>----</td>
</tr>
<tr>
<td>PN–3b</td>
<td>Blood Cultures Performed in the Emer. Dept Prior to Initial Antibiotic Received in Hospital</td>
<td>94.12</td>
<td>----</td>
<td>100</td>
<td>----</td>
</tr>
<tr>
<td>SCIP–Inf–1</td>
<td>Prophylactic Antibiotic Received Within 1hr Prior to Surgical Incision</td>
<td>97.18</td>
<td>----</td>
<td>100</td>
<td>----</td>
</tr>
<tr>
<td>SCIP–Inf–4</td>
<td>Cardiac Surgery Patients w/ Controlled 6AM Postoperative Serum Glucose</td>
<td>97.49</td>
<td>----</td>
<td>100</td>
<td>----</td>
</tr>
</tbody>
</table>

Source: IPPS VBP Final rule 8.13.15

In FY 2016, five measures were removed (AMI-8a, HF-1, PN-3b, SCIP-Inf-1, SCIP-Inf-4) and one new measure was added (IMM-2) around Influenza Immunization. You’ll also notice that all of the 2016 benchmark numbers are at 100 percent, with the exception of the newly added measure. That means it's absolutely critical to get these Process of Care Measures correct each time to receive the optimal amount of reimbursement.
OUTCOMES MEASURES (40 PERCENT)

Another 40 percent of the score that determines reimbursement will be based on your organization’s performance on certain Outcome Measures (up from 30 percent in FY 2015). The below seven measures will factor into the CMS calculations used to determine your FY 2016 reimbursement. You will notice that all of the 2016 benchmark numbers have increased or stayed the same since FY 2015.

### 2016 OUTCOME MEASURES

<table>
<thead>
<tr>
<th>Measure ID</th>
<th>Measure</th>
<th>2015 Threshold (percent)</th>
<th>2016 Threshold (percent)</th>
<th>2015 Benchmark (percent)</th>
<th>2016 Benchmark (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>MORT–30–AMI</td>
<td>Acute Myocardial Infarction (AMI) 30-Day Mortality Rate (shown as survival rate)</td>
<td>84.75</td>
<td>84.75</td>
<td>86.23</td>
<td>86.24</td>
</tr>
<tr>
<td>MORT–30–HF</td>
<td>Heart Failure (HF) 30-Day Mortality Rate (shown as survival rate)</td>
<td>88.15</td>
<td>88.15</td>
<td>90.03</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>88.27</td>
<td>88.27</td>
<td>90.41</td>
<td>90.42</td>
</tr>
</tbody>
</table>

**Patient Safety Indicators**

<table>
<thead>
<tr>
<th>Measure ID</th>
<th>Measure</th>
<th>2015 Threshold (percent)</th>
<th>2016 Threshold (percent)</th>
<th>2015 Benchmark (percent)</th>
<th>2016 Benchmark (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>AHRQ</td>
<td>Patient Safety Indicator composite</td>
<td>.623</td>
<td>.623</td>
<td>.452</td>
<td>.452</td>
</tr>
</tbody>
</table>

**Central Line Associated Bloodstream Infections**

<table>
<thead>
<tr>
<th>Measure ID</th>
<th>Measure</th>
<th>2015 Threshold (percent)</th>
<th>2016 Threshold (percent)</th>
<th>2015 Benchmark (percent)</th>
<th>2016 Benchmark (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CLABSI</td>
<td>Central Line-Associated Bloodstream Infections</td>
<td>.437</td>
<td>.465</td>
<td>0.000</td>
<td>0.000</td>
</tr>
</tbody>
</table>

**NEW**

<table>
<thead>
<tr>
<th>Measure ID</th>
<th>Measure</th>
<th>2015 Threshold (percent)</th>
<th>2016 Threshold (percent)</th>
<th>2015 Benchmark (percent)</th>
<th>2016 Benchmark (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAUTI</td>
<td>Catheter-Associated Urinary Tract Infection (CAUTI)</td>
<td>----</td>
<td>80.10</td>
<td>----</td>
<td>0.000</td>
</tr>
<tr>
<td>SSI</td>
<td>SSI - Colon*</td>
<td>----</td>
<td>66.80</td>
<td>----</td>
<td>0.000</td>
</tr>
<tr>
<td>SSI</td>
<td>SSI - Abdominal Hysterectomy*</td>
<td>----</td>
<td>75.20</td>
<td>----</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Source: IPPS VBP Final rule 8.13.13

*There will be one SSI measure score that will be a weighted average based on predicted infections for both procedures.
New in FY 2016 is the addition of two measures: Catheter-Associated Urinary Tract Infection (CAUTI) and Surgical Site Infection (SSI), both Colon and Abdominal Hysterectomy. There will be one SSI measure score that will be a weighted average based on predicted infections for both SSI procedures. The eight indicators that make up the Patient Safety for Selected Indicators composite are listed below.

**PATIENT SAFETY FOR SELECTED INDICATORS (COMPOSITE)**

- PSI 03 – Pressure Ulcer Rate
- PSI 06 – Iatrogenic Pneumothorax Rate
- PSI 07 – Central Venous Catheter-Related Bloodstream Infection Rate
- PSI 08 – Postoperative Hip Fracture Rate
- PSI 12 – Postoperative Pulmonary Embolism or Deep Vein Thrombosis Rate
- PSI 13 – Postoperative Sepsis Rate
- PSI 14 – Postoperative Wound Dehiscence Rate
- PSI 15 – Accidental Puncture or Laceration Rate

The graphs below illustrate that healthcare organizations that provide the highest quality patient experience of care have fewer incidents of these events that often harm patients and are very costly to hospitals.

**RELATIONSHIP BETWEEN THE QUALITY OF PATIENT CARE & OUTCOMES**

- 30-day Hospitalwide All Cause Unplanned Readmission by Hospital Ranking in “Patients Rate Hospital a 9 or 10”
- Heart Failure Readmission Rates by Hospital Ranking in “Patients Rate Hospital a 9 or 10”
EFFICIENCY MEASURES (25 PERCENT)

The Efficiency domain was added in FY 2015 and will remain in FY 2016. 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. Another 25 percent of the score that determines reimbursement will be based on your organization’s performance in this composite (up five percent from FY 2015).

2016 EFFICIENCY MEASURES

<table>
<thead>
<tr>
<th>Measure ID</th>
<th>Measure</th>
<th>Threshold</th>
<th>Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>MSPB-1</td>
<td>Medicare Spending per Beneficiary</td>
<td>Median Medicare spending per beneficiary ratio across all hospitals during performance period</td>
<td>Mean of lowest decile of Medicare spending per beneficiary ratios across all hospitals during performance period</td>
</tr>
</tbody>
</table>

The slide below illustrates that healthcare organizations with the highest quality patient experience of care are also more efficient in the delivery of that care. The expense and revenue data was pulled from the HIMSS Analytics database.

It shows the relationship between how hospitals score on the “Patients rate the hospital a 9 or 10” HCAHPS patient experience of care measure and the Medicare spending per beneficiary that occurs 1-30 days after the patient is discharged from the hospital.
WHAT THE FUTURE HOLDS

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. The below graph illustrates the steady increase of DRG payment withholding from FY 2013 (1.00%) through FY 2017, where the percentage is expected to cap at 2.00%.

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 CMS CAHPS Surveys**

Hospital CAHPS (HCAHPS)
(Learn about the HCAHPS survey in Studer Group’s HCAHPS Handbook or visit [www.studergroup.com/ourimpact](http://www.studergroup.com/ourimpact))

Enhanced Clinician & Group CAHPS (CG CAHPS) for PQRS
(Learn more by visiting [Studer Group’s CG CAHPS page](http://www.studergroup.com/ourimpact))

Home Health CAHPS (HHCAHPS)
Fee-for-Service CAHPS (FFS CAHPS)
Medicare Advantage and Prescription Drug Plan CAHPS
In-Center Hemodialysis CAHPS
CAHPS Survey for Accountable Care Organizations Participating in Medicare Initiatives

**Patient Experience Surveys under Development**

Emergency Department
([Download Studer Group’s ED CAHPS At-A-Glance](http://www.studergroup.com/ourimpact))

Ambulatory Surgery Center
Hospice
Marketplace Qualified Health Plan

**Other CMS Patient Surveys**

Health Outcomes Survey (HOS)
Medicare Advantage and Prescription Drug Plan Disenrollment Reasons Survey

Information about all surveys can be found at [www.cms.hhs.gov](http://www.cms.hhs.gov).

Organizations coached by Studer Group outperform and outpace their peers across all HCAHPS 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 about how Studer Group can help you maximize the potential of your organization, please contact us at kdavis@studergroup.com or visit [www.studergroup.com](http://www.studergroup.com) to learn more.