



# FACT SHEET

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## **CMS Hospital Value-Based Purchasing Program Results for Fiscal Year 2018**

### ***Hospital Value-Based Purchasing Program Overview***

The Hospital Value-Based Purchasing (VBP) Program adjusts what Medicare pays hospitals under the Inpatient Prospective Payment System (IPPS) based on the quality of inpatient care they provide to patients. For fiscal year (FY) 2018, the law requires that the applicable percent reduction, which is the portion of Medicare payments available to fund the program's value-based incentive payments, remain at 2 percent of the base operating Medicare Severity Diagnosis-Related Group (MS-DRG) payment amounts for all participating hospitals. We estimate that the total amount available for value-based incentive payments for FY 2018 discharges will be approximately \$1.9 billion.

The Hospital VBP Program is one of many quality programs Medicare has established to pay for the quality of care rather than the quantity of services provided to patients. The Hospital VBP Program is part of our long-standing effort to structure Medicare payments to improve care across the entire healthcare delivery system, including hospital inpatient care. In FY 2018, more hospitals will receive positive payment adjustments than will receive negative payment adjustments, indicating improved quality of care and the rewarding of better value, outcomes, and innovations.

### ***Fiscal Year 2018 Hospital VBP Program Results***

The measurement domains for the FY 2018 Hospital VBP Program and the weighting for these domains are:

- Clinical Care (25 percent)
- Safety (25 percent)
- Patient and Caregiver-Centered Experience of Care (25 percent)
- Efficiency and Cost Reduction (25 percent)

We have posted the Hospital VBP incentive payment adjustment factors for each participating hospital for FY 2018 in Table 16B, available at: <https://www.cms.gov/Medicare/Medicare-Fee-for-Service->

This is the sixth year of the Hospital VBP Program, affecting payment for inpatient stays in approximately 3,000 hospitals across the country. Hospitals' payments will depend on:

- How well they performed – compared to their peers – on important healthcare quality and cost measures during a performance period.
- How much they have improved the quality of care provided to patients over time.

For FY 2018, more hospitals will have an increase in their base operating MS-DRG payments than will have a decrease. In total, close to 1,600 hospitals will have a positive payment adjustment.

For FY 2018, about half of hospitals will see a small change in their base operating MS-DRG payments (between -0.5 and 0.5 percent). After taking into account the 2 percent withhold as required by law, the highest performing hospital in FY 2018 will receive a net increase in payments of slightly more than 3 percent, and the lowest performing hospital will incur a net reduction in payments of 1.65 percent.

### Computing the VBP Score

The Hospital VBP Program is a budget-neutral program funded each year through a reduction of participating hospitals' base operating MS-DRG payments for the applicable fiscal year. These payment reductions are redistributed to hospitals as incentive payments based on their Total Performance Score. The actual amount earned back by participating hospitals will depend on:

- Each hospital's Total Performance Score;
- Each hospital's value-based incentive payment percentage; and
- The total amount available under the program for value-based incentive payments.

Hospitals may earn back a value-based incentive payment percentage that is less than, equal to, or more than the applicable percent by which their payments were reduced for that program year. This means hospitals could see an increase, a decrease, or no change to their Medicare IPPS payments for the applicable fiscal year. The total estimated amount available for value-based incentive payments for FY 2018 discharges is approximately \$1.9 billion.

The calculation of hospital Total Performance Scores were subject to minimum case size and measure requirements. Also, hospitals must have a domain score for at least three of the four measurement domains in order to have a Total Performance Score calculated. Hospitals that do not meet the minimum domain requirements do not have their payments adjusted in the corresponding fiscal year. For every measure, each participating hospital receives an achievement score (based on how well they performed compared to other hospitals) and an improvement score (based on how much they improved over time); the higher of the two scores is awarded as the measure score.

## *New Program Requirements for FY 2019*

The measure set for the FY 2019 program year will include a few changes:

- We are removing the Patient Safety for Selected Indicators Composite (PSI 90) from the Safety domain.

- We are adding a risk-standardized elective primary total hip arthroplasty and/or total knee arthroplasty (THA/TKA) complications measure to the Clinical Care domain.

The measurement domains and domain weighting for the FY 2019 Hospital VBP Program will remain unchanged.

### ***Moving Forward***

As we more closely link patient outcomes and treatment costs to value-based hospital payment, the Hospital VBP Program not only aims for quality gains on paper, it also aims to promote a culture that prioritizes quality and value of care and better empowers patients and their healthcare providers through the public display of program results. Value-based purchasing is an important step to revamping how care and services are paid for, moving increasingly toward rewarding better value, outcomes, and innovations.

### ***Additional Information***

For more information on the Hospital VBP Program, please visit the CMS website at: <https://www.cms.gov/Medicare/Quality-Initiatives-Patient-Assessment-Instruments/Value-Based-Programs/HVBP/Hospital-Value-Based-Purchasing.html> and the QualityNet website at: [https://www.qualitynet.org/dcs/ContentServer?c=Page&pagename=QnetPublic%2FPage%2FQnetTier2&c\\_id=1228772039937](https://www.qualitynet.org/dcs/ContentServer?c=Page&pagename=QnetPublic%2FPage%2FQnetTier2&c_id=1228772039937) .

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