

# How to Read Your Fiscal Year 2025 Hospital Value-Based Purchasing (VBP) Program Percentage Payment Summary Report (PPSR)



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## Background of the Hospital VBP Program

The Hospital Value-Based Purchasing (VBP) Program was the first national pay-for performance program for acute care hospitals. The program serves as an important driver in redesigning how the Centers for Medicare & Medicaid Services (CMS) pays for care and services.

Hospitals that participate in the Hospital VBP Program will receive their Fiscal Year (FY) 2025 Percentage Payment Summary Report (PPSR) from CMS.

This document is a comprehensive guide of program eligibility, the information presented in the PPSR, and calculating scores.

### Eligibility

The program applies to subsection (d) hospitals located in the 50 states and the District of Columbia, as defined in Social Security Act section 1886(d)(1)(B). Subsection (d) hospitals found ineligible in FY 2025 based on one of the following exclusion criteria will still receive a PPSR:

- The hospital is subject to a payment reduction under the Hospital Inpatient Quality Reporting (IQR) Program.
- The hospital has been cited for three or more deficiencies during the performance period that pose immediate jeopardy to patients' health or safety.
- The hospital is in the State of Maryland and has received a waiver to participate in the Maryland All-Payer Model.
- The hospital has received an extraordinary circumstances exception to the Hospital VBP Program from CMS.
- The hospital did not meet the minimum number of measures/dimensions based on the minimum data requirements.

Hospitals excluded from the inpatient prospective payment system (IPPS) (i.e., critical access, long-term care, children's, psychiatric, rehabilitation, and the 11 Prospective Payment System-exempt Cancer Hospitals) are not eligible to participate in the Hospital VBP Program and will not receive a PPSR.

Note: Hospitals that are excluded from the Hospital VBP Program will not have their base operating Medicare Severity Diagnosis Related Group (MS-DRG) payments reduced by 2.0 percent nor be eligible for incentive payment adjustments.

### Minimum Data Requirements

CMS established a minimum number of cases, surveys, episodes of care, and measures for hospitals to report to become eligible for a domain score in the Hospital VBP Program. The required minimums are applied for overall program scoring to reliably evaluate quality and improvement using sufficient amounts of data to adjust hospital payments. The following are the minimum data requirements:

- Hospitals must report the required case minimum for at least two of the six measures in the Clinical Outcomes domain. The minimum reporting requirement to receive a Clinical Outcomes domain score is 25 applicable cases for at least two of the six Clinical Outcomes domain measures during the performance period.



- A minimum of 100 HCAHPS (Hospital Consumer Assessment of Healthcare Providers and Systems) Surveys (CAHPS<sup>®</sup> Hospital Survey) is required in the Person and Community Engagement domain during the performance period to receive dimension scores and a domain score.
- Hospitals must report the required case minimum for at least two of the five measures for the Safety domain to receive a domain score. The following are the minimum reporting requirements for the Safety domain measures:
  - One predicted infection as calculated by the Centers for Disease Control and Prevention (CDC) for each of the HAI measures during the performance period is required to receive a measure score.
  - The surgical site infection (SSI) measure is scored by the combination of two strata, Abdominal Hysterectomy and Colon Surgery. A hospital must have at least one predicted infection as calculated by the CDC for at least one stratum during the performance period to receive an SSI measure score.
- A minimum of 25 episodes of care is required for the Medicare Spending Per Beneficiary (MSPB) measure during the performance period in order to receive an Efficiency and Cost Reduction domain score.

### Purpose of the Report

The FY 2025 PPSR provides Hospital VBP Program-participating hospitals with the opportunity to review their Total Performance Score (TPS) and the value-based incentive payment adjustment factor that CMS will apply in FY 2025. Your hospital's PPSR has five sections:

1. The **Percentage Summary Report** summarizes the results of the Hospital VBP Program and provides a hospital's scores for the TPS, Clinical Outcomes domain, Person and Community Engagement domain, Safety domain, and Efficiency and Cost Reduction domain, along with its value-based incentive payment adjustment factor.
2. The **Clinical Outcomes Detail Report** provides details on the six Clinical Outcomes measures, including thresholds, benchmarks, and a hospital's measure scores, which are based on the rates for the measures during the baseline and performance periods.
3. The **Person and Community Engagement Detail Report** provides details on the eight HCAHPS dimensions, including floor values, thresholds, benchmarks, and a hospital's dimension scores, which are based on the rates associated with the HCAHPS dimensions for the baseline and performance periods.
4. The **Safety Measures Detail Report** provides details on the five HAI measures, including thresholds, benchmarks, and a hospital's measure scores, which are based on the rates or standardized infection ratio (SIR) from the baseline and performance periods.
5. The **Efficiency and Cost Reduction Detail Report** provides details on the MSPB measure, including the threshold, benchmark, measure score, and episodes of care. The measure score is based upon the MSPB measure (ratio) for the baseline and performance periods. This also displays the MSPB amount (numerator) and median MSPB amount (denominator) used to calculate the MSPB measure.

The **Appendix** lists the formulas CMS used to create the report.



## Section 1. Percentage Summary Report

This section summarizes the hospital’s results in the Hospital VBP Program.

Image 1. Percentage Summary Report

HVBP Performance Report				
Reference the Hospital Value-Based Purchasing page on QualityNet for report information, calculations, and Hospital VBP resources.				Page 1 of 6
Hospital XYX (CCN-123456)				Fiscal Year 2025
				Exported 4/4/2024 2:51 PM
				Data as of: 04/04/2024
Summary				
Category	Facility	State Average	National Average	
Total Performance Score	13.916666666667	13.916666666667	25.324166666667	
Category	Unweighted Domain Score	Domain Weighting	Weighted Domain Score	
Clinical Outcomes Domain	21.666666666667	25.0%	5.416666666667	
Person and Community Engagement Domain	20.000000000000	25.0%	5.000000000000	
Safety Domain	14.000000000000	25.0%	3.500000000000	
Efficiency and Cost Reduction Domain	0.000000000000	25.0%	0.000000000000	
Base Operating DRG Payment Amount Reduction	Value-Based Incentive Payment Percentages	Net Change in Base Operating DRG Payment Amount	Value-Based Incentive Payment Adjustment Factor	Exchange Function Slope
2.0000000000%	1.3524023921%	-0.6475976079%	0.9935240239	4.7452715513

\* This data was impacted by the extraordinary circumstances exception CMS granted for certain reporting requirements for Q1 and Q2 2020 data. Data from Q1 and Q2 2020 were not used in Hospital VBP calculations for FY 2025.

**Note:** Displayed values in Image 1 and subsequent images in this document do not represent actual values. The values shown are for illustration purposes only. Values for your hospital will be found in your unique PPSR.

### 1.1 Total Performance Score

This section displays your hospital’s TPS and compares it to the average TPS for the state and the average TPS for the nation. The TPS is a sum of the Clinical Outcomes, Person and Community Engagement, Safety, and Efficiency and Cost Reduction weighted domain scores. If “Hospital VBP Ineligible” appears in the Facility field, your facility did not receive a TPS because it did not meet the eligibility requirements for the FY 2025 Hospital VBP Program.

### 1.2 Clinical Outcomes, Person and Community Engagement, Safety, and Efficiency and Cost Reduction Domains

This section displays a hospital’s unweighted and weighted scores for the Clinical Outcomes, Person and Community Engagement, Safety, and Efficiency and Cost Reduction domains. If “Hospital VBP Ineligible” appears in the fields, the facility did not receive a TPS because it did not meet the eligibility requirements for the FY 2025 Hospital VBP Program.

#### Unweighted Domain Scores

CMS calculates unweighted domain scores through a normalization process. CMS normalizes domain scores by converting a hospital’s earned points (the sum of the measure scores) to a percentage of total points that were possible, with the maximum score equaling 100.



## Weighting

CMS finalized the domain weights listed in the table below in the FY 2019 IPPS Final Rule (83 FR 41464).

Domain	Weight
Clinical Outcomes	25%
Person and Community Engagement	25%
Safety	25%
Efficiency and Cost Reduction	25%

For the FY 2025 Hospital VBP Program, CMS finalized that a minimum of three domains are required to receive a TPS. When at least three but less than four domains are scored, the proportionate domain reweighting formula is used. The formula for proportionate domain reweighting is in the **Appendix**.

## Weighted Domain Scores

CMS calculates the weighted domain score for each domain by multiplying the calculated unweighted domain score by the given weight for the domain.

## 1.3 Value-Based Percentage Payment Summary – FY 2025

This section summarizes the change to a hospital’s base operating MS-DRG payments for FY 2025.

### Base Operating MS-DRG Payment Amount Reduction

This is the percentage by which a hospital’s base operating MS-DRG payments will initially be reduced before applying the value-based incentive payment percentage. This amount is 2.0 percent for FY 2025, as required by section 1886(o)(7)(C) of the Social Security Act. If a hospital is not eligible for the Hospital VBP Program, Hospital VBP Ineligible appears in the field.

### Value-Based Incentive Payment Percentage

This is the portion of the base operating MS-DRG amount a hospital earned back, based on its performance in the Hospital VBP Program.

- If this number is greater than the base operating MS-DRG reduction amount, the hospital earned back more than the base operating MS-DRG reduction amount.
- If this number is equal to the base operating MS-DRG reduction amount, the hospital earned back the entire base operating MS-DRG reduction amount.
- If this number is less than the base operating MS-DRG reduction amount, the hospital did not earn back the full base operating MS-DRG reduction amount.
- If your hospital is not eligible for the Hospital VBP Program, “Hospital VBP Ineligible” appears in the field.

### Net Change in Base Operating MS-DRG Payment Amount

This is the amount a hospital’s FY 2025 base operating MS-DRG payments will be changed due to the Hospital VBP Program. The amount is equal to the value-based incentive payment percentage *less* the base operating MS-DRG payment amount reduction.

- A positive number means the hospital will have higher FY 2025 payments because of its Hospital VBP Program performance.



## Percentage Summary Report



- A net amount of zero means there will be no change to the hospital's FY 2025 payments as a result of the Hospital VBP Program.
- A negative number means the hospital's FY 2025 payments will be lower because of its Hospital VBP Program performance.
- If your hospital is not eligible for the Hospital VBP Program, "Hospital VBP Ineligible" appears in the field. There will be no change to an ineligible hospital's FY 2025 payments.

### **Value-Based Incentive Payment Adjustment Factor**

This factor is the number multiplied by the base operating MS-DRG amount for each Medicare fee-for-service discharge at a hospital paid under the IPPS occurring in FY 2025 due to the Hospital VBP Program. The amount is equal to one *plus* the net change in base operating MS-DRG payment amount.

- If this value is greater than one, a hospital will have higher FY 2025 payments because of its Hospital VBP Program performance.
- If this value is equal to one, a hospital's payments will not be changed due to the Hospital VBP Program.
- If this value is less than one, a hospital's FY2025 payments will be lower due to the Hospital VBP Program.
- If a hospital is not eligible for the Hospital VBP Program, "Hospital VBP Ineligible" appears in the field. There will be no change to an ineligible hospital's FY 2025 payments.

### **Exchange Function Slope**

The exchange function slope is used to translate a hospital's TPS into the value-based incentive payment percentage earned by that hospital.

- CMS used the linear exchange function to calculate the value-based incentive payment percentage.
- Each year CMS calculates the slope of the linear exchange function for the applicable program year. With this slope, the estimated total value-based incentive payments to all participating hospitals for FY 2025 will equal 2.0 percent of the estimated total base operating MS-DRG payment amounts for all hospitals for FY 2025.
- If your hospital is not eligible for the Hospital VBP Program, "Hospital VBP Ineligible" appears in the field.

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**Note:** If your hospital did not meet the eligibility requirements for the FY 2025 program during the report performance period, the HVBP Exclusion Reason field explains the reason for exclusion.

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## Section 2. Clinical Outcomes Domain

This section displays a hospital’s performance on the Clinical Outcomes domain.

Image 2. Clinical Outcomes Domain

Clinical Outcomes Domain			Performance Standards and Measure Scores		
Baseline Period: 04/01/2015 - 03/31/2018 Performance Period: 04/01/2020 - 03/31/2023 <b>Measure Name</b> <b>Number of Eligible Discharges</b> <b>Baseline Period Rate</b>			Your Hospital's Performance Period Data <b>Number of Eligible Discharges</b> <b>Performance Period Rate</b>		
Elective Primary Total Hip Arthroplasty/Total Knee Arthroplasty Complication Rate      107      0.028693			35      0.028839		
Baseline Period (AMI, HF, COPD, CABG, PN): 07/01/2015 - 06/30/2018 Performance Period (AMI, HF, COPD, CABG, PN): 07/01/2020 - 06/30/2023 <b>Measure Name</b> <b>Number of Eligible Discharges</b> <b>Baseline Period Rate</b>			Your Hospital's Performance Period Data <b>Number of Eligible Discharges</b> <b>Performance Period Rate</b>		
Acute Myocardial Infarction (AMI) 30-Day Mortality Rate      169      0.853761			128      0.866983		
Chronic Obstructive Pulmonary Disease (COPD) 30-Day Mortality Rate      260      0.893859			90      0.916934		
Coronary Artery Bypass Grafting (CABG) 30-Day Mortality Rate      103      0.969736			64      0.965239		
Heart Failure (HF) 30-Day Mortality Rate      401      0.891471			269      0.879817		
Pneumonia (PN) 30-Day Mortality Rate      431      0.825485			330      0.824947		
Baseline Period: 04/01/2015 - 03/31/2018 Performance Period: 04/01/2020 - 03/31/2023 <b>Measure Name</b> <b>Achievement Threshold</b> <b>Benchmark</b>			<b>Improvement Points</b> <b>Achievement Points</b> <b>Measure Score</b>		
Elective Primary Total Hip Arthroplasty/Total Knee Arthroplasty Complication Rate      0.025332      0.017946			4      2      4		
Baseline Period (AMI, HF, COPD, CABG, PN): 07/01/2015 - 06/30/2018 Performance Period (AMI, HF, COPD, CABG, PN): 07/01/2020 - 06/30/2023 <b>Measure Name</b> <b>Achievement Threshold</b> <b>Benchmark</b>			<b>Improvement Points</b> <b>Achievement Points</b> <b>Measure Score</b>		
Acute Myocardial Infarction (AMI) 30-Day Mortality Rate      0.872624      0.889994			3      0      3		
Chronic Obstructive Pulmonary Disease (COPD) 30-Day Mortality Rate      0.915127      0.932236			6      1      6		
Coronary Artery Bypass Grafting (CABG) 30-Day Mortality Rate      0.970100      0.979775			0      0      0		

### 2.1 Baseline and Performance Periods (Clinical Outcomes)

This section displays the baseline period and performance period used to compute a hospital’s actual scores for the six Clinical Outcomes domain measures. The PPSR uses the following time periods, as published in the FY 2020 IPPS/LTCH PPS final rule:

#### Mortality measures

- Baseline period: July 1, 2015–June 30, 2018
- Performance period: July 1, 2020–June 30, 2023

#### Complication measure

- Baseline period: April 1, 2015–March 31, 2018
- Performance period: April 1, 2020—March 31, 2023\*

\* In response to the COVID-19 public health emergency, CMS is not using claims data reflecting services provided January 1, 2020–June 30, 2020 (Q1 and Q2 2020) in its calculations for the Medicare quality reporting programs. The performance periods for the complications measure has been updated to reflect this policy. This change was finalized in FY 2022 IPPS/LTCH PPS final rule.



### 2.2 FY 2025 Baseline Period Totals

This section displays FY 2025 baseline period totals.

#### *Explanation of Report Fields for 2.2 – Clinical Outcomes Measures*

##### **Number of Eligible Discharges**

This number reflects the number of measure-specific claims used for quality measure calculations in the baseline period.

An N/A appears if not applicable or if no data were submitted for the hospital during the baseline period.

##### **Baseline Period Rate**

The baseline period rate represents a hospital's performance for each measure during the baseline period, which is used as input for scoring improvement points. A minimum of 25 eligible discharges (i.e., a baseline period number of eligible discharges value greater than or equal to 25) is required to compute improvement points.

A dash in a field indicates not applicable or that no data are available.

### 2.3 FY 2025 Performance Period Totals

This section displays FY 2025 performance period totals.

#### *Explanation of Report Fields for 2.3 – Clinical Outcomes Measures*

##### **Number of Eligible Discharges – Clinical Outcomes Measures**

This number reflects the measure-specific claims used for quality measure calculations in the baseline period.

N/A appears if not applicable or if no data were submitted for a hospital during the baseline period.

##### **Performance Period Rate – Clinical Outcomes Measures**

The performance period rate reflects a hospital's performance for each measure during the baseline period, which is used as input for scoring improvement points.

A minimum of 25 eligible discharges (i.e., a performance period number of eligible discharges value greater than or equal to 25) is required to compute improvement points and achievement points.

A dash in a field indicates data not applicable or that no data were available.

### 2.4 Performance Standards and Measure Scores

This section displays a hospital's metrics. The metrics section displays calculation results, including achievement threshold, benchmark, and improvement and achievement points, for each measure score in the Clinical Outcomes domain.

#### *Explanation of Report Fields for 2.4 – Clinical Outcomes Measures*

##### **Achievement Threshold**

The achievement threshold specifies the 50th percentile of all hospitals' performance during the baseline period for each measure.



### Benchmark

The benchmark is the mean of the top decile of all hospitals' performance during the baseline period for each measure.

### Improvement Points

These are points awarded to a hospital by comparing its performance on a measure during the performance period with its performance on the same measure during the baseline period. Points are awarded as follows:

- **Nine improvement points** are awarded if a hospital's performance period rate is equal to or better than the benchmark and is better than the baseline period rate.
- **Zero improvement points** are awarded if a hospital's performance period rate is worse than or equal to its baseline period rate.
- **Zero to nine improvement points** are awarded if a hospital's performance period rate is between its baseline period rate and the benchmark.

A dash indicates not applicable or that no data were available.

### Achievement Points

These are points awarded to a hospital by comparing its performance on a measure during the performance period with all hospitals' performance during the baseline period. Points are awarded as follows:

- **Ten** achievement points are awarded if your hospital's performance period rate is equal to or better than the benchmark.
- **Zero** achievement points are awarded if your hospital's performance period rate is worse than the achievement threshold.
- **One to nine** achievement points are awarded if your hospital's performance period rate is equal to or better than the achievement threshold and worse than the benchmark.

A dash indicates not applicable or that no data were available.

### Measure Score

The measure score is awarded to a hospital for each measure, based on the greater of the improvement or achievement points.

A dash appears if a hospital received neither achievement nor improvement points.

## 2.5 Clinical Outcomes Summary Totals

This section displays the Clinical Outcomes domain summary totals, including the number of eligible measures used to calculate a hospital's score for this domain, along with the unweighted and weighted scores for the domain.



### ***Explanation of Report Fields for 2.5 – Clinical Outcomes Measures***

#### **Eligible Clinical Outcomes Measures**

These are the measures used to compute a hospital's Clinical Outcomes domain score. A minimum of two measures with 25 eligible discharges in the performance period per measure is required to compute a hospital's Clinical Outcomes domain score.

#### **Unweighted Clinical Outcomes Measures Domain Score**

This unweighted score reflects a hospital's total earned points for the Clinical Outcomes domain divided by the total possible points, multiplied by 100. A dash indicates the minimums were not met for scoring the domain.

#### **Weighted Clinical Outcomes Measures Domain Score**

A hospital would receive this score for the Clinical Outcomes domain, which accounts for 25 percent of the hospital's TPS and comprises its scores from the eligible Clinical Outcomes measures. A minimum of 25 cases in the performance period per measure and at least two applicable measures are required to receive a Clinical Outcomes domain score. A dash indicates the minimums were not met for scoring the domain.

#### **Independent Calculation of TPS**

A hospital may elect to perform an independent calculation of its TPS using PPSR data displayed.

- To perform an independent calculation of the performance rates for the Clinical Outcomes measures, a hospital can reference its Hospital VBP Program Hospital-Specific Report (HSR) User Guide for the 30-Day Mortality measures on [QualityNet](#).
- **Note:** The PPSR only displays a precision of six decimal places (x.xxxxxx) for the baseline period rate and performance period rate.
- To perform an independent calculation of the weighted Clinical Outcomes domain score and TPS, a hospital can manually normalize the domain scores by first calculating the total possible points. To calculate the total possible points (also known as the unweighted normalized Clinical Outcomes domain score), multiply the number of eligible Clinical Outcomes measures by 10, divide the total earned points for the Clinical Outcomes domain by the total possible points, and multiply the result by 100. To calculate the weighted Clinical Outcomes domain score, multiply the unrounded unweighted normalized Clinical Outcomes domain score by 0.25.



## Section 3. Person and Community Engagement Domain

This section displays a hospital’s performance on the eight HCAHPS dimensions of the Person and Community Engagement domain. Each dimension is listed by the dimension title.

Image 3. Person and Community Engagement Domain

Person And Community Engagement Domain						
Baseline Period: 01/01/2019 - 12/31/2019		Baseline Period Rate		Performance Period Rate		
Performance Period: 01/01/2023 - 12/31/2023						
Communication with Nurses		77.8259%		78.4286%		
Communication with Doctors		80.9933%		79.7774%		
Responsiveness of Hospital Staff		69.4084%		66.3732%		
Communication about Medicines		63.7829%		63.3108%		
Cleanliness and Quietness of Hospital Environment		65.2349%		63.7383%		
Discharge Information		87.7513%		86.3131%		
Care Transition		52.4186%		51.1531%		
Overall Rating of Hospital		72.0017%		71.1094%		
Baseline Period: 01/01/2019 - 12/31/2019		Performance Standards and Measure Scores				
Performance Period: 01/01/2023 - 12/31/2023						
HCAHPS Dimensions	Floor	Achievement Threshold	Benchmark	Improvement Points	Achievement Points	Dimension Score
Communication with Nurses	53.50%	79.42%	87.71%	0	0	0
Communication with Doctors	62.41%	79.83%	87.97%	0	0	0
Responsiveness of Hospital Staff	40.40%	65.52%	81.22%	0	1	1
Communication about Medicines	39.82%	63.11%	74.05%	0	1	1
Cleanliness and Quietness of Hospital Environment	45.94%	65.63%	79.64%	0	0	0
Discharge Information	66.92%	87.23%	92.21%	0	0	0
Care Transition	25.64%	51.84%	63.57%	0	0	0
Overall Rating of Hospital	36.31%	71.66%	85.39%	0	0	0
<small>HCAHPS Base Score: 2  HCAHPS Consistency Score: 18  Unweighted Person and Community Engagement Domain Score: 20.000000000000  Weighted Person and Community Engagement Domain Score: 5.000000000000  HCAHPS Surveys Completed During the Baseline Period: 2139  HCAHPS Surveys Completed During the Performance Period: 1938</small>						

### 3.1 Baseline and Performance Periods (Person and Community Engagement)

This section displays the baseline period and performance period used to compute a hospital’s scores for the HCAHPS dimensions. The PPSR uses the following time periods, as published in the FY 2023 IPPS/LTCH PPS final rule:

- Baseline period: January 1–December 31, 2019\*
- Performance period: January 1 –December 31, 2023

\*In the FY 2022 IPPS/LTCH PPS final rule, CMS finalized this baseline period due to the COVID-19 public health emergency.

### 3.2 FY 2025 Baseline Period Totals

#### Baseline Period Rate

The baseline period rate is a hospital’s rate for each HCAHPS dimension during the baseline period. If a field shows N/A, it is not applicable, or no data are available.



### 3.3 FY 2025 Performance Period Totals

#### *Performance Period Rate*

The performance period rate is a hospital's rate for each HCAHPS dimension during the performance period. N/A in a field indicates not applicable or no data are available.

### 3.4 Performance Standards and Measure Score

This section displays your hospital's metrics. The metrics section displays calculation results, including floor value, achievement threshold, benchmark, and improvement and achievement points for each HCAHPS dimension score in the Person and Community Engagement domain.

#### *Floor*

The "floor" is the performance rate for the worst performing hospital during the baseline period, which defines the 0 percentile for this dimension. To calculate consistency points, a hospital's performance on its lowest dimension is compared to the "floor."

#### *Achievement Threshold and Benchmark*

This is the 50th percentile of all hospitals' performance on each dimension during the baseline period. The benchmark is the mean of the top decile of all hospitals' performance on each dimension during the baseline period.

#### *Improvement Points*

Improvement points are awarded by comparing a hospital's performance on a dimension during the performance period with its own performance on the same dimension during the baseline period. Points are awarded as follows:

- **Nine improvements points** are awarded if a hospital's performance period rate is equal to or better than the benchmark and is better than the baseline period rate.
- **Zero improvement points** are awarded if a hospital's performance period rate is worse than or equal to its baseline period rate.
- **Zero to nine improvement points** are awarded if a hospital's performance period rate is between its baseline period rate and the benchmark.

A dash appears if a hospital does not have a baseline period rate and/or performance period rate.

#### *Achievement Points*

Achievement points are awarded by comparing a hospital's performance on a dimension during the performance period with all hospitals' performance during the baseline period. Points are awarded as follows:

- **Ten achievement points** are awarded if your hospital's performance period rate is equal to or better than the benchmark.
- **Zero achievement points** are awarded if your hospital's performance period rate is worse than the achievement threshold.
- **One to nine achievement points** are awarded if your hospital's performance period rate is equal to or better than the achievement threshold and worse than the benchmark.



A dash appears if a hospital does not have a baseline period rate and/or performance period rate.

### 3.5 Dimension Score

The HCAHPS Dimension Score is awarded for each HCAHPS dimension, based on the greater of the improvement or achievement points. A dash in a field appears if a hospital received neither achievement nor improvement points. Hospitals earn consistency points only on their lowest scored HCAHPS dimension.

### 3.6 HCAHPS Dimensions Summary Totals

This section displays HCAHPS dimensions summary totals.

#### ***HCAHPS Base Score***

The HCAHPS Base Score is the sum of all Dimension Scores a hospital was awarded based on the greater of the improvement or achievement points. “Hospital VBP Ineligible” in a field indicates that the minimum survey count required for the Hospital VBP Program was not met.

#### ***HCAHPS Consistency Score***

The HCAHPS Consistency Score is determined based on a hospital’s lowest Dimension Score (in Bold Italic font) from the performance used to calculate a hospital’s HCAHPS Consistency Score.

The HCAHPS Consistency Score reflects points that were awarded based on a hospital’s lowest HCAHPS Dimension Score during the performance period. The higher a hospital’s lowest Dimension Score is above the “floor” (i.e., the worst performing hospital’s dimension rate from the baseline period), the more consistency points the hospital will receive. A hospital can earn between 0 and 20 points towards its Person and Community Engagement domain as follows:

- **Twenty points** are awarded if all of a hospital’s dimension rates during the performance period are greater than or equal to each dimension’s respective achievement thresholds.
- **Zero points** are awarded if the hospital’s lowest dimension rate during the performance period is less than or equal to the worst-performing hospital’s dimension rate (floor) from the baseline period.
- **Zero to 20 points** are awarded if any of a hospital’s dimension rates are greater than the worst performing hospital’s rate (floor) but less than the achievement threshold from the baseline period.

A dash indicates the survey minimums were not met for scoring the domain.

#### ***Unweighted Person and Community Engagement Domain Score***

This is the unweighted score a hospital would receive for the Person and Community Engagement domain, which is the sum of the hospital’s HCAHPS Base Score and Consistency Score.

A dash indicates the survey minimums were not met for scoring the domain.

#### ***Weighted Person and Community Engagement Domain Score***

This reflects a hospital’s weighted score for the Person and Community Engagement domain, which accounts for 25 percent of a hospital’s TPS and comprises a hospital’s HCAHPS Base Score and Consistency Score.



A dash indicates the survey minimums were not met for scoring the domain.

### ***Performance Period HCAHPS Surveys Completed***

This field reflects a hospital's total number of completed surveys during the performance period. At least 100 completed surveys during the performance period are required to receive a Person and Community Engagement domain score.

N/A in a field indicates not applicable or no data are available.

### ***Approximate Calculation of Person and Community Engagement Domain Score***

A hospital may elect to perform an independent calculation of its TPS using PPSR data.

- A hospital can approximate its Person and Community Engagement domain score for the FY 2025 Hospital VBP Program by using the same steps CMS and the HCAHPS Project Team followed to calculate the score. The document outlining this process is available [online](#).
- Note: The PPSR only displays a precision of two decimal places (x.xx) for the baseline period rate and performance period rate, although a greater precision is used when calculating achievement and improvement points.
- To perform an independent calculation of the weighted Person and Community Engagement domain score and TPS, multiply the unrounded unweighted Person and Community Engagement domain score by 0.25.



## Section 4. Safety Domain

This section displays a hospital’s performance on the five Safety domain measures. Each measure is listed by the measure title. N/A in a field indicates not applicable or no data are available.

**Image 4. Safety Domain**

HVBP Performance Report				Page 5 of 6 Fiscal Year 2025		
Reference the Hospital Value-Based Purchasing page on QualityNet for report information, calculations, and Hospital VBP resources.				Exported 4/4/2024 2:51 PM Data as of: 04/04/2024		
<b>Hospital XYZ (CCN-123456)</b>						
Safety Domain						
Baseline Period: 01/01/2019 - 12/31/2019 Performance Period: 01/01/2023 - 12/31/2023			Your Hospital's Baseline Period Data			Your Hospital's Performance Period Data
Healthcare Associated Infections	Number of Observed Infections (Numerator)	Number of Predicted Infections (Denominator)	Standardized Infection Ratio (SIR)	Number of Observed Infections (Numerator)	Number of Predicted Infections (Denominator)	Standardized Infection Ratio (SIR)
Catheter-Associated Urinary Tract Infection	9	15.062	0.598	14	15.099	0.927
Central Line-Associated Blood Stream Infection	5	11.880	0.421	9	12.355	0.628
Clostridium difficile Infection	37	107.744	0.343	34	55.978	0.607
Methicillin-Resistant Staphylococcus aureus Bacteremia	8	8.297	0.964	11	8.170	1.346
SSI-Abdominal Hysterectomy	1	0.604	-	1	0.504	-
SSI-Colon Surgery	4	4.301	0.930	1	3.729	0.268
Surgical Site Infection (SSI)	N/A	N/A	N/A	N/A	N/A	N/A
Baseline Period: 01/01/2019 - 12/31/2019 Performance Period: 01/01/2023 - 12/31/2023			Performance Standards and Measure Scores			
Healthcare Associated Infections	Achievement Threshold	Benchmark	Improvement Points	Achievement Points	Measure Score	
Catheter-Associated Urinary Tract Infection	0.650	0.000	0	0	0	
Central Line-Associated Blood Stream Infection	0.589	0.000	0	0	0	
Clostridium difficile Infection	0.520	0.014	0	0	0	
Methicillin-Resistant Staphylococcus aureus Bacteremia	0.726	0.000	0	0	0	
SSI-Abdominal Hysterectomy	0.738	0.000	N/A	N/A	N/A	
SSI-Colon Surgery	0.717	0.000	7	6	7	
Surgical Site Infection (SSI)	N/A	N/A	N/A	N/A	7	
Eligible Safety Measures: 5 out of 5 Unweighted Safety Domain Score: 14.000000000000 Weighted Safety Domain Score: 3.500000000000						

### 4.1 Baseline and Performance Periods (Safety)

This section displays the baseline period and performance period used to compute a hospital’s scores for the Safety domain measures. The PPSR uses the following time periods, as published in the FY 2023 IPPS/LTCH PPS final rule:

- Baseline period: January 1–December 31, 2019\*
- Performance period: January 1–December 31, 2023

\*In the FY 2023 IPPS/LTCH PPS final rule, CMS finalized this baseline period due to the COVID-19 public health emergency.



### 4.2 FY 2025 Baseline Period Totals

This section displays FY 2025 baseline period totals.

#### ***Explanation of Report Fields for 4.2 – Healthcare-Associated Infection Measures***

##### **Number of Observed Infections (Numerator) Report Fields for HAI Measures**

This is the observed number of infections for the specified locations within a hospital.

##### **Number of Predicted Infections (Denominator) Report Fields for HAI Measures**

This is the number of infections predicted in hospital locations in scope for quality reporting as the denominator for multiple submission quarters.

##### **Standardized Infection Ratio (SIR) Report Fields for Healthcare-Associated Infection Measures**

The SIR is calculated as numerator/denominator. A dash in a field indicates not applicable or that no data are available.

### 4.3 FY 2025 Performance Period Totals

This section displays the information in the FY 2025 performance period totals.

#### ***Explanation of Report Fields for 4.3 – HAI Measures***

##### **Number of Observed Infections (Numerator) Report Fields – HAI Measures**

This field reflects the observed number of infections for specified locations within a hospital.

##### **Number of Predicted Infections (Denominator) Report Fields – HAI Measures**

This reflects the number of infections expected in hospital locations in scope for quality reporting as the denominator for multiple submission quarters.

##### **Standardized Infection Ratio (SIR) Report Fields – HAI Measures**

The SIR is calculated as numerator/denominator. A dash in a field indicates not applicable or that no data are available.

### 4.4 Performance Standards and Measure Scores

This section displays a hospital's metrics. The metrics section displays calculation results, including achievement threshold, benchmark, and improvement and achievement points, for each measure score in the Safety domain.

#### ***Achievement Threshold***

The achievement threshold reflects the 50th percentile of all hospitals' performance during the baseline period for each measure.

#### ***Benchmark***

The benchmark is the mean of the top decile of all hospitals' performance during the baseline period for each measure.

#### ***Improvement Points***

These points are awarded to a hospital and calculated by comparing a hospital's performance on a measure during the performance period with its performance on the same measure during the baseline period. Points are awarded as follows:



- **Nine improvement points** are awarded if a hospital's performance period rate is equal to or better than the benchmark and is better than the baseline period rate.
- **Zero improvement points** are awarded if a hospital's performance period rate is worse than or equal to its baseline period rate.
- **Zero to nine improvement points** are awarded if a hospital's performance period rate is between its baseline period rate and the benchmark.

A dash indicates not applicable or that no data are available.

### ***Achievement Points***

These points are awarded to your hospital and calculated by comparing your hospital's performance on a measure during the performance period with all hospitals' performance during the baseline period. Points are awarded as follows:

- **Ten achievement points** are awarded if your hospital's performance period rate is equal to or better than the benchmark.
- **Zero achievement points** are awarded if your hospital's performance period rate is worse than the achievement threshold.
- **One to nine achievement points** are awarded if your hospital's performance period rate is equal to or better than the achievement threshold and worse than the benchmark.

A dash indicates not applicable or that no data are available.

### ***Measure Score***

The measure score is awarded to a hospital for each Safety measure based on the greater of the improvement or achievement points.

A dash appears if a hospital received neither achievement nor improvement points.

### ***Surgical Site Infection (SSI) Measure Score***

The SSI measure score is a combined score of the two SSI strata of Abdominal Hysterectomy and Colon Surgery. The combined score is weighted by each stratum's predicted number of infections during the performance period. The formula of the SSI measure score may be found in the Appendix.

We will award achievement and improvement points to each stratum of the SSI measure, then compute a weighted average of the points awarded to each stratum by predicted infections. The weighted average of the points awarded will be the hospital's SSI measure score. As an example, a hospital that received 5 improvement points for the SSI-Colon stratum, with 1.0 predicted SSI-Colon infections, and 8 achievement points for the SSI-Abdominal Hysterectomy stratum, with 2.0 predicted SSI-Abdominal Hysterectomy infections, would receive a composite SSI measure score as follows:

$$((5 * 1.0) + (8 * 2.0)) / (1.0 + 2.0) = 7 \text{ points}''$$



### 4.5 Safety Summary Totals

This section displays Safety domain summary totals.

#### ***Explanation of Report Fields for 4.5***

##### **Eligible Safety Measures Report Fields**

This field reflects the number of measures used to compute a hospital's Safety domain score. A minimum of two measures is required to compute a hospital's Safety domain score.

##### **Unweighted Safety Domain Score Report Fields**

The unweighted Safety domain score reflects a hospital's total earned points for the Safety domain divided by the total possible points, multiplied by 100.

A dash indicates the minimums were not met for scoring the domain.

##### **Weighted Safety Domain Score Report Fields**

The weighted Safety domain score reflects the weighted score a hospital would receive for the Safety domain, which accounts for 25 percent of a hospital's TPS and comprises a hospital's scores from the eligible Safety domain measures. A dash indicates the minimums were not met for scoring the domain.

#### ***Independent Calculation of TPS***

- A hospital may elect to perform an independent calculation of its TPS using data displayed on the report. To perform an independent calculation of the HAI measures, a hospital can divide the number of observed infections (numerator) by the number of predicted infections (denominator) to replicate the SIR.
- Note: The PPSR only displays a precision of three decimal places (x.xxx) for the number of predicted infections (denominator) and SIR, although the CDC uses a greater precision to calculate the SIR.
- Note: The PPSR only displays a precision of three decimal places (x.xxx) for the baseline and performance period rates, although a greater precision is used in calculating the achievement and improvement points.
- To perform an independent calculation of the weighted Safety domain score and TPS, a hospital can manually normalize the Safety domain by first calculating the total possible points by multiplying by 10 the number of Safety measures for which the hospital met the minimum data requirements. The hospital should then divide the total earned points for the Safety domain by the total possible points and multiply the result by 100, to achieve the unweighted Safety domain score. The weighed Safety domain score is then calculated by multiplying the unrounded unweighted Safety domain score by 0.25.

**Section 5. Efficiency and Cost Reduction Domain**

This section displays your hospital’s performance on the Efficiency and Cost Reduction domain, which is comprised of the MSPB measure.

“N/A” in a field indicates not applicable or no data are available.

**Image 5. Efficiency and Cost Reduction Domain**

Efficiency And Cost Reduction Domain						
Baseline Period: 01/01/2021 - 12/31/2021 Performance Period: 01/01/2023 - 12/31/2023				Your Hospital's Baseline Period Data		
Medicare Spending per Beneficiary (MSPB)				Your Hospital's Performance Period Data		
Efficiency Measures	MSPB Amount (Numerator)	Median MSPB Amount (Denominator)	MSPB Measure	MSPB Amount (Numerator)	Median MSPB Amount (Denominator)	MSPB Measure
Medicare Spending per Beneficiary (MSPB)	\$24,145.95	\$24,299.69	0.993673	\$24,145.95	\$24,299.69	0.993673
Efficiency Measures			Performance Standards and Measure Scores			
Achievement Threshold	Benchmark	Improvement Points	Achievement Points	Measure Score		
0.98892	0.84816	0	0	0		
Eligible Efficiency and Cost Reduction Measures: 1 out of 1 Unweighted Efficiency and Cost Reduction Domain Score: 0.000000000000 Weighted Efficiency and Cost Reduction Domain Score: 0.000000000000 Baseline Period Episodes of Care: 1346 Performance Period Episodes of Care: 1346						
N/A indicates no data available, no data submitted, or the value was not applicable for this measure. A dash (-) indicates that the minimums were not met for calculations, or the value was not applicable. * Hospital VBP Ineligible indicates that the hospital is not eligible to receive a Total Performance Score based on eligibility criteria. * State VBP Ineligible indicates no hospital within the state received a Total Performance Score. Calculated values were subject to rounding.						

**5.1 Baseline and Performance Periods (Efficiency and Cost Reduction)**

This section displays the baseline period and performance period used to compute a hospital’s scores for the Efficiency and Cost Reduction domain. The PPSR uses the following time periods, as published in the FY 2022 IPPS/LTCH PPS final rule:

- Baseline period: January 1–December 31, 2021
- Performance period: January 1–December 31, 2023

**5.2 FY 2025 Baseline Period Totals**

This section displays FY 2025 baseline period totals.

**Explanation of Report Fields for 5.2**

**MSPB Amount (Numerator) Report Fields**

The MSPB Amount (Numerator) reflects a hospital’s risk-adjusted per-episode spending level. A minimum of 25 episodes of care is required during the baseline period to compute improvement points. A dash in a field indicates not applicable or that no data are available.

**Median MSPB Amount (Denominator) Report Fields**

This figure reflects the median MSPB amount across all hospitals nationwide during the baseline period.



### MSPB Measure Report Fields

This is the ratio of a hospital's average MSPB Amount to the median MSPB Amount across all hospitals during the baseline period.

### 5.3 FY 2025 Performance Period Totals

This section displays the information in the FY 2025 performance period totals.

#### *Explanation of Report Fields for 5.3*

##### **MSPB Amount (Numerator) Report Fields**

The MSPB Amount (Numerator) is a hospital's risk-adjusted per-episode spending level. A minimum of 25 episodes of care is required to compute improvement and achievement points. A dash in a field indicates not applicable or no data are available.

##### **Median MSPB Amount (Denominator) Report Fields**

This figure reflects the median MSPB amount across all hospitals nationwide during the performance period.

### MSPB Measure Report Fields

This is the ratio of a hospital's average MSPB Amount to the median MSPB Amount across all hospitals during the performance period.

### 5.4 Performance Standards and Measure Scores

This section displays your hospital's metrics. The metrics section displays calculation results, including achievement threshold, benchmark, and improvement and achievement points for the MSPB measure score.

#### *Explanation of Report Fields for 5.4*

##### **Achievement Threshold Report Fields**

The achievement threshold reflects the median MSPB ratio across all hospitals during the performance period.

##### **Benchmark Report Fields**

The benchmark is the mean of the lowest decile MSPB ratios across all hospitals during the performance period.

##### **Improvement Points Report Fields**

These points are awarded to a hospital and calculated by comparing the hospital's performance on a measure during the performance period with its performance on the same measure during the baseline period. Points are awarded as follows:

- **Nine improvement points** are awarded if a hospital's performance period rate is equal to or better than the benchmark and is better than the baseline period rate.
- **Zero improvement points** are awarded if a hospital's performance period rate is worse than or equal to its baseline period rate.
- **Zero to nine improvement points** are awarded if a hospital's performance period rate is between its baseline period rate and the benchmark.



A dash indicates not applicable or that no data are available.

### Achievement Points Report Fields

These points are awarded to a hospital and calculated by comparing the hospital's performance on a measure during the performance period with all hospitals' performance during the performance period. Points are awarded as follows:

- **Ten achievement points** are awarded if your hospital's performance period rate is equal to or better than the benchmark.
- **Zero achievement points** are awarded if your hospital's performance period rate is worse than the achievement threshold.
- **One to nine achievement points** are awarded if your hospital's performance period rate is equal to or better than the achievement threshold and worse than the benchmark.

A dash indicates not applicable or that no data are available.

### Measure Score Report Fields

The measure score is awarded to a hospital for the MSPB measure based on the greater value of either the improvement or achievement points.

A dash appears if a hospital received neither achievement nor improvement points.

## 5.5 Efficiency and Cost Reduction Summary Totals

This section displays Efficiency and Cost Reduction domain summary totals.

### Explanation of Report Fields for 5.5

#### Eligible Efficiency and Cost Reduction Measure Report Fields

This field reflects the number of measures used to compute a hospital's Efficiency and Cost Reduction domain score. A minimum of one measure (with 25 episodes of care) is required to compute a hospital's Efficiency and Cost Reduction domain score.

#### Unweighted Efficiency and Cost Reduction Domain Score Report Fields

The unweighted Efficiency and Cost Reduction domain score reflects a hospital's total earned points for the Efficiency and Cost Reduction domain divided by the total possible points, multiplied by 100.

A dash indicates the minimum number of episodes of care was not met for scoring the domain.

#### Weighted Efficiency and Cost Reduction Domain Score Report Fields

The weighted Efficiency and Cost Reduction domain score reflects the weighted score a hospital would receive for the Efficiency and Cost Reduction domain, which accounts for 25 percent of a hospital's TPS and comprises a hospital's scores from the MSPB measure.

A dash indicates the minimums were not met for scoring the domain.



### ***Independent Calculation of TPS***

A hospital may elect to perform an independent calculation of its TPS using data displayed on the Report.

- To perform an independent calculation of the MSPB measure, a hospital can reference their Hospital VBP Program HSR User Guide for MSPB provided on [QualityNet](#).
- Note: The PPSR only displays a precision of six decimal places (x.xxxxxx) for the baseline and performance period MSPB measure ratios.
- A hospital can perform an independent calculation of the weighted Efficiency and Cost Reduction domain score and TPS. First, calculate the unweighted Efficiency and Cost Reduction domain score by manually normalizing the Efficiency and Cost Reduction domain by dividing the total earned points for the MSPB measure by 10 possible points and multiply the result by 100. The weighed Efficiency and Cost Reduction domain score is calculated by multiplying the unrounded unweighted Efficiency and Cost Reduction domain score by 0.25.





## Resources

Hospital VBP Program general information: <https://qualitynet.cms.gov/inpatient/hvbp>

To register for Hospital VBP Program notifications: <https://qualitynet.cms.gov/listserv-signup>

Visit <https://qualitynet.cms.gov/inpatient/hvbp/resources#tab2> to access the following:

- *How to Read Your FY 2025 Percentage Payment Summary Report*
- *Program Summary for FY 2025*
- *FY 2025 Value-Based Purchasing Quick Reference Guide*
- *FY 2025 Scoring Quick Reference Guide*

For further assistance regarding the Hospital VBP Program, contact the QualityNet Question and Answer (Q&A) Tool at [https://cmsqualitysupport.servicenow.com/qnet\\_qa](https://cmsqualitysupport.servicenow.com/qnet_qa).

For technical questions or issues related to accessing the PPSR, contact the Center for Clinical Standards and Quality Service Center at [qnetsupport@cms.hhs.gov](mailto:qnetsupport@cms.hhs.gov).



## Formulas

Formulas used to create the Hospital VBP Program PPSR are displayed below.

### Figure 1: Improvement Point Formula

$$\left( 10 \times \frac{(\text{Performance Period Rate} - \text{Baseline Period Rate})}{(\text{Benchmark} - \text{Baseline Period Rate})} \right) - 0.5$$

**Improvement Point calculation:** (Performance Period Rate minus Baseline Period Rate) divided by (Benchmark minus Baseline Period Rate) multiplied by 10 with 0.5 subtracted from the product.

### Figure 2: Achievement Point Formula

$$\left( 9 \times \frac{(\text{Performance Period Rate} - \text{Achievement Threshold})}{(\text{Benchmark} - \text{Achievement Threshold})} \right) + 0.5$$

**Achievement Point calculation:** (Performance Period Rate minus Achievement Threshold divided by (Benchmark minus Achievement Threshold) multiplied by 9 with 0.5 added to the product.

### Figure 3: Clinical Outcomes Unweighted Domain Score Formula

$$\left( \frac{\text{Sum of Measure Scores}}{\text{Total Points Possible}} \right) \times 100$$

**Clinical Outcomes Unweighted Domain Score Formula:** (Sum of Measure Scores divided by Total Points Possible) and multiplied by 100.

**Note:** This formula normalizes the domain to take into account only the measures a hospital met the minimum measure requirements for during the performance period.

### Figure 4: Person and Community Engagement Domain Score Formula

$$\text{Base Score} + \text{Consistency Score}$$

Person and Community Engagement Domain Score Formula: Sum of Base Score plus Consistency Score.

### Figure 5: Base Score Formula

$$\sum \text{Dimension Scores for the Eight HCAHPS Dimensions}$$

**Base Score Formula:** Sum of the dimension scores for the eight HCAHPS dimensions.



### Figure 6: Lowest Dimension Score Formula

$$\frac{(\text{Performance Period Rate} - \text{Floor})}{(\text{Achievement Threshold} - \text{Floor})}$$

**Lowest Dimension Score Formula:** (Performance Period Rate minus the Floor) divided by (Achievement Threshold minus the Floor).

### Figure 7: Consistency Score Formula

$$(20 \times \text{Lowest Dimension Score}) - 0.5$$

**Consistency Score Formula:** (20 multiplied by the Lowest Dimension Score) minus 0.5.

### Figure 8: Safety Domain Score Formula

$$\left( \frac{\text{Sum of Measure Scores}}{\text{Total Points Possible}} \right) \times 100$$

**Safety Domain Score Formula:** (Sum of Measure Scores divided by Total Points Possible) multiplied by 100.

**Note:** This formula normalizes the domain to take into account only the measures a hospital met the minimum measure requirements for during the performance period.

### Figure 9: Surgical Site Infection (SSI) Measure Score

$$\frac{(\text{Colon Surgery Measure Score} \times \text{Colon Surgery Predicted Infections}) + (\text{Abdominal Hysterectomy Measure Score} \times \text{Abdominal Hysterectomy Predicted Infections})}{(\text{Colon Surgery Predicted Infections} + \text{Abdominal Hysterectomy Predicted Infections})}$$

**Surgical Site Infection (SSI) Measure Score:** Sum of the products of (Colon Surgery Measure Score multiplied by Colon Surgery Predicted Infections) and (Abdominal Hysterectomy Measure Score multiplied by Abdominal Hysterectomy Predicted Infections) divided by the sum of (Colon Surgery Predicted Infections and Abdominal Hysterectomy Predicted Infections).

**Note:** When only one of the strata meets the minimum of at least 1.000 predicted infections during the performance period, the full weight will be allocated to the eligible stratum.

### Figure 10: Efficiency and Cost Reduction Domain Score Formula

$$\left( \frac{\text{Measure Score}}{10} \right) \times 100$$

**Efficiency and Cost Reduction Domain Score Formula:** (Measure Score divided by 10) multiplied by 100.



### Figure 11: Total Performance Score (TPS) Formula

- Weighted Clinical Care Domain Score
- + Weighted Person and Community Engagement Domain Score
- + Weighted Safety Domain Score
- + Weighted Efficiency and Cost Reduction Domain Score

**Total Performance Score (TPS) Formula:** The sum of Weighted Clinical Outcomes Domain Score plus Weighted Person and Community Engagement Domain Score plus Weighted Safety Domain Score plus Weighted Efficiency and Cost Reduction Domain Score.

### Figure 12: Proportionate Weighting of Domains Formula

$$\text{Domain Weight} = \frac{\text{Original Weight}}{\text{Sum of Eligible Domain Weights}}$$

**Proportionate Weighting of Domains Formula:** The original weight divided by the sum of the eligible domain weights.

**Note:** CMS requires scores from at least three out of the four domains to receive a TPS. Excluded domain weights are proportionately distributed to the remaining domains through the Proportionate Weighting of Domains Formula.

### Figure 13: Value-Based Incentive Payment Percentage Formula

$$2.00\% \times \left( \frac{\text{Total Performance Score}}{100} \right) \times \text{Exchange Function Slope}$$

**Value-Based Incentive Payment Percentage Formula:** The product of the Base Operating MS-DRG Payment Amount Reduction, the quotient of the (Total Performance Score divided by 100, and the Exchange Function Slope.

**Note:** The Base Operating MS-DRG Payment Amount Reduction for FY 2025 is 2.00 percent and the Exchange Function Slope for FY 2025 may be found on a hospital’s PPSR. The Value-Based Incentive Payment Percentage is calculated as a decimal value instead of a percentage value. In order to convert the calculated decimal value to a percentage value matching the PPSR, multiply the value by 100 and round to ten (10) digits to the right of the decimal.

### Figure 14: Net Change in Base Operating MS-DRG Payment Amount Formula

$$\text{Value- Based Incentive Payment Percentage} - 2.00\%$$

**Net Change in Base Operating MS-DRG Payment Amount Formula:** The percentage of (Value-Based Incentive Payment Percentage less Base Operating MS-DRG Payment Amount Reduction).



**Note:** The Base Operating MS-DRG Payment Amount Reduction is 2.00 percent for FY 2025. The Net Change in Base Operating MS-DRG Payment Amount is calculated as a decimal value instead of a percentage value. In order to convert the calculated decimal value to a percentage value matching the PPSR, multiply the value by 100 and round to ten (10) digits to the right of the decimal.

### Figure 15: Value-Based Incentive Payment Adjustment Factor

$$1 + \text{Net Change in Base Operating DRG Payment Amount}$$

**Value-Based Incentive Payment Adjustment Factor:** The sum of 1 plus the Net Change in Base Operating MS-DRG Payment Amount in decimal form.

### Figure 16: Exchange Function Slope

**Step 1:** Each eligible and included hospitals' Total Performance Score  $\div$  100

**Step 2:** Each eligible and included hospitals' Estimated Total Annual Base Operating MS-DRG Payment Amount 2.00 percent

**Step 3:** Individual Results from Step 1  $\times$  Individual Results from Step 2

**Step 4:** Sum Results of Step 3 to form an aggregate value (denominator)

**Step 5:** Sum Results of Step 2 to form an aggregate value (numerator)

**Step 6:** Result from Step 5 (numerator)  $\div$  Result from Step 4 (denominator)

**Exchange Function Slope:** The exchange function slope was calculated by using all eligible and included hospitals' TPS values, those hospitals' Estimated Total Annual Base Operating MS-DRG Payment Amount, and the 2.00 percent withhold for FY 2025. The above steps illustrate how CMS calculated the FY 2025 exchange function slope.