



Overview of the FY 2024 Hospital Readmissions Reduction Program (HRRP)

**Hosted by: Inpatient Value, Incentives, and Quality
Reporting Outreach and Education Support Contractor
(Inpatient VIQR SC)**

Webinar Chat Questions

Please submit any questions that are pertinent to the webinar topic via the Chat tool. As time permits, we will answer these questions at the end of the webinar. Pertinent questions not answered will be addressed in a questions-and-answers document, to be published at a later date.

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We will respond to questions as soon as possible.

Speakers

Rebecca Silverman

HRRP Program Analyst

DVIQR Program Support Contractor

Moderated by:

Maria Gugliuzza, MBA

Program Lead

Inpatient VIQR Outreach and Education SC

Purpose

This event will provide an overview of the fiscal year (FY) 2024 HRRP, including:

- Program updates
- Methodology
- Hospital-Specific Reports (HSRs)
- Review and Correction Period

Objectives

Participants will be able to:

- Interpret the program methodology
- Understand your hospital's program results in your HSR
- Submit questions about your hospital's calculations during the HRRP Review and Correction Period

Acronyms

AMI	acute myocardial infarction	HARP	HCQIS Access Role and Profile
CABG	coronary artery bypass graft	HF	Heart failure
CE	continuing education	HQR	Hospital Quality Reporting
CMS	Centers for Medicare & Medicaid Services	HRRP	Hospital Readmissions Reduction Program
COPD	chronic obstructive pulmonary disease	HSRs	Hospital Specific Reports
COVID-19	2019 Novel Coronavirus	HUG	HSR User guide
DPS	DVIQR Program support	HVBP	Hospital Inpatient Value-Based Purchasing
DRG	Diagnosis-related group	IPPS	Inpatient Prospective Payment System
DVIQR	Division of Value, Incentives, and Quality Reporting Outreach and Education	LTCH	Long-Term Care Hospital
ECE	Extraordinary Circumstance Exception	PAF	Payment adjustment factor
ERR	excess readmission ratio	PPS	Prospective Payment System
FFS	Fee-for-service	THA/TKA	Total hip arthroplasty/total knee arthroplasty
FY	fiscal year	VIQR SC	Value, Incentives, and Quality Reporting Outreach and Education Support Contractor

Rebecca Silverman

HRRP Program Analyst

DVIQR Program Support (DPS)

Hospital Readmission Reduction Program (HRRP)

HRRP Background

- HRRP is a Medicare value-based purchasing program set forth under Section 1886(q) of the Social Security Act.
- HRRP encourages hospitals to reduce readmissions by, for example, improving communication and care coordination efforts to better engage patients and caregivers in post-discharge planning.
- CMS reduces payments to subsection (d) hospitals with excess readmissions.

Eligible Hospitals

HRRP includes all subsection (d) hospitals.

- Subsection (d) hospitals are broadly defined as general acute care hospitals paid under the Inpatient Prospective Payment System.
- CMS exempts Maryland hospitals from HRRP payment reductions because of an agreement between CMS and Maryland.

HRRP Measures

- The FY 2024 program includes the following condition/procedure-specific 30-day risk standardized unplanned readmission measures:
 - Acute Myocardial Infarction
 - Chronic Obstructive Pulmonary Disease
 - Heart Failure
 - Pneumonia
 - Coronary Artery Bypass Graft surgery
 - Elective Primary Total Hip Arthroplasty and/or Total Knee Arthroplasty

Updates for FY 2024 HRRP

- Similar to last year, CMS updated the FY 2024 performance period from 36 months to 29 months due to the national Extraordinary Circumstances Exception (ECE) granted in response to the COVID-19 public health emergency ([March 27, 2020](#) and [85 FR 54832](#)).

	CY 2019				CY 2020				CY 2021				CY 2022			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
FY 2024 performance period	HRRP 7/1/19–12/1/19				Q1 and Q2 2020 claims excluded 12/2/19–6/30/20				HRRP 7/1/20–6/30/22							

- CMS resumed use of the pneumonia readmission measure for FY 2024 HRRP payment reduction calculations.

HRRP Peer Grouping Methodology

- FY 2013 – FY 2018: non-peer grouping methodology
 - Evaluates a hospital's performance relative to all other HRRP hospitals.
- Beginning in FY 2019: peer grouping methodology
 - Evaluates a hospital's performance relative to other hospitals with a similar proportion of patients who are dually eligible for Medicare and full Medicaid benefits.
 - Required to maintain Medicare budget neutrality.

Payment Reduction Methodology

- The payment reduction is the percentage a hospital's payments will be reduced based on its performance in the program.
- The payment reduction is a weighted average of a hospital's performance across the HRRP measures during the performance period.
- The payment adjustment factor corresponds to the percentage a hospital's payment is reduced (equals 1 minus the payment reduction).

Payment Reduction Methodology: ERR and Dual Proportion

Step 1: CMS calculates a dual proportion for every hospital as well as an excess readmission ratio (ERR) for each of the HRRP conditions/procedures.

Dual proportion: the proportion of stays for Medicare FFS and managed care beneficiaries who were also eligible for full Medicaid benefits.

ERR: a measure of a hospital's relative performance, calculated using Medicare fee-for-service (FFS) claims



Example dual proportion calculation for Hospital A:

Hospital A has **894** stays in which the beneficiary was dually eligible for Medicare and full Medicaid benefits.

Hospital A has **3,389** total Medicare FFS and managed care stays.

$$\text{Dual proportion} = \frac{894}{3,389} = 0.2638$$

Example ERR calculations for Hospital A:

$$\text{AMI ERR: } \frac{0.1898}{0.1850} = 1.0259$$

$$\text{COPD ERR: } \frac{0.1649}{0.1574} = 1.0476$$

$$\text{HF ERR: } \frac{0.1349}{0.1251} = 1.0783$$

$$\text{Pneumonia ERR: } \frac{0.1460}{0.1459} = 1.0007$$

$$\text{CABG ERR: } \frac{0.1883}{0.1995} = 0.9439$$

$$\text{THA/TKA ERR: } \frac{NQ}{NQ} = NQ$$

Hospitals with no eligible discharges for a measure will not have an ERR calculated for that measure.

Payment Reduction Methodology: Peer Groups and Peer Group Median ERR

- **Step 2:** CMS sorts hospitals into 1 of 5 similarly sized peer groups (i.e., quintiles) based on hospitals' dual
- **Step 3:** CMS calculates a median ERR for each peer group and each measure.



Example peer groups:

Peer group	Minimum dual proportion	Maximum dual proportion
1	0	0.1347
2	0.1348	0.1832
3	0.1833	0.2316
4	0.2317	0.3083
5	0.3084	1

Hospital A's dual proportion = **0.2638**

Hospital A is in **Peer Group 4**



Example peer group median ERRs:

Peer group	AMI	COPD	HF	Pneumonia	CABG	THA/TKA
1	0.9941	0.9943	0.9848	0.9842	0.9804	0.9841
2	0.9961	0.9944	0.9865	0.9927	0.9961	0.9969
3	0.9964	0.9956	0.9894	0.9968	0.9979	0.9901
4	0.9970	0.9954	1.0077	1.0021	1.0093	1.0073
5	1.0093	1.0104	1.0258	1.0243	1.0157	0.9989

Payment Reduction Methodology: Measure Contributions

Step 4: CMS determines which ERRs will contribute to the payment reduction. For an ERR to contribute to the payment reduction, it must meet two criteria:

- ERR > peer group median ERR
- Eligible discharges ≥ 25



Example determination of measures contributing to the payment reduction for Hospital A:

Measure	ERR	Peer Group 4 median ERR	ERR > Peer Group 4 median ERR	Eligible discharges	Eligible discharges ≥ 25
AMI	1.0259	0.9970	✓	42	✓
COPD	1.0476	0.9954	✓	38	✓
HF	1.0783	1.0077	✓	22	X
Pneumonia	1.0007	1.0021	X	23	X
CABG	0.9439	1.0093	X	25	✓
THA/TKA	NQ	1.0073	X	0	X

The **AMI** and **COPD** measures will contribute to Hospital A's payment reduction.

Payment Reduction Methodology: Measure Contributions

- **Step 5:** CMS calculates each measure's contribution to the payment reduction.



Example calculations of measures' contributions to the payment reduction for **Hospital A:**

Neutrality modifier		DRG ratio		ERR		Peer group median ERR		Contribution
0.9458	X	0.0648 AMI	X	(1.0259 AMI	-	0.9970 AMI	=	0.0018 AMI
0.9458	X	0.0331 COPD	X	(1.0476 COPD	-	0.9954 COPD	=	0.0016 COPD

Only the AMI and COPD measures are shown in this step because these are the only two measures that will contribute to Hospital A's payment reduction (see Step 4).

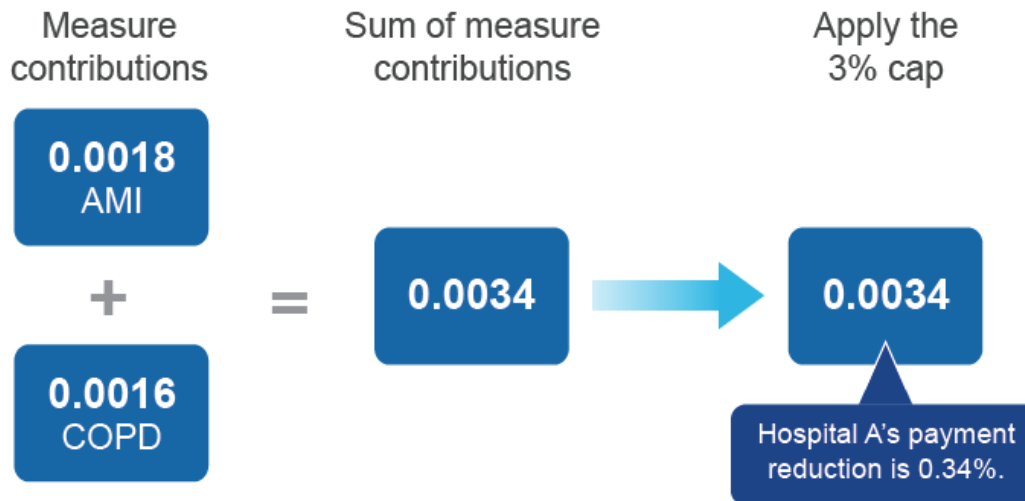
Payment Reduction Methodology: Payment Reduction

Step 6: CMS sums the measure contributions to the payment reduction.

- If the sum of the measure contributions to the payment reduction is >0.03 , CMS applies the 3% cap.



Example calculation of the payment reduction for Hospital A:



Payment Reduction Methodology: Peer Groups and Peer Group Median ERR

- **Step 7:** CMS calculates the payment adjustment factor (PAF).
- **Step 8:** CMS applies the payment adjustment factor to payments for Medicare FFS claims submitted starting October 1 each year.

*Payment adjustment factor = 1
– payment reduction*



Example calculation of the payment adjustment factor for Hospital A:

*Hospital A's payment adjustment factor = 1 – 0.0034
= 0.9966*

*PAF X Base operating DRG
payment amounts**



Example application of the payment adjustment factor for Hospital A:

Hospital A's total base operating DRG payment amount is:
\$9,842,675

Hospital A's payment adjustment factor is: **0.9966**

Hospital A's total payment for Medicare FFS claims† =
\$9,842,675 x 0.9966 = \$9,809,209.91

*In general, base operating DRG payment amounts are the Medicare FFS base operating DRG payments without any add-on payments (e.g., Disproportionate Share Hospital and Indirect Medical Education payments).

†The PAF is applied to all Medicare FFS base operating DRG payments throughout the fiscal year. The total Medicare FFS payments do not include add-on payments or adjustments from other Medicare value-based purchasing programs.

Hospital-Specific Reports (HSRs) and Review and Correction Period

HRRP HSR

- The HRRP HSR provides hospitals the necessary information to review their program results.
- Hospitals should refer to the FY 2024 HSR User Guide (HUG) for more information on program results included in the HSR.

How to Access Your HSR

Where can I access the report?

- HSRs can now be downloaded directly from the [Hospital Quality Reporting \(HQR\) system](#).

Who has access to the HSRs and User Guide?

- HSRs are accessible to users in your organization who have:
 - A HARP account in the HQR system
 - Access to Managed File Transfer

How will I know my report is available?

- An email notification indicating that HSRs are available is sent to users via the Hospital Inpatient Quality Reporting and Hospital Inpatient Value-Based Purchasing (HVBP) Listservs.

HRRP HSR Content

The HRRP HSRs contains tabs that provide hospitals the following information:

- Payment Reduction Percentage
- Payment Adjustment Factor
- Measure results/ERRs
- Neutrality Modifier
- Peer grouping information
 - Dual stays
 - Dual proportion
 - Peer group assignment
- Discharge-level information for readmission measures
- Contact information for the program and links to additional resources

Table 1: Payment Adjustment

Table 1: Your Hospital's Payment Adjustment Factor Information

Hospital Name

Hospital Discharge Period: July 1, 2019 through December 1, 2019 and July 1, 2020 through June 30, 2022

Number of Dually Eligible Stays (Numerator) [a]	Total Number of Stays (Denominator) [b]	Dual Proportion [c]	Peer Group Assignment [d]	Neutrality Modifier [e]	Payment Reduction Percentage [f]	Payment Adjustment Factor [g]
181	820	0.2207	3	0.9631	0.02%	0.9998

Mock HSR (illustrative data)

Table 2: Hospital Results

Table 2: Your Hospital's Results on 30-Day All-Cause Unplanned Risk-Standardized Readmission Measures for AMI, COPD, HF, Pneumonia, CABG, and THA/TKA

Hospital Name

Hospital Discharge Period: July 1, 2019 through December 1, 2019 and July 1, 2020 through June 30, 2022

Measure [a]	Number of Eligible Discharges [b]	Number of Readmissions Among Eligible Discharges [c]	Predicted Readmission Rate [d]	Expected Readmission Rate [e]	Excess Readmission Ratio (ERR) [f]	Peer Group Median ERR [g]	Penalty Indicator (Yes/No) [h]	Ratio of DRG Payments Per Measure to Total Payments [i]	National Observed Readmission Rate [j]
AMI	16	3	12.3745%	12.1068%	1.0221	0.9968	No	0.0197	13.7%
COPD	10	1	19.5849%	19.8713%	0.9856	0.9932	No	0.0092	19.2%
HF	26	2	16.3342%	16.9291%	0.9649	0.9947	No	0.0240	20.1%
Pneumonia	48	7	14.9505%	14.9896%	0.9974	0.9919	Yes	0.0429	16.9%
CABG	NQ	NQ	NQ	NQ	NQ	0.9952	No	NQ	10.9%
THA/TKA	35	0	3.2161%	3.4682%	0.9273	0.9970	No	0.0496	4.2%

Mock HSR (illustrative data)

Tables 3 – 8: Discharges

Table 3: Discharge-Level Information for the AMI 30-Day All-Cause Unplanned Risk-Standardized Readmission Measure

Hospital Name

Hospital Discharge Period: July 1, 2019 through December 1, 2019 and July 1, 2020 through June 30, 2022

Note: This file contains MOCK data except for national results. Your hospital's HSR workbook contains discharge-level data protected by the Health Insurance Portability and Accountability Act of 1996 (HIPAA). Any disclosure of protected health information (PHI) should be in accordance with, and only to the extent permitted by, the HIPAA Privacy and Security Rules and other applicable law. When referring to the contents of your hospital's HSR workbook, use the ID number.

[Please note row 8 contains risk factor coefficients beginning in column S. Beginning in row 9 of the HSR, the file contains a 1 if the patient was identified as having that risk factor (and equals the years above 65 for the "Years over 65 (continuous)" risk factor); 0 otherwise. The risk factor flags (1 or 0) will be in cells beginning in column T]

ID Number	HICNO [a]	MBI [a]	Medical Record Number	Beneficiary DOB	Admission Date of Index Stay	Discharge Date of Index Stay	Cohort Inclusion/Exclusion Indicator
--	--	--	--	--	--	--	--
1	999999999A	9AA9AA9AA99	99999A	99/99/9999	99/99/9999	99/99/9999	0
2	999999999A	9AA9AA9AA99	99999A	99/99/9999	99/99/9999	99/99/9999	0
3	999999999A	9AA9AA9AA99	99999A	99/99/9999	99/99/9999	99/99/9999	0

Mock HSR (illustrative data)

Tables 3 – 8: Discharges (Continued)

Index Stay (Yes/No)	Principal Discharge Diagnosis of Index Stay	Discharge Destination	Unplanned Readmission within 30 Days (Yes/No) [b]	Planned Readmission within 30 Days (Yes/No)
--	--	--	--	--
Yes	I214	02	Yes	No
Yes	I214	03	Yes	No
Yes	I214	01	Yes	No
Yes	I214	01	No	No
Yes	I214	06	No	No

Mock HSR (illustrative data)

Tables 3 – 8: Discharges (Continued)

Readmission Date	Discharge Date of Readmission	Principal Discharge Diagnosis of Readmission	Readmission to Same Hospital (Yes/No)	Provider ID of Readmitting Hospital [c]	HOSP_EFFECT	AVG_EFFECT
--	--	--	--	--	-2.912032367218540	-2.937198863974160
99/99/9999	99/99/9999	I2699	Yes	999999	N/A	N/A
99/99/9999	99/99/9999	A4151	Yes	999999	N/A	N/A
99/99/9999	99/99/9999	I480	No	888888	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A

Mock HSR (illustrative data)

Table 9: Dual Stays

Table 9: Stay-Level Information for Patients who are Dually Eligible (Dual Proportion Numerator)

Hospital Name

Hospital Discharge Period: July 1, 2019 through December 1, 2019 and July 1, 2020 through June 30, 2022

Note: This file contains MOCK data except for national results. Your hospital's HSR workbook contains discharge-level data protected by the Health Insurance Portability and Accountability Act of 1996 (HIPAA). Any disclosure of protected health information (PHI) should be in accordance with, and only to the extent permitted by, the HIPAA Privacy and Security Rules and other applicable law. When referring to the contents of your hospital's HSR workbook, use the ID number.

ID Number	HICNO [a]	MBI [a]	Beneficiary DOB	Admission Date	Discharge Date	Claim Type
1	999999999A	9AA9AA9AA99	99/99/9999	99/99/9999	99/99/9999	Fee for Service
2	999999999A	9AA9AA9AA99	99/99/9999	99/99/9999	99/99/9999	Fee for Service
3	999999999A	9AA9AA9AA99	99/99/9999	99/99/9999	99/99/9999	Fee for Service
4	999999999A	9AA9AA9AA99	99/99/9999	99/99/9999	99/99/9999	Fee for Service
5	999999999A	9AA9AA9AA99	99/99/9999	99/99/9999	99/99/9999	Fee for Service
6	999999999A	9AA9AA9AA99	99/99/9999	99/99/9999	99/99/9999	Fee for Service

Mock HSR (illustrative data)

Review and Correction Period

- The Review and Correction Period begins the first full business day following when HSRs are made available on the Hospital Quality Reporting (HQR) system. **For FY 2024, the Review and Correction Period extends from August 8, 2023 through September 7, 2023.**
- CMS grants hospitals 30 days to review their HRRP data, submit questions about their result, and request a correction if a calculation error is identified.
- If a hospital identifies a potential discrepancy in the payment adjustment factor and component results, the hospital should submit an inquiry to the [QualityNet Question and Answer Tool](#) no later than 11:59 pm PT on the final day of the Review and Correction Period.

What can hospitals correct?



Hospitals



Can

Submit questions about the calculation of their:

- Payment Reduction Percentage
- PAF
- Dual Proportion
- Peer Group Assignment
- Neutrality Modifier
- ERR(s)
- Peer Group Median ERR(s)



Cannot

- Submit additional corrections related to underlying claims data
- Add new claims to the data used for the calculations

Public Reporting

- After the Review and Correction Period, CMS releases the IPPS/LTCH PPS final rule Supplemental Data File which includes the following components:
 - Hospital payment reduction percentage
 - Hospital payment adjustment factor
 - Hospital dual proportion
 - Hospital peer group assignment
 - Neutrality modifier
 - ERR for each measure
 - Number of eligible discharges for each measure
 - Peer Group Median ERR for each measure
 - Penalty Indicator for each measure
 - DRG payment ratio for each measure

Public Reporting (Continued)

- In early 2024, for hospitals with at least 25 discharges, CMS reports the following data elements for each of the 30-day risk-standardized unplanned readmission measures on the CMS specified website (currently, <https://data.cms.gov/provider-data/>):
 - Number of eligible discharges
 - Number of readmissions for hospitals with 11 or more readmissions
 - Predicted readmission rates
 - Expected readmission rates
 - ERR

HRRP Resources

General information on HRRP can be found on QualityNet:

- **Program information:** [Hospitals – Inpatient > Hospital Readmissions Reduction Program \(HRRP\)](#)
- **HSR User Guide and Mock HSR:** [Hospitals – Inpatient > HRRP > Reports](#)
- **30-day risk-standardized unplanned readmission measure information:** [Hospitals – Inpatient > Measures > Readmission Measures > Methodology](#)
- **FAQs, Fact Sheet, Matrix of Key Dates, and Payment Reduction Methodology Infographic:** [Hospitals – Inpatient > HRRP > Resources](#)

HRRP Resources

- Submit questions about HRRP to the [QualityNet Question and Answer Tool](#) by selecting “Ask a Question.”
- Use the table below to determine which Program, Topic, and Subtopic to select, based on the subject of your question.

If you have a question about...	Select this Program	Select this Topic and Subtopic (if applicable)
Review and Correction Period	HRRP – Hospital Readmissions Reduction Program	Topic: HRRP Review & Correction Requests
Your hospital’s results, issues accessing the HSR, or patient-level data	HRRP – Hospital Readmissions Reduction Program	Topic: Hospital-specific reports & requests
Requesting the Excel replication example	HRRP – Hospital Readmissions Reduction Program	Topic: HSR replication example
PAF or payment reduction methodology	HRRP – Hospital Readmissions Reduction Program	Topic: PAF Methodology
Readmission measure methodology	Inpatient Claims-Based Measures	Topic: Readmissions Subtopic: Understanding measure methodology

Questions

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