



Hospital Value-Based Purchasing (VBP) Program

Inpatient Value, Incentives, and Quality Reporting (VIQR) Outreach and Education Support Contractor

Part 1: FY 2024 Hospital VBP Program's Percentage Payment Summary Report Overview Question and Answer Summary Document

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Subject-matter experts researched and answered the following questions after the live webinar. The questions may have been edited for grammar.

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Question 1: Will CMS discuss sepsis this year or next year?

In the fiscal year (FY) 2024 Inpatient Prospective Payment System (IPPS) final rule, CMS finalized the proposal to incorporate the Management Bundle for Severe Sepsis and Septic Shock measure within the Safety domain, beginning with the FY 2026 program year.

Question 2: If the net change in the base operating Diagnosis Related Group (DRG) payment amount is negative, will the hospital have a penalty?

Hospitals may qualify for a value-based incentive payment percentage that is less than, equal to, or greater than the deduction applicable for that program year. The Value-Based Incentive Payment Adjustment Factor is a multiplier applied to the base operating DRG amount for each Medicare Fee for Service discharge at a hospital paid under the IPPS in each fiscal year, as a result of the Hospital VBP Program. This factor is calculated as 1 plus the net change in the base operating DRG payment amount. If the value exceeds 1, a hospital's payments will increase due to its performance in the Hospital VBP Program. If the value equals 1, a hospital's payments remain unaffected by the program. If the value is less than 1, a hospital's payment for that fiscal year will decrease due to the Hospital VBP Program.

Question 3: How can a hospital determine its penalty/payment?

The Value-Based Incentive Payment Adjustment Factor is the number multiplied by the base operating DRG amount for each Medicare Fee for Service discharge at a hospital paid under the IPPS occurring in each fiscal year due to the Hospital VBP Program. The amount is equal to 1 plus the net change in base operating DRG payment amount. If this value is greater than 1, a hospital will have higher payments because of its Hospital VBP Program performance. If this value is equal to 1, a hospital's payments will not be changed due to the Hospital VBP Program. If this value is less than 1, a hospital's fiscal year 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 a field on the Hospital VBP Program Percentage Payment Summary Report (PPSR). There will be no change to an ineligible hospital's fiscal year payments.

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Question 4: Is it possible to get these [PPSR] data in an Excel format?

We value input from healthcare providers like yourself, as it helps shape the future direction of our programs. We will carefully pass your suggestion on to CMS. While we cannot guarantee immediate changes, your feedback will be taken into account during ongoing evaluation and improvement processes. We appreciate your commitment to delivering high-quality care and your dedication to improving the CMS programs. If you have any further suggestions or questions, please don't hesitate to reach out. Thank you again for your input.

Question 5: Is there a guide that provides more detailed information?

The [*How to Read Your FY 2024 Percentage Payment Summary Report*](#) provides participating hospitals with information on how to interpret the PPSR, which outlines a hospital's value-based incentive payment percentage for each Medicare discharge. The FY 2024 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 2024.

Question 6: I would like to know how to calculate TPS manually. I have two hospitals that are ineligible due to problems with submitted data.

A hospital has the option to independently compute its TPS using the data found in their PPSR. The TPS is calculated by adding up the scores from the weighted Clinical Outcomes domain, weighted Person and Community Engagement domain, weighted Safety domain, and weighted Efficiency and Cost Reduction domain.

To qualify for a TPS, CMS mandates scores from a minimum of three out of the four domains, as well as meeting all other participation criteria. If certain domains are excluded, their weights are proportionally distributed to the remaining domains using the Proportionate Weighting of Domains Formula. There are two tools available to aid in the TPS calculation, the [*How to Read Your Fiscal Year 2024 Hospital Value-Based Purchasing \(VBP\) Program Percentage Payment Summary Report \(PPSR\)*](#) document and the FY 2024 scoring quick reference guide. The latter guide outlines CMS's assessment criteria and point allocation based on performance standards. The step-by-step process condenses the scoring methods employed for determining the TPS within a hospital's PPSR.

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Question 7: **The exchange function slope this year is very high (4.74), as seen on our PPSRs. The proxy value given prior to the PPSR’s release was much lower (2.65). Is the value on the PPSRs accurate? If so, why/how is it so high this year?**

The Hospital VBP Program is funded through a reduction from participating hospitals’ DRG payments for the applicable fiscal year. The money that is withheld is redistributed to hospitals based on their TPS, as required by statute, and the actual amount earned by hospitals will depend on the actual range and distribution of all eligible/participating hospitals’ TPSs. A hospital may earn back a value-based incentive payment percentage that is less than, equal to, or more than the applicable reduction for that program year.

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. The proxy value given prior to the PPSR’s release is estimated using the previous scoring year. 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 2024 will equal 2.0 percent of the estimated total base operating MS-DRG payment amounts for all hospitals for FY 2024.

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 2024. The below steps illustrate how CMS calculated the FY 2024 exchange function slope:

Step 1: Each eligible and included hospitals’ TPS ÷ 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 x 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) ÷ Result from Step 4 (denominator)

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Question 8: **Can anyone download those reports?**

PPSRs are available as of August 11. You can generate these reports using the *Hospital Quality Reporting (HQR) Secure Portal*. To access the *HQR Secure Portal*, you'll need your Health Care Quality Information Systems Access Roles and Profile ID, password and two-factor authentication. Reports are available to HQR users associated with a hospital that have the Performance Reports permission for HVBP Program Access.