



**Hospital Value-Based Purchasing (VBP) Program**  
**Inpatient Value, Incentives, and Quality Reporting (VIQR)**  
**Outreach and Education Support Contractor**

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**Overview of the FY 2024**  
**Hospital-Acquired Condition (HAC) Reduction Program**  
**Presentation Transcript**

**Speaker**

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**Moderator**

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**Maria Gugliuzza:** Greetings and thank you for joining us for the Hospital-Acquired Condition Reduction Program, where we will provide you with an in-depth look at the highlights for the fiscal year 2024 program year. As a reminder, we do not recognize the raised-hand feature in the Chat tool during webinars. Instead, you can submit any questions, pertinent to the webinar topic, to us via the Chat tool. All questions received via the Chat tool during this webinar that pertain to this webinar topic will be reviewed and a Q&A transcript made available at a later date. To maximize the usefulness of the Q&A transcript, we will consolidate the questions received during this event and focus on the most important and frequently asked questions. These questions will be addressed in a question-and-answer transcript, to be published at a later date. Any questions received that are not related to the topic of the webinar will not be answered in the Chat tool nor in the question-and-answer transcript for the webinar. To obtain answers to questions that are not specific to the content of this webinar, we recommend that you go to the [QualityNet Question and Answer Tool](#). You can access the [QualityNet Question and Answer Tool](#) using the link on this slide. There you can search for questions unrelated to the current webinar topic. If you do not find your question there, then you can submit your question to us via the question-and-answer tool, which, again you can access at the link on this slide.

My name is Maria Gugliuzza, serving as the Program Lead at CMS's Inpatient Value, Incentives, and Quality Reporting Outreach and Education Support Contractor. I'm here to guide you through today's webinar. Let me take a moment to introduce our distinguished speaker.

Joining us today is Kristanna Peris. She holds the role of HAC Reduction Program Manager at CMS's Division of Value, Incentives, and Quality Reporting Support Contractor. We are delighted to have you here, Kristanna, and we extend our gratitude for sharing your insights with us today.

During this event, we will present a comprehensive look at the fiscal year 2024 HAC Reduction Program.

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The presentation will cover a range of topics, including program enhancements, methodology employed, insights from the Hospital-Specific Reports, and an outline of the review and correction phase.

By the event's conclusion, attendees will have the opportunity to comprehend the program's approach, grasp the outcome of their hospital's program in their Hospital-Specific Report, pose inquiries regarding their hospital's computations throughout the HAC Reduction Program review and correction period.

I will now hand over the presentation to our speaker for today's event. It's much appreciated. Kristanna, the floor is now yours.

**Kristanna Peris:** Thank you, Maria. My name is Kristanna Peris, and I am the HAC Reduction Program Lead for the Division of Value, Incentives, and Quality Reporting Program Support Contract. Today, I am going to discuss background on the HAC Reduction Program and updates to the program for fiscal year 2024, provide an overview of the scoring methodology for the program, and describe how hospitals can review their program results for the fiscal year 2024 program year through Hospital-Specific Reports during the review and correction period.

The Hospital-Acquired Condition, or HAC, Reduction Program is a Medicare value-based purchasing program that reduces payments to hospitals based on their performance on measures of hospital-acquired conditions. The program reduces the overall Medicare payment by 1 percent for the worst-performing 25 percent of hospitals on hospital-acquired condition quality measures. The program encourages hospitals to implement best practices to reduce their rates of healthcare-associated infections and improve patient safety. CMS evaluates overall hospital performance under the HAC Reduction Program by calculating a Total HAC Score for each hospital, which is the equally weighted average of their scores across measures included in the program.

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Hospitals with a Total HAC Score greater than the 75th percentile, that is the worst-performing quartile, of all Total HAC Scores will be subject to a 1-percent payment reduction.

The HAC Reduction Program includes all subsection (d) hospitals, which are broadly defined as general acute care hospitals paid under the Inpatient Prospective Payment System. A complete list of the hospital types not included in the HAC Reduction Program, such as critical access hospitals, can be found in the Frequently Asked Questions document, available on the Resources page of the QualityNet website. Maryland hospitals are exempt from payment reductions under the HAC Reduction Program due to an agreement between CMS and Maryland. More information on the Maryland Total Cost of Care Model can be found on the CMS website.

The fiscal year 2024 HAC Reduction Program includes six measures: one claims-based composite measure of patient safety, the CMS PSI 90 measure, and five chart-abstracted or laboratory-identified healthcare-associated infection surveillance measures based on data that hospitals submit to the Centers for Disease Control and Prevention's National Healthcare Safety Network.

Next, I'll cover the updates to the program for the fiscal year 2024 program year.

CMS did not change the scoring or measure methodology for the fiscal year 2024 HAC Reduction Program. For the fiscal year 2024 program year, CMS used version 13.0 PSI software to calculate the CMS PSI 90 measure. The CMS PSI 90 measure includes all Medicare Fee for Service patient discharges from January 1, 2021, to June 30, 2022. Typically, the CMS PSI 90 measure includes patient discharges from a two-year period, but, as finalized in the fiscal year 2022 IPPS final rule, CMS is excluding Quarter 3 and Quarter 4 2020 claims data. The five CDC NHSN HAI measures include all patient discharges from calendar year 2022.

Typically, the HAI measures also include patient discharges from a two-year period, but, as finalized in the fiscal year 2023 IPPS final rule, CMS is excluding all calendar year 2021 HAI data.

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For the fiscal year 2024 program year, CMS updated the CMS PSI 90 minimum volume threshold to only score hospitals with at least 25 eligible discharges on at least one component PSI measure and at least three eligible discharges on at least seven component PSI measures. CMS also implemented the Complete Data policy to not score hospitals on the CMS PSI 90 measure if they have fewer than 12 months of data during the performance period. CMS implemented the validation policy, which assigns the maximum, that is the worst, Winsorized z-score for the HAI measures validated, if a hospital fails validation. Finally, CMS added a risk adjustment parameter for COVID-19 diagnoses in Version 13.0 of the CMS PSI 90 software.

Next, I will review the scoring methodology for the program.

The HAC Reduction Program scoring methodology consists of four high-level steps. These include 1) calculating the measure results, 2) transforming the measure results into measure scores, 3) calculating the Total HAC Score, and 4) determining the worst performing quartile and payment reduction.

The first step in the scoring methodology is to determine measure results for each of the measures included in the program. For the CMS PSI 90 measure, the measure result is the CMS PSI 90 composite value. For the HAI measures, the measure result is the standardized infection ratio, or SIR, which is calculated by CDC.

Once measure results have been calculated, the next step in the scoring methodology is to calculate measure scores. CMS calculates a hospital's measure score as the Winsorized z-score using measure results for the given measure. This involves two steps: Winsorizing measure results and calculating z-scores.

The first step in transforming measure results into measure scores is to Winsorize the measure results. Winsorization is a process that reduces the impact of extreme or outlying measure results while preserving the hospital's relative results.

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The second step in transforming measure results into measure scores is to calculate the Winsorized z-score. Hospitals that perform worse than the mean will earn a positive Winsorized z-score, while hospitals that perform better than the mean will earn a negative Winsorized z-score.

Once measure scores have been calculated, the measure scores are used to calculate hospitals' Total HAC Score. CMS calculates each hospital's Total HAC Score as the equally weighted average of their measure scores. The Total HAC Score calculation includes only the measures for which a hospital receives a measure score. Higher Total HAC Scores indicate worse overall performance, while lower Total HAC Scores indicate better overall performance.

Once Total HAC Scores are calculated, CMS can use those scores to determine the worst-performing quartile. Hospitals whose Total HAC Score is greater than the 75th percentile Total HAC Score are in the worst performing quartile.

This slide shows the scoring calculation for how raw measure results get Winsorized and a Total HAC Score gets calculated for a hypothetical hospital under the HAC Reduction Program. The values in this example are hypothetical and not actual values for the fiscal year 2024 HAC Reduction Program. Because the example hospital's Total HAC Score of -0.0782 is less than the hypothetical 75th percentile Total HAC Score of 0.3306, the hospital will not be subject to the payment reduction.

For hospitals that are subject to the 1-percent payment reduction, the payment reduction is applied to the overall Medicare payment amount for all Medicare Fee for Service discharges during fiscal year 2024. That is from October 1, 2023, to September 30, 2024.

Next, I am going to discuss how hospitals receive their results via the Hospital-Specific Reports, or HSRs, and how they can review those results and request corrections to their scoring, if appropriate.

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Each year, CMS provides hospitals with 30 days to review their program data, submit questions about calculations, and request corrections to their scoring, if appropriate. This is known as the Scoring Calculations Review and Correction Period. The HAC Reduction Program HSR provides hospitals the necessary information to review their program results. Along with the HSRs, CMS delivers an HSR User Guide, which can guide hospitals through the process of reviewing their data.

HSRs are currently available via the Hospital Quality Reporting system. HSRs and the HSR User Guide are accessible to users in your organization who have a HARP account in the HQR system with access to Managed File Transfer. An email notification indicating that HSRs are available is sent to Listserve subscribers via the Hospital Inpatient Quality Reporting and Hospital Inpatient Value-Based Purchasing Listservs. The HSR User Guide is also made publicly available on the QualityNet website. Hospitals that are having trouble accessing their HSRs should reach out via the QualityNet Question and Answer Tool.

The HAC Reduction Program HSR contains the following information: a hospital's payment reduction status for fiscal year 2024, their Total HAC Score, measures scores, measure results, discharge-level information for the claims-based CMS PSI 90 measure, and hospital-level information for the HAI measures.

This is an example of Table 1 in the fiscal year 2024 HAC Reduction Program HSR. Table 1 contains the contribution of each measure to the Total HAC Score, the hospital's Total HAC Score, the 75th percentile Total HAC Score, and the hospital's payment reduction status. Because the example hospital's Total HAC Score is less than the 75th percentile threshold, this example hospital will not be subject to a payment reduction.

This is an example of Table 2 in the fiscal year 2024 HAC Reduction Program HSR. Table 2 contains measure results for each of the measures along with the necessary information to calculate Winsorized z-scores.

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In this example, the hospital's measure results all fall between the 5th percentile and 95th percentile of measure results, or the hospital has insufficient data for the measure result. Winsorized z-scores for each of the measures are equal to the Winsorized measure result minus the mean Winsorized measure result, divided by the standard deviation of Winsorized measure results. This example hospital performs better than the mean on the CMS PSI 90, CLABSI, CAUTI, and CDI measures. Because the example hospital receives a measure score for four of the six measures included in the program, they are all weighted at one quarter. The contribution of each measure's Winsorized z-score to the Total HAC Score equals the values in Table 1 of the HSR.

This is an example of Table 3 in the fiscal year 2024 HAC Reduction Program HSR. Table 3 in the HSR shows users the necessary information to reproduce their measure result for the CMS PSI 90 measure, the CMS PSI 90 composite value. The CMS PSI 90 is a composite measure that combines results from 10 component Patient Safety Indicator measures. Each component Patient Safety Indicator measure's smoothed rate is weighted to form the composite value.

This is an example of Table 4 in the fiscal year 2024 HAC Reduction Program HSR. Table 4 shows discharge-level information for the CMS PSI 90 measure. If you are referring to information from this table when submitting review and correction requests, it is important that you do not share the personally identifiable information that it contains. Please use the ID number, shown in Column A, when submitting the request.

This is an example of Table 5 in the fiscal year 2024 HAC Reduction Program HSR. Table 5 shows hospital-level information for the five HAI measures. This includes the reported and predicted number of HAIs. The Standardized Infection Ratio, shown in row 4 of the table, is equal to the reported number of infections divided by the predicted number of infections.

The Scoring Calculations Review and Correction Period for the fiscal year 2024 HAC Reduction Program began on August 30, 2023, and ends on September 28, 2023.



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Hospitals have this 30-day period to review their data, submit questions about the calculation of their results, and request corrections to calculation errors. Hospitals must submit correction requests to the HAC Reduction Program Support Team via the QualityNet Question and Answer Tool no later than the last day of the Scoring Calculations Review and Correction Period. That is September 28, 2023, to be considered.

During the Scoring Calculations Review and Correction Period, hospitals can request corrections to their measure result for the CMS PSI 90 measure, their measure score for all of the measures in the program based on the measure results presented in the HSR, their Total HAC Score, or their payment reduction status. Hospitals cannot request corrections to the underlying data because hospitals have already had the opportunity to review and correct those data. For the CMS PSI 90 measure, this means the underlying claims data that are used to calculate results. This includes adding new claims to the data extract. For the five HAI measures, this includes the reported number of HAIs, the Standardized Infection Ratios, or the various volume variables for the HAI measures. All of these pieces of information for the HAI measures can be found on Table 5 of the HSR.

As noted, hospitals cannot request corrections to underlying data during the Scoring Calculations Review and Correction period, as hospitals already had the opportunity to review and correct those data. For the CMS PSI 90, CMS takes an annual snapshot of claims data to perform measure calculations for claims-based measures for all of their hospital quality reporting and value-based purchasing programs. The snapshot for the fiscal year 2024 program year occurred on the last business day of September 2022. All corrections to underlying claims must be processed by the snapshot date, and claim edits after that date are not reflected in program results. The next claims snapshot, for the fiscal year 2025 program year, will occur in late September 2023.

This image demonstrates key milestones related to the use of claims-based data for the CMS PSI 90 measure. As shown, the claims snapshot occurs approximately 90 days after the end of the performance period.

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Then, these data are used to calculate scores, which hospitals can review during the Scoring Calculations Review and Correction period before their HAC Reduction Program results are publicly reported on a CMS-specified website, currently the Provider Data Catalog, the following January.

As noted, hospitals cannot request corrections to underlying data during the Scoring Calculations Review and Correction period, as hospitals already had the opportunity to review and correct those data. For the HAI measures, hospitals have the opportunity to submit, review, and correct HAI data within the NHSN system for 4.5 months following the end of each reporting quarter. Immediately following this submission deadline, CDC takes a snapshot of the data for CMS to use in program calculations. CMS does not receive or use data entered after the NHSN submission deadline and expects hospitals to review and correct their data prior to the NHSN submission deadline.

As shown in the table, the NHSN submission deadline occurs 4.5 months following the end of each reporting quarter. For Quarter 1, the NHSN submission deadline is August 15. Likewise, the Quarter 2 submission deadline is November 15; the Quarter 3 deadline is February 15 of the following year; and the Quarter 4 deadline is May 15 of the following year. In all instances, if the 15th of the month falls on a Friday, Saturday, Sunday, or a federal holiday, the NHSN submission deadline is the following business day.

This image demonstrates the flow of the HAI data from submission to the NHSN through use in program scoring calculations and public reporting. Four and a half months from the end of the reporting quarter, CDC creates a snapshot of the data in NHSN to be used in CMS calculations. Hospitals can review their calculations during the Scoring Calculations Review and Correction period before their HAC Reduction Program results are publicly reported on a CMS-specified website, currently the Provider Data Catalog, the following January.

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In early 2024, CMS will release following data elements from the fiscal year 2024 HAC Reduction Program on a CMS-specified website, currently the Provider Data Catalog: measure scores, that is Winsorized z-scores, for each of the measures included in the program; Total HAC Score; and payment reduction indicator.

More information on the HSRs and Scoring Calculations Review and Correction Period is available on the QualityNet website. This includes the HSR User Guide and a mock version of the HSR. For more information on results found in the HSRs, you can submit any questions to the HAC Reduction Program Support Team via the QualityNet Question and Answer Tool.

General information on the HAC Reduction Program can be found in the HAC Reduction Program section of the QualityNet website. This includes information on program scoring methodology, the Scoring Calculations Review and Correction period, and additional resources, such as frequently asked questions and program fact sheets.

As noted elsewhere, if you have questions about the HAC Reduction Program, you can submit them directly to the HAC Reduction Program Support Team via the QualityNet Question and Answer Tool. You do not need to register for an account to submit questions via this tool. Thank you. Now back to you, Maria.

**Maria Gugliuzza:** Thanks, Kristanna. We would now like to take some time to answer some of the questions we received. Let's start. What is the difference between a measure result and a measure score?

**Kristanna Perris:** Thanks, Maria. That's a great question. This is Kristanna again. The measure result is a hospital's performance value for a given measure. For the CMS PSI 90 measure, a hospital's measure result is its CMS PSI 90 composite value. For the HAI measures, that hospital's measure results is its Standardized Infection Ratio for the given measure.

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Measure scores are a calculation of a hospital's relative performance on the measure compared to other hospitals that are included in the HAC Reduction Program. Specifically, CMS calculates hospital measure scores for a given measure as the Winsorized z-score of their measure results. A negative measure score means that the hospital's measure result is below the national average and indicates better performance; a positive measure score means that the hospital's measure result is above the national average and indicates worse performance.

**Maria Gugliuzza:** Thank you. Our next question: How is the SIR calculated?

**Kristanna Peris:** For the HAI measures, CMS relies on calculations produced by the CDC. The CDC calculates the Standardized Infection Ratio for each HAI measure as the ratio of a hospital's observed HAIs to its predicted HAIs. CDC determines predicted HAIs for each measure, using a risk-adjustment process based on hospital information submitted to NHSN. CLABSI and CAUTI are risk adjusted at the hospital and patient care unit levels. SSI is risk adjusted at the procedure level. The SSI measure is a pooled measure based on the number of SSIs following abdominal hysterectomy and colon procedures. MRSA and CDI are risk adjusted at the hospital level.

**Maria Gugliuzza:** Thank you. The next question: What quarters of data are CMS using for validation for the fiscal year 2024 HAC Reduction Program calculations?

**Kristanna Peris:** Validation is the process CMS uses to assess whether hospitals are submitting timely, complete, or accurate healthcare-associated infection data to CDC's NHSN. CMS used calendar year 2021 data to validate HAI data for the fiscal year 2024 HAC Reduction Program calculations, which are shown in your fiscal year 2024 HAC Reduction Program Hospital-Specific Report. For the fiscal year 2024 program year, CMS is excluding calendar year 2021 HAI data from the HAC Reduction Program calculations. However, hospitals were still required to submit calendar year 2021 data, and calendar year 2021 data were used for validation purposes.

**Maria Gugliuzza:** Thank you. Our next question: How do we know the exact HAC score that will trigger a pay reduction?

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**Kristanna Peris:** Hospitals with Total HAC Scores in the worst performing quartile, that is above the 75th percentile, will be subject to a payment reduction. CMS calculates to 75th percentile across all non-Maryland subsection (d) hospitals, that is general, acute care hospitals paid under the Inpatient Prospective Payment System, with Total HAC Scores. For the fiscal year 2024 program year, the 75th percentile Total HAC score threshold is 0.3751. Hospitals with Total HAC Scores greater than this value are in the worst performing quartile.

**Maria Gugliuzza:** Thanks, Kristanna. Next question: When you say that failing validation results in the worst Winsorized z-score, does that mean, if the hospital failed HAI validation, the worst z-score is applied to all HAI measures or only to the measures selected for validation. Generally, HAI validation is for MRSA and C. diff or CLABSI and CAUTI. Would the worst score be assigned to all HAI/NHSN measures or only the ones selected for and failing validation?

**Kristanna Peris:** For hospitals that fail validation, CMS will assign the maximum Winsorized z-score for all three HAI measures validated. For example, if CMS selected a hospital to be validated on CLABSI, CAUTI, and SSI, and the hospital failed validation, that hospital would receive the maximum Winsorized z-score for these three measures. In this scenario, the maximum Winsorized z-score would not automatically be applied to the MRSA and CDI measures because the hospital failed validation for the other HAI measures. For those measures, for MRSA and CDI, the measure's score will depend on normal HAC Reduction Program scoring rules.

**Maria Gugliuzza:** Thank you. Next question: What is an HAI exemption form?

**Kristanna Peris:** Hospitals can request an annual exemption from CMS's requirements for HAI data reporting, for the CLABSI, CAUTI, or SSI measures by completing an IPPS measure exception form.

Hospitals cannot request reporting exemptions for the MRSA bacteremia, or CDI measures. Hospitals are expected to submit measure exception requests prior to the calendar year of reporting. The IPPS measure

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exception form can be found on the QualityNet website. If the request is approved, CMS will waive reporting requirements for the calendar year. If a hospital requests consecutive exemptions, and its reporting requirements are waived for all calendar years of the program year's performance period, CMS will exclude those measures from that hospital's Total HAC Score calculation.

Hospital eligibility for exemptions from CMS's reporting requirements depends on the measure. For CLABSI and CAUTI, the hospital is eligible for an exemption if it has no applicable locations for the measures. This includes intensive care units or adult or pediatric medical wards, surgical wards, or medical surgical wards. For SSI, the hospital is eligible for an exemption if it performed a combined total of nine or fewer abdominal hysterectomies or specified colon surgeries in the calendar year before the year for which it is requesting a reporting exemption.

**Maria Gugliuzza:** Thank you. It appears that our allotted time for questions has been exhausted for today. If your question wasn't addressed, kindly utilize the QualityNet Question and Answer Tool link provided on the preceding slides. We extend our gratitude to both the presenter and the participants for being part of today's event. Wishing everyone a wonderful day ahead. Thank you.