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Emerging Healthcare Issues:

How Will They Impact Hospital
Reimbursement? Part 1

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EMERGING HEALTHCARE TOPICS FOR DISCUSSION

HITECH Act of 2009

- Meaningful Use and EHR Incentive Programs

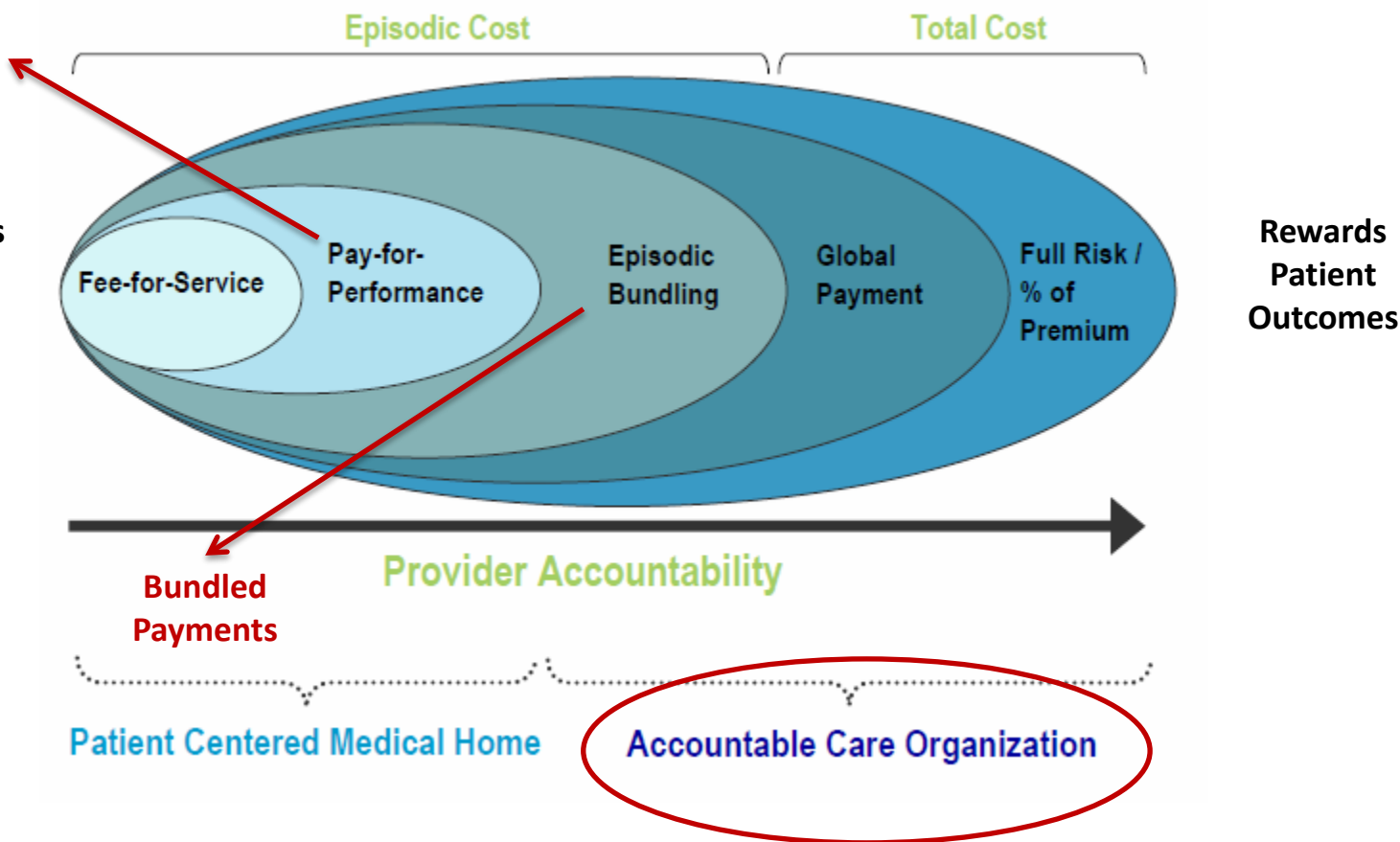
Affordable Care Act of 2010

- Hospital Value-Based Purchasing

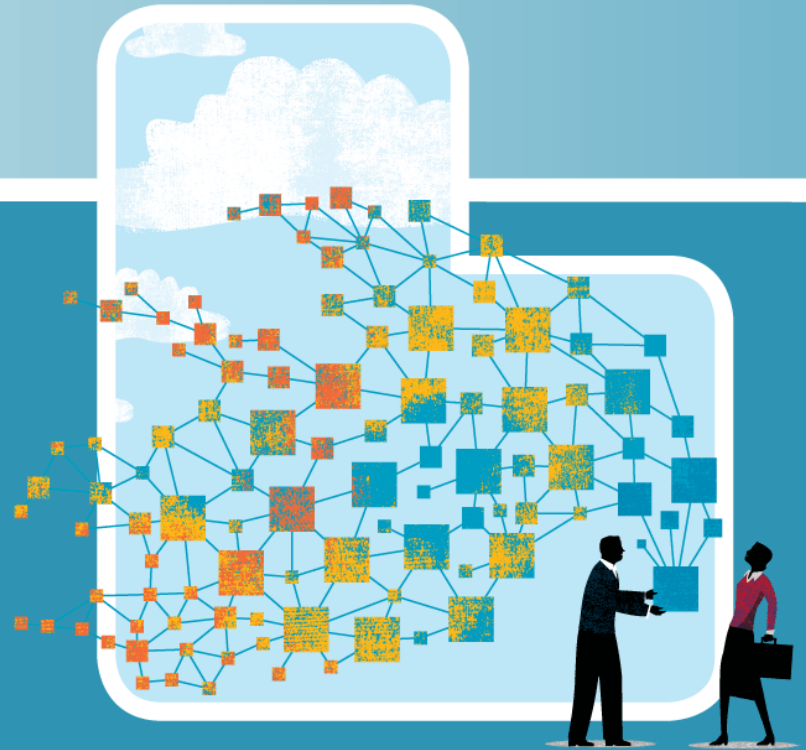
HOW IS HEALTHCARE CHANGING?

Meaningful Use
and Hospital
Value-Based
Purchasing

Rewards
Patient
Volume



MEANINGFUL USE



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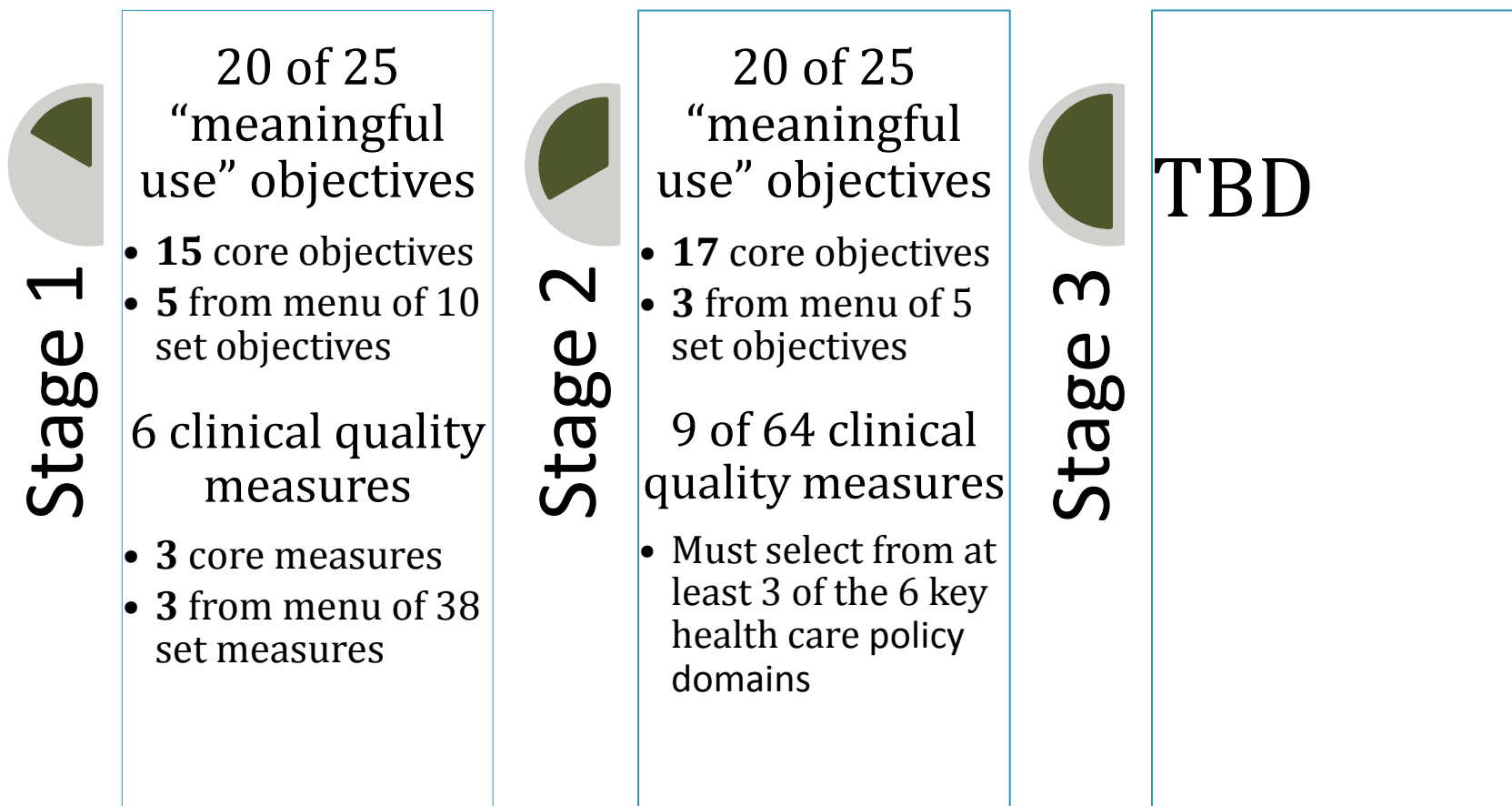
MEANINGFUL USE OVERVIEW

- Eligible professionals (EPs), hospitals, and critical access hospitals (CAHs) can receive incentive payments if they can attest to the “meaningful use” of certified Electronic Health Record (EHR) technology to improve patient care.
- Two EHR incentive programs:
 - Medicare
 - Medicaid

3 COMPONENTS OF MEANINGFUL USE

1. Use of certified EHR in a meaningful manner (e.g., e-prescribing)
2. Use of certified EHR technology for electronic exchange of health information to improve quality of health care
3. Use of certified EHR technology to submit clinical quality measures (CQM) and other such measures selected by the Secretary

HOW DO ELIGIBLE PROFESSIONALS QUALIFY?



MAXIMUM EHR INCENTIVE PAYMENTS FOR ELIGIBLE PROFESSIONALS

Maximum EHR Incentive Payments by Program Based on the First Calendar Year (CY) for Which the Eligible Professional Receives Payment

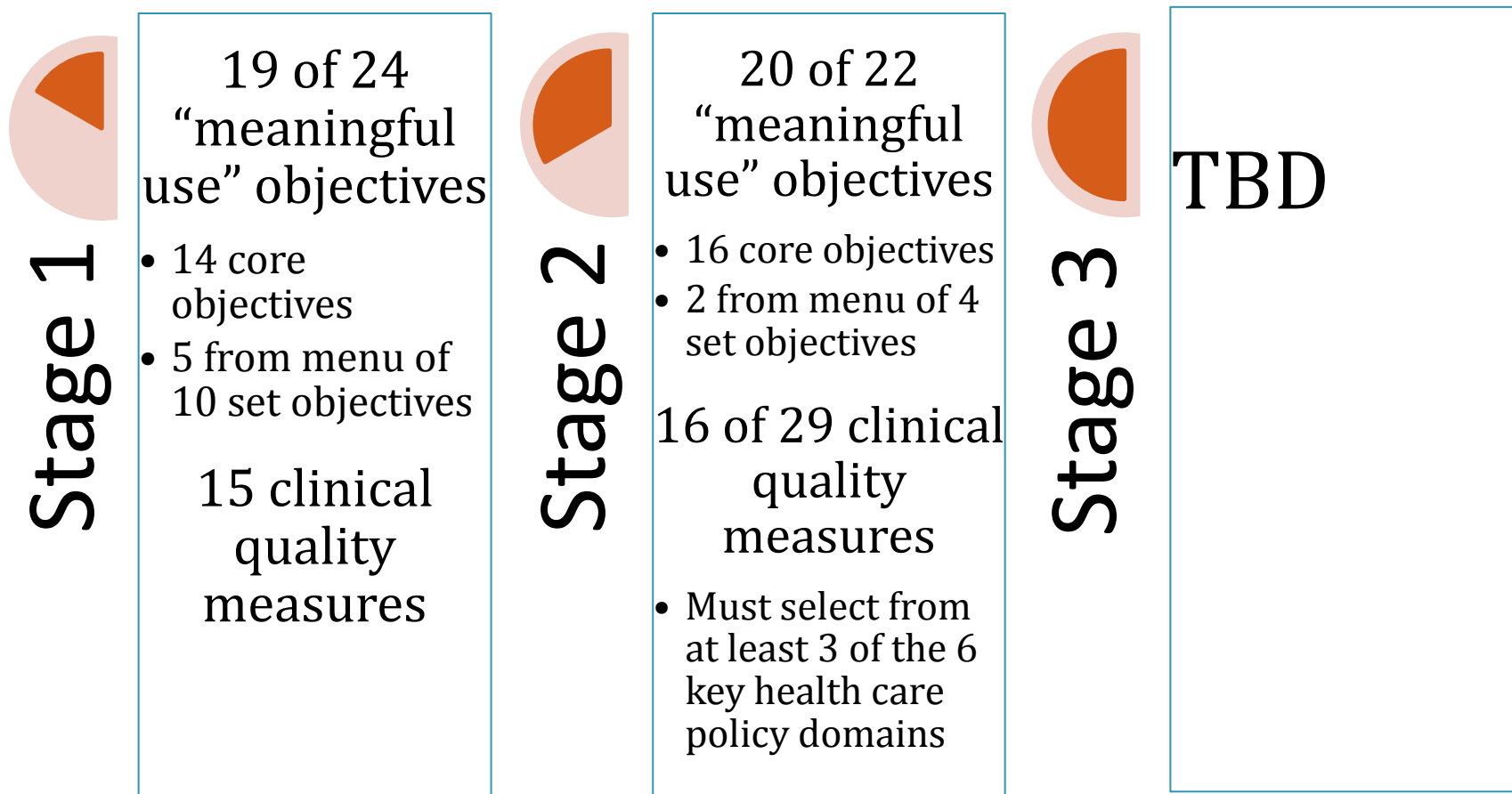
CY	CY 2011		CY 2012		CY 2013		CY 2014		CY 2015		CY 2016	
	Medicare	Medicaid	Medicare	Medicaid	Medicare	Medicaid	Medicare	Medicaid	Medicare	Medicaid	Medicare	Medicaid
2011	\$18,000	\$21,250										
2012	\$12,000	\$8,500	\$18,000	\$21,250								
2013	\$8,000	\$8,500	\$12,000	\$8,500	\$15,000	\$21,250						
2014	\$4,000	\$8,500	\$8,000	\$8,500	\$12,000	\$8,500	\$12,000	\$21,250				
2015	\$2,000	\$8,500	\$4,000	\$8,500	\$8,000	\$8,500	\$8,000	\$8,500		\$21,250		
2016		\$8,500	\$2,000	\$8,500	\$4,000	\$8,500	\$4,000	\$8,500		\$8,500		\$21,250
2017				\$8,500		\$8,500		\$8,500		\$8,500		\$8,500
2018						\$8,500		\$8,500		\$8,500		\$8,500
2019								\$8,500		\$8,500		\$8,500
2020										\$8,500		\$8,500
2021												\$8,500
Total (if EP does not switch programs)	\$44,000	\$63,750	\$44,000	\$63,750	\$39,000	\$63,750	\$24,000	\$63,750	\$0	\$63,750	\$0	\$63,750

NOTE: Medicare Eligible Professionals may not receive EHR incentive payments under both Medicare and Medicaid.

NOTE: The amount of the annual EHR incentive payment limit for each payment year will be increased by 10 percent for EPs who predominantly furnish services in an area that is designated as a Health Professional Shortage Area.

Source: Centers for Medicare & Medicaid Services

HOW DO HOSPITALS AND CRITICAL ACCESS HOSPITALS QUALIFY?



HOW ARE THE MEDICARE INCENTIVE PAYMENTS CALCULATED FOR HOSPITALS AND CRITICAL ACCESS HOSPITALS?

1. Initial Amount

- \$2,000,000
- Plus \$200 per discharge starting with the 1,150th
- Capped at \$6,370,400

2. Medicare Share

of IP Part A Bed Days + # of IP Part C Days

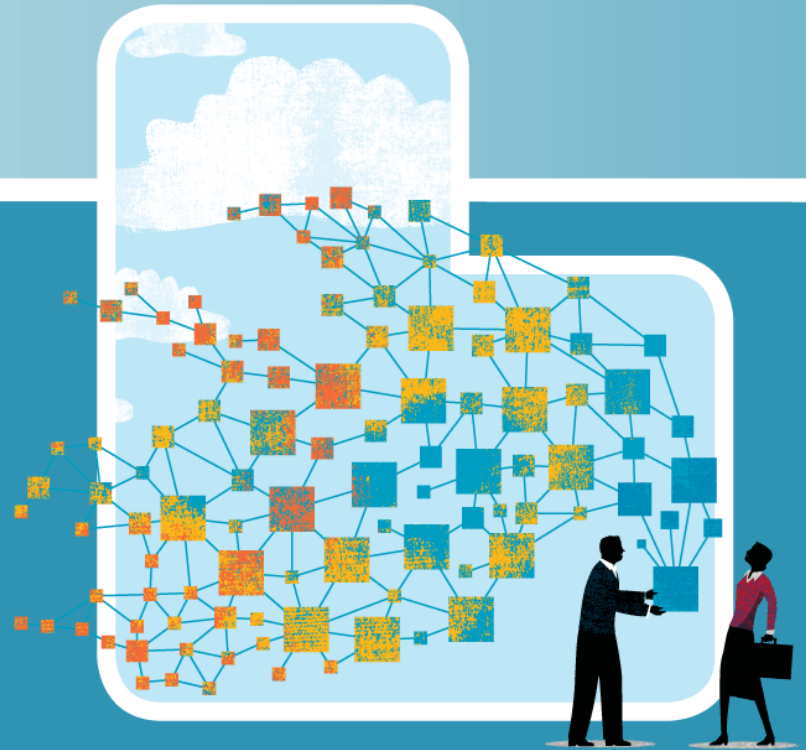
$$\frac{\text{Total IP Bed Days X } [\text{Total Charges} - \text{Charges Attributable to Charity Care}]}{\text{Total Charges}}$$

3. Transition Factor

Fiscal Year	2011	2012	2013	2014	2015
2011	1.00				
2012	0.75	1.00			
2013	0.50	0.75	1.00		
2014	0.25	0.50	0.75	0.75	
2015		0.25	0.50	0.50	0.50
2016			0.25	0.25	0.25

MEANINGFUL USE CRITERIA

Details



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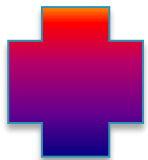
KEY



Measures with a denominator of unique patients regardless of whether patients are maintained using EHR technology












Measures with a denominator of based on counting actions for patients whose records are maintained using certified EHR technology








Measures requiring only a yes/no attestation

MEANINGFUL USE CRITERIA

1. Computer Physician Order Entry (CPOE)	
2. Electronic Prescriptions *	
3. Drug to Drug Interaction & Drug to Allergy	
4. Record Patient Demographics	
5. Problem Lists	
6. Maintain Active Medication List	
7. Maintain Active Medication Allergy List	
8. Record Vital Signs and Chart Changes	
9. Record Smoking Status	

* Not applicable to Hospitals or CAH

MEANINGFUL USE CRITERIA

10. Clinical Decision Support Rules	
11. Clinical Quality Measures to CMS or states	
12. Provide Patients with electronic copy of health information	
13a) Provide patients with electronic copy of discharge (hospital only)	
13b) Provide patients with clinical summaries for each office visit (EP)	
14. Capability to exchange Key Clinical Information	
15. Protect Electronic Health Information	

MENU SET

Select five











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MEANINGFUL USE MENU SET

1. Drug Formulary Checks	
2. Lab Results as Structured Data	
3. Patient Lists	
4. Patient Education Resources	
5. Medication Reconciliation	
6. Care Summary Record Exchange Across Providers	
7. Immunization	
8. Syndromic Surveillance	

MEANINGFUL USE MENU SET

Hospital Only	
Advance Directives	
Lab Results to Public Health etc.	
EP Only	
Patient Reminders	
Patient Access to Health Info	

* At least 1 public health objective must be selected

CMS MU AUDITS

- CMS has engaged Figliozi and Company to perform audits
- If selected, you will receive a letter from Figliozi
- Per CMS
“It is the provider’s responsibility to maintain documentation that fully supports the meaningful use and clinical quality data submitted during attestation.”¹
- numerous pre-payment edit checks to detect inaccuracies in eligibility, reporting, and payment

¹ http://www.cms.gov/Regulations-and-Guidance/Legislation/EHRIncentivePrograms/Downloads/EHR_SupportingDocumentation_Audits.pdf

RISKS OF MEANINGFUL USE

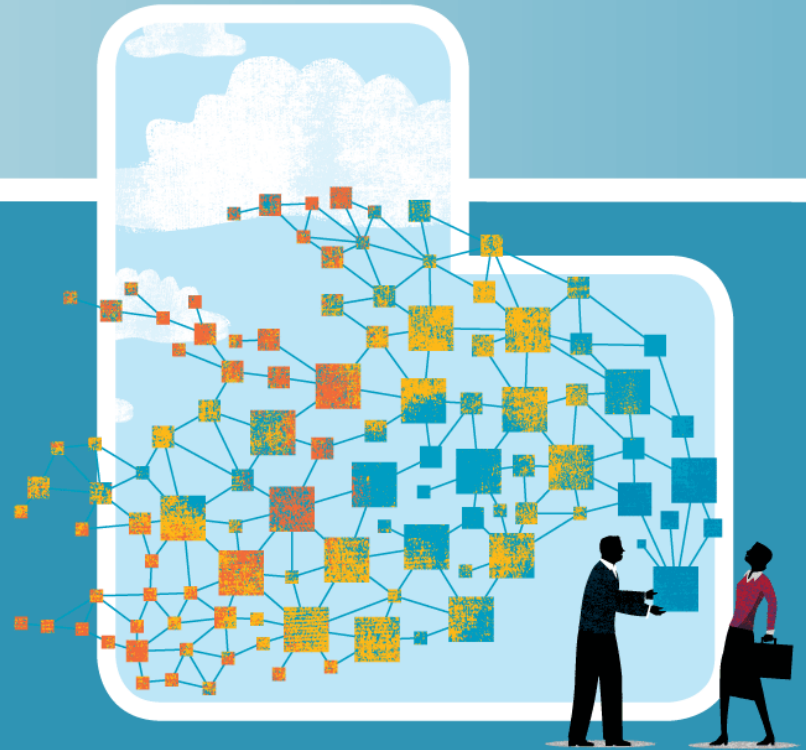
- Numerators and Denominators
- Group reporting of quality measures
- Enrollment information
- Patient access
- First-time order generators
- Security risk analysis
- Lab results
- Demographics increase
- ICD-10 impact
- Tight timetables

MEANINGFUL USE

WHAT TO AUDIT

- Risk assessment of Meaningful Use
- Complex reporting challenges
- EHR Reporting limitations
- Attestation
- Evidence
 - Eligible Provider/hospital
 - Denominator/Numerator calculations
 - Dual eligibility

HOSPITAL VALUE-BASED PURCHASING



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HOSPITAL VALUE-BASED PURCHASING OVERVIEW

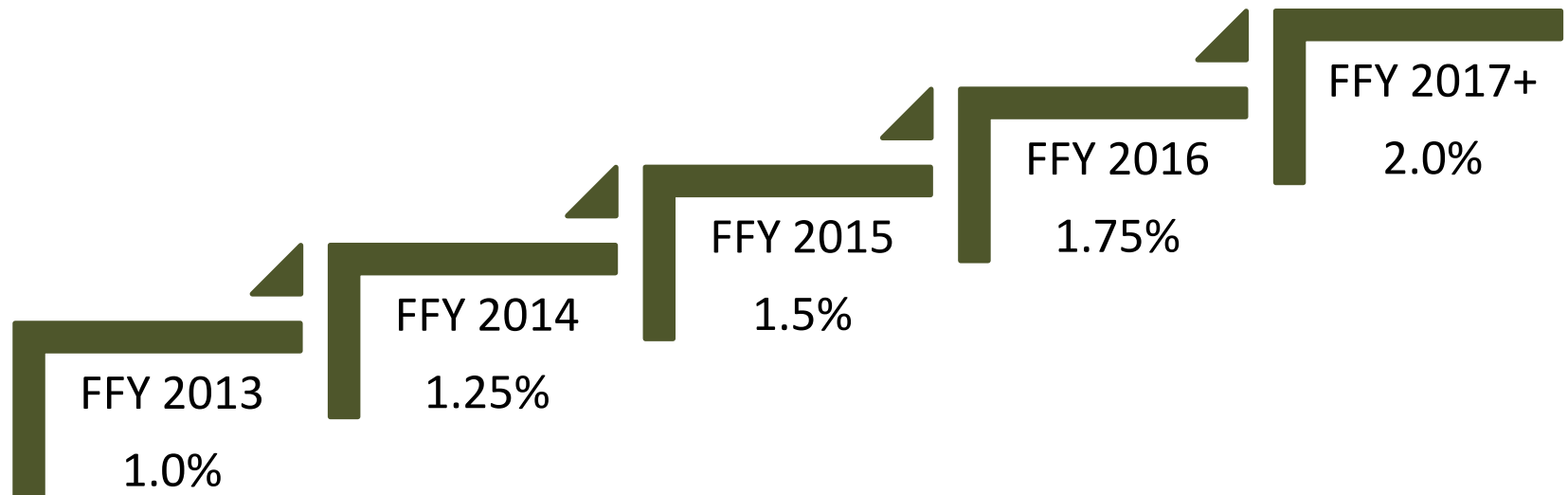
- CMS initiative that rewards acute-care hospitals with incentive payments based on quality of care provided to Medicare patients
- Payments will begin January 2013 for care after October 1, 2012
 - Based on performance period July 1, 2011 to March 31, 2012
- In future years, the performance period will be a full year
- Performance based on data collected through the Hospital Inpatient Quality Reporting (IQR) Program

HOSPITAL VALUE-BASED PURCHASING ELIGIBILITY

- FFY 2013
 - Must report on at least four measures during the performance period with a minimum of 10 cases per measure for the **Clinical Process of Care** score
 - Must report the results of at least 100 HCAHPS surveys during the performance period for the **Patient Experience of Care** score
- FFY 2014
 - In addition to FFY 2013 eligibility requirements, must report on at least two measures during the performance period with a minimum of 10 cases per measure for the **Outcome Mortality** score

HOSPITAL VALUE-BASED PURCHASING SOURCE OF FUNDING

Participating hospitals will have their base operating DRG payments reduced by the following in order to fund the incentive payments:

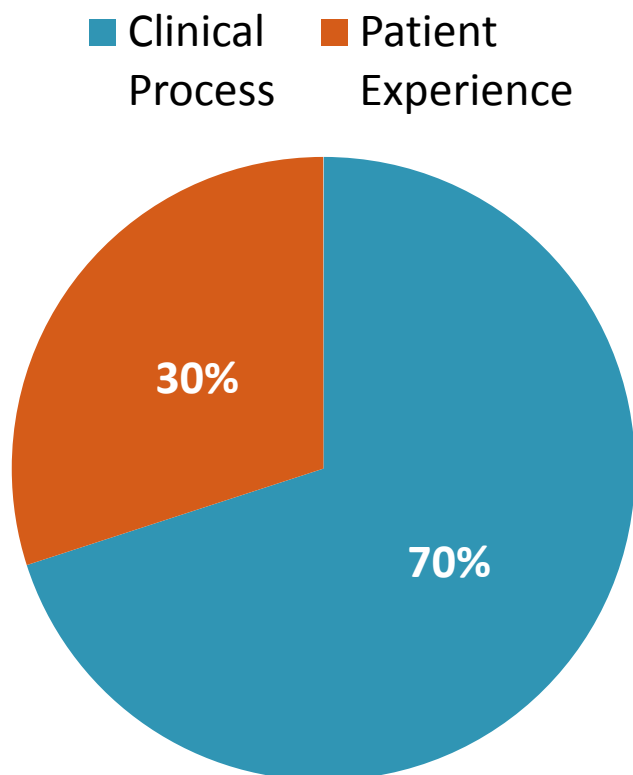


HOSPITAL VALUE-BASED PURCHASING SCORING

- **Achievement Score**
 - Based on where the performance for the measure falls relative to the achievement threshold and benchmark
- **Improvement Score**
 - Based on how much the performance for the measure during the performance period improved compared to the baseline period
- **Consistency Score**
 - Based on the lowest of the eight HCAHPS dimension scores

HOSPITAL VALUE-BASED PURCHASING FFY 2013 SCORE WEIGHTING

Total Performance Score

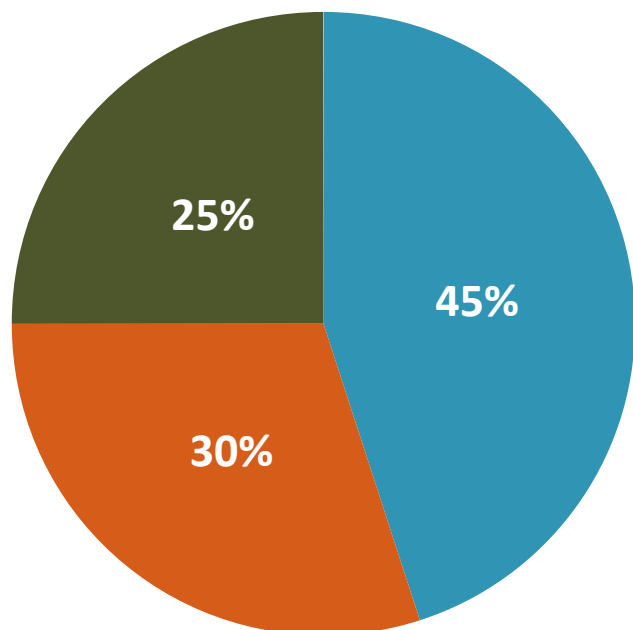


- CMS will assess how much each hospital's performance during the performance period changes from baseline period performance.
- CMS will award achievement points if performance exceeds 50th percentile of all hospitals in baseline period.

HOSPITAL VALUE-BASED PURCHASING FFY 2014 SCORE WEIGHTING

Total Performance Score

■ Clinical Process ■ Patient Experience ■ Outcome Mortality



- CMS will assess how much each hospital's performance during the performance period changes from baseline period performance.
- CMS will award achievement points if performance exceeds 50th percentile of all hospitals in baseline period.

HOSPITAL VALUE-BASED PURCHASING INCENTIVE PAYMENT

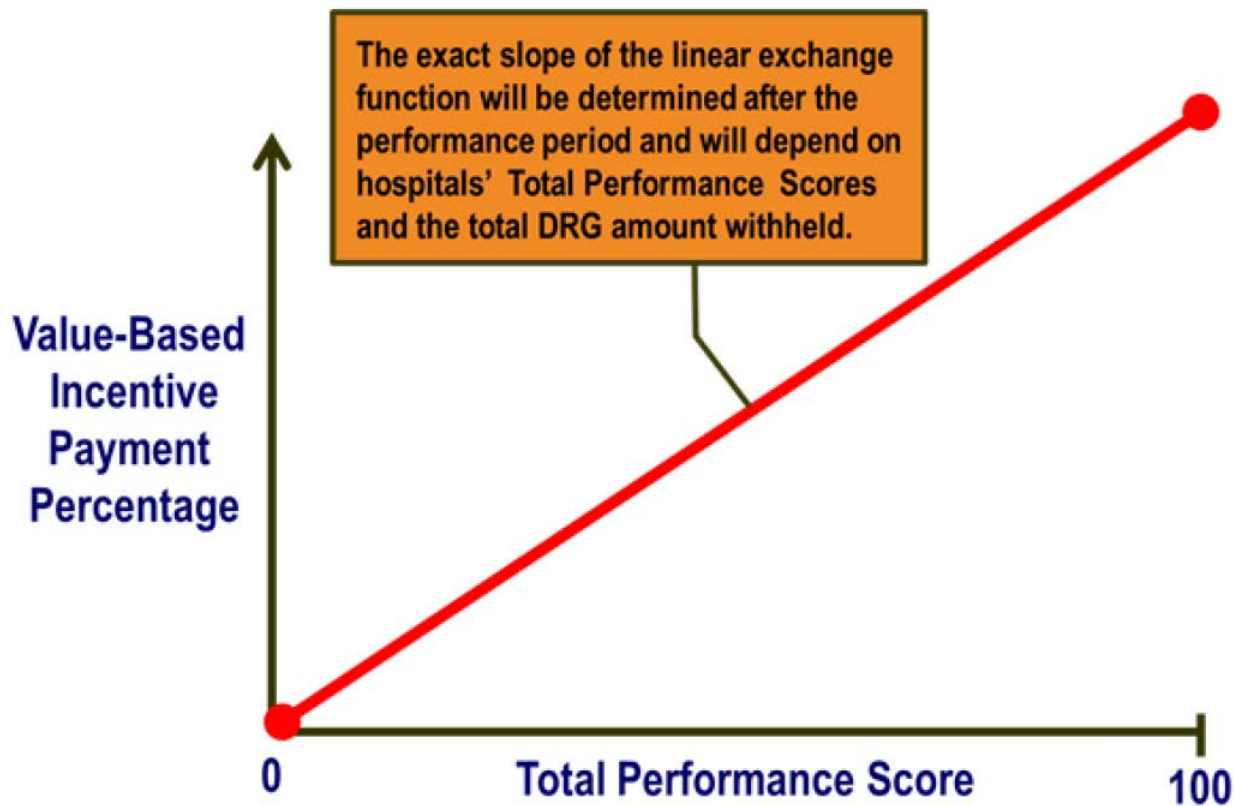


Figure 1. Hospital VBP Linear Exchange Function

HOSPITAL VALUE-BASED PURCHASING BONUSES AND PENALTIES DISCLOSED

- In December 2012, CMS disclosed which hospitals will receive bonuses and penalties from the nearly \$1 billion pool
 - 1,557 hospitals will receive bonuses while 1,427 hospitals will receive penalties
 - Biggest bonus - Treasure Valley Hospital in Boise, Idaho (0.83% increase)
 - Worst Case - Auburn Community Hospital in upstate New York (losing 0.9%)
 - In California, 44% are getting bonuses and 56% are getting penalties for a negative change of -0.03%

HOSPITAL VALUE-BASED PURCHASING RISKS AND CONSIDERATIONS

- Validity and reliability of measures
 - Volume of measures
 - Non-standardization of measures
 - Implementation of HIT and EHRs can help facilitate the collection of quality data
- Unintended consequences of providers shifting resources to quality measures that offer rewards and neglect quality measures that offer no rewards

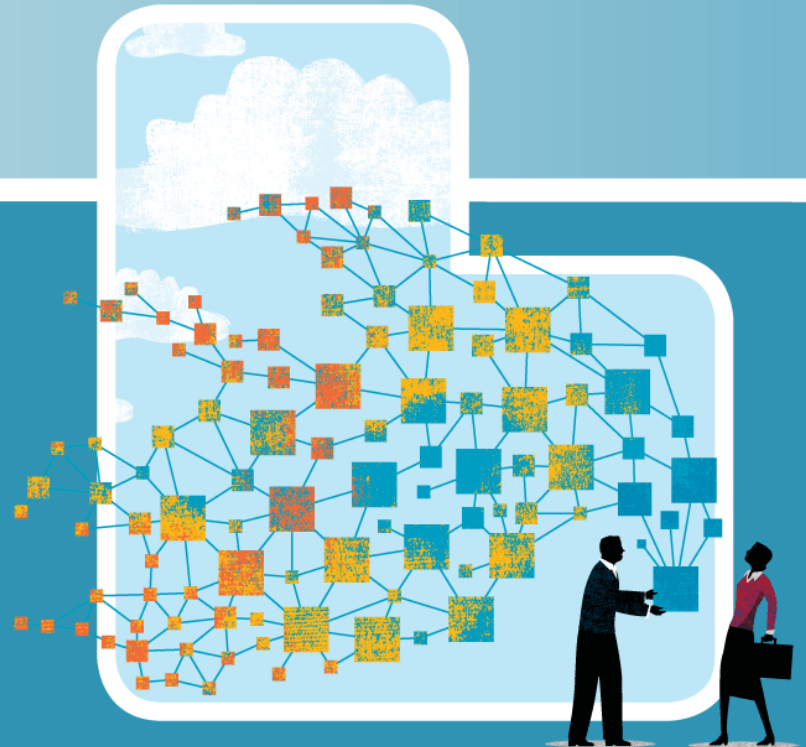
WHAT SHOULD INTERNAL AUDIT FOCUS ON?

- Data that is captured, monitored, and mined
- IT change management
- Contracting
- Clinical protocols
- Physician alignment compensation programs
- Reimbursement model changes

THANK YOU!

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