

Medicare Value Based Purchasing Program Overview



Insights for Healthcare®



Michigan Health and Hospital Association

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Today's Objectives

- Overview of Medicare Value Based Purchasing Program
- Review Methodology
- Review how Michigan is performing in VBP
- Review VBP analysis

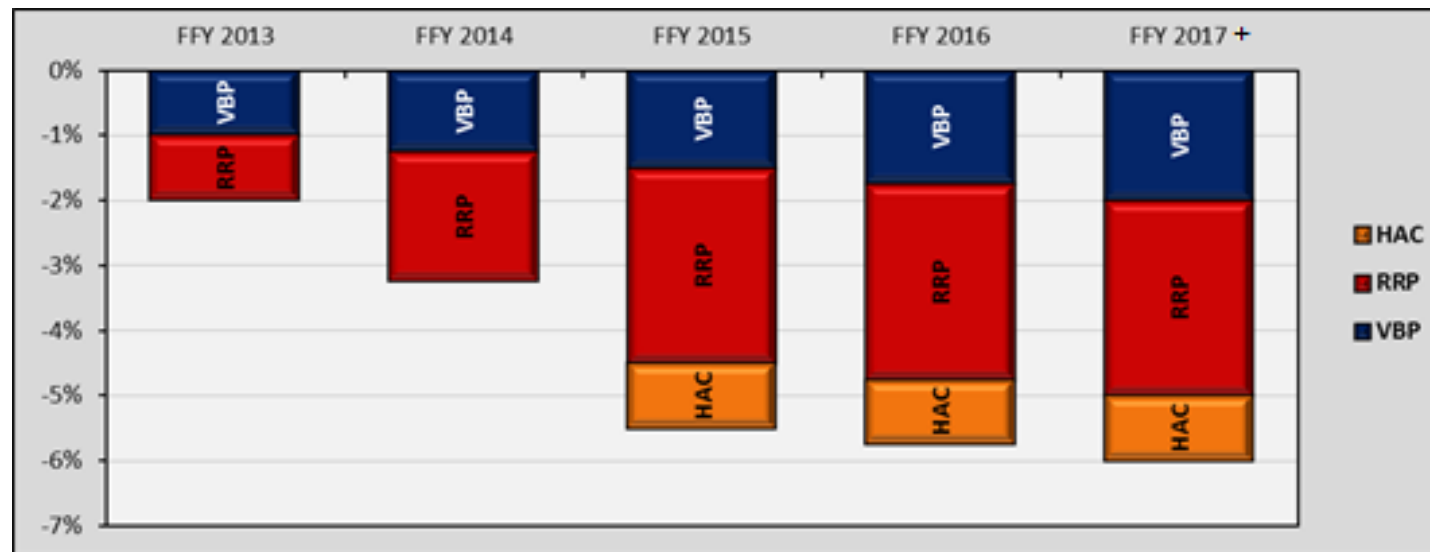
Medicare Quality Based Payment Reform (QBPR) Programs

- Mandated by the ACA of 2010
 - VBP Program (redistributive w/ winners and losers)
 - Readmissions Reduction Program (remain whole or lose)
 - HAC Reduction Program (remain whole or lose)
- National pay-for-performance programs
- Most acute care hospitals must participate; CAHs excluded
- Program rules, measures, and methodologies adopted well in advance (through 2028)



Medicare Quality Programs

- Payment adjustments based on facility-specific performance compared to national standards
- Performance metrics are determined using historical data
- Program components change every year



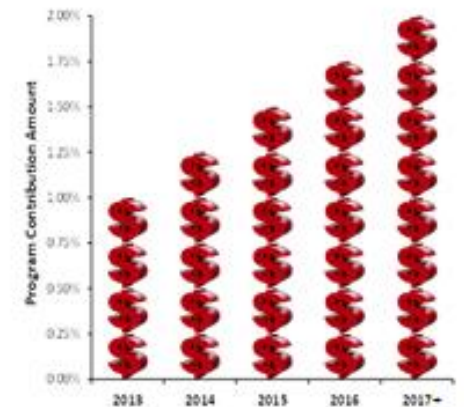
FFY 2024 Quality Program Measure Populations

- **Value-Based Purchasing (VBP)**
 - All patients
 - Safety, Person and Community Engagement
 - Medicare FFS patients only
 - Clinical Outcomes, Efficiency and Cost Reduction
- **Readmissions Reduction Program (RRP)**
 - Medicare FFS patients only
- **Hospital Acquired Conditions (HAC)**
 - All patients
 - CAUTI, CLABSI, C-diff., MRSA, SSI Colon, SSI Abdominal Hysterectomy
 - Medicare FFS patients only
 - PSI-90



Medicare Value Based Purchasing (VBP) Program

- Program started in FFY 2013 (October 1, 2012)
- The only Medicare quality program that provides rewards and penalties (redistributive)
- The only Medicare quality program to recognize improvement as well as achievement
- Funded by IPPS payment “contribution” (increased by 0.25% per year with 2% in FFY 2017+ as the cap)
- \$1.9 Billion program (estimated for FFY 2023)



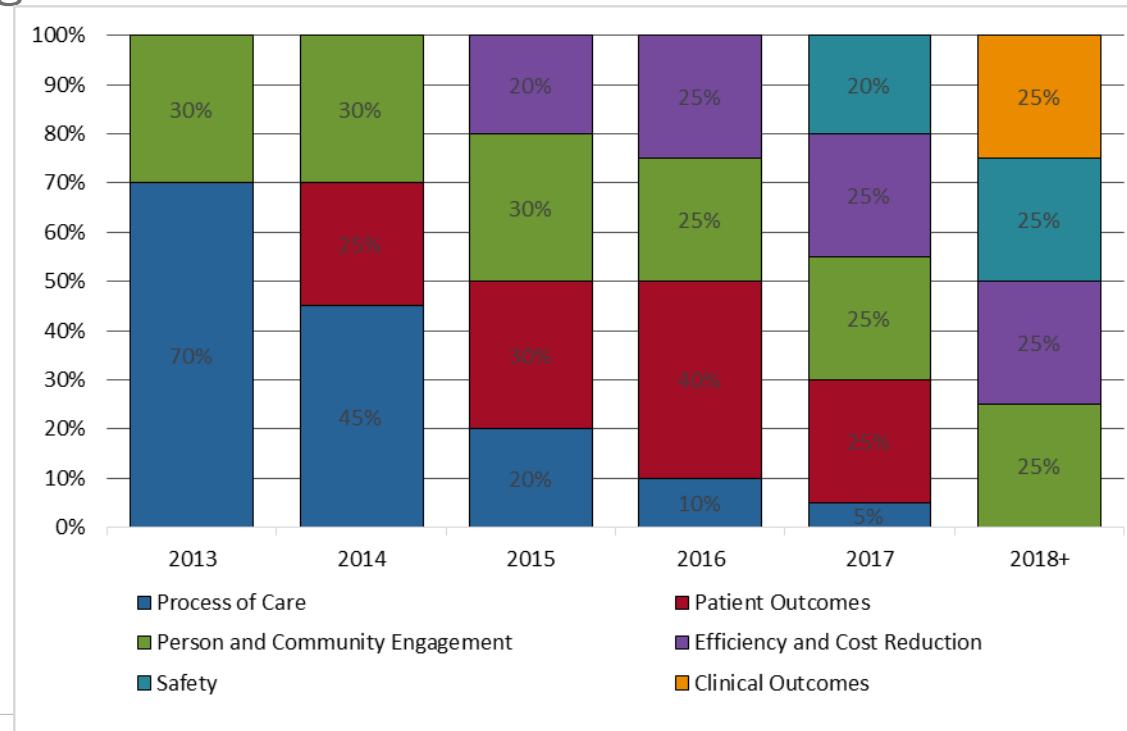
Value Based Purchasing: Program Overview



- Performance is evaluated on a measure-by-measure basis
 - Quality achievement and improvement are both recognized
 - Hospital performance is compared to national performance standards
- **Measures are grouped into domains**
 - Person and Community Engagement
 - Clinical Outcomes
 - Safety
 - Efficiency and Cost Reduction
- Domain scores are combined to calculate a Total Performance Score (TPS)
- Total Performance Score is converted to an Adjustment Factor

VBP Program Trends

- Continually evolving
 - Program rules established in advance
 - The final 2023 IPPS rule establishes parameters through 2028
 - Moving targets



VBP Program Timeframes

| 2014 | | | | 2015 | | | | 2016 | | | | 2017 | | | | 2018 | | | | 2019 | | | | 2020 | | | | 2021 | | | | 2022 | | | | 2023 | | | | 2024 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D |
| | | | | | | | | | | | | Person and Community Engagement: Baseline Period ⁶ | | | | | | | | Person and Community Engagement: Performance Period ⁷ | | | | | | | | FFY 2024 Payment Adjustment | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Clinical Outcomes (Mortality): Baseline Period ⁶ | | | | | | | | | | | | Clinical Outcomes (Mortality): Performance Period ⁷ | | | | Excluded [#] | | | | Clinical Outcomes (Mortality): Performance Period ⁷ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Clinical Outcomes (COMP-HIP-KNEE): Baseline Period ⁶ | | | | | | | | | | | | Clinical Outcomes (COMP-HIP-KNEE): Performance Period ⁷ | | | | Excluded [#] | | | | Clinical Outcomes (COMP-HIP-KNEE): Performance Period ⁷ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | Safety: Baseline Period ⁶ | | | | | | | | Safety: Performance Period ⁷ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | Efficiency and Cost Reduction: Baseline Period ⁶ | | | | | | | | Efficiency and Cost Reduction: Performance Period ⁷ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

[#]These performance periods are impacted by the extraordinary circumstances exception granted by CMS in response to the PHE so no claims data or chart-abstracted data reflecting services provided January 1, 2020 - June 30, 2020 will be used in calculations for the VBP Program.

FFY 2024 Domain Weights and Measures

Safety:

1. C-Diff: Clostridium Difficile infection*
2. CAUTI: Catheter-Associated Urinary Tract Infection*
3. CLABSI: Central Line-Associated Bloodstream Infection*
4. MRSA: Methicillin-resistant Staphylococcus aureus Bacteremia*
5. SSI: Surgical Site Infection Colon Surgery and Abdominal Hysterectomy*

Clinical Outcomes:

1. MORT-30-AMI: Acute Myocardial Infection (AMI) 30-Day Mortality Rate
2. MORT-30-HF: Heart Failure (HF) 30-Day Mortality Rate
3. MORT-30-PN: Pneumonia (PN) 30-Day Mortality Rate
4. MORT-30-COPD: Chronic Obstructive Pulmonary Disease (COPD) 30-Day Mortality Rate
5. MORT-30-CABG: Coronary Artery Bypass Graft (CABG) 30-Day Mortality Rate
6. COMP-HIP-KNEE: Complication Rate Following Elective Primary Total Hip Arthroplasty (THA) and Total Knee Arthroplasty (TKA)

Domain Weights



Efficiency and Cost Reduction:

1. MSPB: Medicare Spending per Beneficiary

Person and Community Engagement:

Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) Survey Dimensions*:

1. Communication with Nurses
2. Communication with Doctors
3. Responsiveness of Hospital Staff
4. Communication about Medicines
5. Cleanliness and Quietness of Hospital Environment
6. Discharge Information
7. Overall Rating of Hospital
8. 3-Item Care Transition Measure

*measure population consists of all patients, not just Medicare FFS

FFY 2024 Scoring Requirements

| | Person and Community Engagement | Clinical Outcomes | Safety | Efficiency and Cost Reduction |
|-----------------------------|--|--|--|---|
| Measure Criteria | N/A | At least 25 eligible cases | HAI: at least 1 predicted infection SSI: at least 1 predicted infection for at least 1 out of two strata | At least 25 eligible cases |
| Domain Eligibility Criteria | At least 100 completed HCAHPS surveys | Minimum of 2 out of 6 measures | Minimum of 2 out of 5 measures | Minimum of 1 out of 1 measure |

A hospital must have scores in 3 out of 4 domains to be eligible for the FFY 2024 VBP program.

VBP Performance Standards

- **National Benchmarks**
 - High achievement levels (average performance score for top 10% of hospitals nationwide)
- **National Achievement Thresholds**
 - Minimum achievement levels (median performance score for hospitals nationwide)
- **National Floors (HCAHPS only; lowest scores nationwide)**

| Measure | Achievement | | |
|------------------|-------------|-----------|-----------|
| | Floor | Threshold | Benchmark |
| Clean and Quiet | 45.94% | 65.63% | 79.64% |
| Nurse Comm. | 53.50% | 79.42% | 87.71% |
| Doctor Comm. | 62.41% | 79.83% | 87.97% |
| Staff Response | 40.40% | 65.52% | 81.22% |
| Rx Comm. | 39.82% | 63.11% | 74.05% |
| Disch. Info | 66.92% | 87.23% | 92.21% |
| Care Transitions | 25.64% | 51.84% | 63.57% |
| Overall Rating | 36.31% | 71.66% | 85.39% |

Measure Scoring Methodology

- **Achievement Points:**

- Max = 10 points
- Performance compared to:
 - National Achievement Threshold (minimum performance level)
 - National Benchmark (high attainment level)

| Below threshold | Between threshold & benchmark | At or above benchmark |
|-----------------|-------------------------------|-----------------------|
| 0 pts. | 1-9 pts. | 10 pts. |

- **Improvement Points:**

- Max = 9 points
- Performance compared to:
 - Prior performance (from baseline period)
 - National Benchmark (high attainment level)

| At or below baseline period score | Above baseline period score |
|-----------------------------------|-----------------------------|
| 0 pts. | 1-9 pts. |

VBP Measure Scoring: Achievement Points

| Measure | Perf. Period Analyzed | Perf. Cases | Base Period Analyzed | Base Cases | Floor | Achievement Threshold | Benchmark | Consistency Points | Achievement Points | Improvement Points | Final Points |
|-----------|-----------------------|-------------|----------------------|------------|-------|-----------------------|-----------|--------------------|--------------------|--------------------|--------------|
| AMI Mort. | 87.5% | 142 | 86.5% | 306 | N/A | 86.9247% | 88.7868% | N/A | 3 | 4 | 4 |

$$\text{Achievement Points (all program measures)} = \left[9 \times \frac{\text{Performance Period Score} - \text{Achievement Threshold}}{\text{Benchmark} - \text{Achievement Threshold}} \right] + 0.5$$

$$\text{Achievement Points (all program measures)} = \left[9 \times \frac{87.5\% - 86.9247\%}{88.7868\% - 86.9247\%} \right] + 0.5$$

3 = Achievement Points

VBP Measure Scoring: Improvement Points

| Measure | Perf. Period Analyzed | Perf. Cases | Base Period Analyzed | Base Cases | Floor | Achievement Threshold | Benchmark | Consistency Points | Achievement Points | Improvement Points | Final Points |
|-----------|-----------------------|-------------|----------------------|------------|-------|-----------------------|-----------|--------------------|--------------------|--------------------|--------------|
| AMI Mort. | 87.5% | 142 | 86.5% | 306 | N/A | 86.9247% | 88.7868% | N/A | 3 | 4 | 4 |

$$\text{Improvement Points (all program measures)} = \left[10 \times \frac{\text{Performance Period Score} - \text{Baseline Period Score}}{\text{Benchmark} - \text{Baseline Period Score}} \right] - 0.5$$

$$\text{Improvement Points (all program measures)} = \left[10 \times \frac{87.5\% - 86.5\%}{88.7868\% - 86.5\%} \right] - 0.5$$

4= Improvement Points

For each individual measure, the hospital receives the higher point value of achievement or improvement. In this example, a score of 4 is assigned to the MORT_30_AMI measure.

Domain Score Calculation

| Measure | Score |
|---------------|-------|
| MORT-30-AMI | 4 |
| MORT-30-HF | 0 |
| MORT_30_PN | 0 |
| MORT-30-COPD | 0 |
| MORT-30-CABG | 0 |
| COMP-HIP-KNEE | 0 |

| | | |
|---|---------------------------------------|-----|
| A | Total Final Points | 4 |
| B | Max. Possible Points | 60 |
| C | Clinical Outcomes Domain Score [A/B]: | 15% |

$$\text{Overall Domain Score} = \left[\frac{\text{Sum of Final Points Earned on Each Scored Measure}}{\text{Maximum Possible Points on Each Scored Measure}} \right]$$

Maximum Points = number of scored measures x 10 points

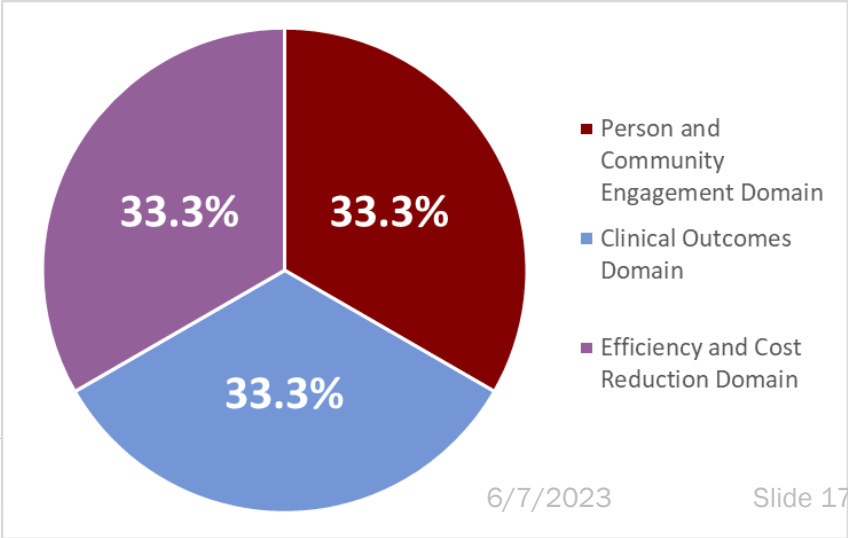
Domain Score Calculation (con't)

- Proportional Reweighting
 - Impacts program eligibility

$$\text{Proportionally Reweighted Domain Weight} = \frac{\text{Original Weight of Domain}}{\text{Sum of Original Weights for all Scored Domains}}$$

$$\text{Clinical Outcomes Domain Proportionally Reweighted} = \frac{25\%}{(25\%+25\%+25\%)} = 33.3\%$$

| | Unweighted Domain Score | Original Domain Weight | Proportionally Reweighted Domain Weight |
|--|-------------------------|------------------------|---|
| Person and Community Engagement Domain | 97.0% | 25.0% | 33.3% |
| Clinical Outcomes Domain | 15.0% | 25.0% | 33.3% |
| Safety Domain | Not Eligible | 25.0% | Not Eligible |
| Efficiency and Cost Reduction Domain | 69.7% | 25.0% | 33.3% |



TPS Score Calculation

Total Performance Score (TPS) = Domain₁ Score x Domain₁ Weight + Domain₂ Score x Domain₂ Weight +....+ Domain_n Score x Domain_n Weight

(Person and Community Engagement Domain Score × 0.25) + (Clinical Outcomes Domain Score × 0.25) +
(Safety Domain Score × 0.25) + (Efficiency and Cost Reduction Domain Score × 0.25) = **TPS**

(97% × 0.333) + (15% × 0.333) + (69.7% × 0.333) = **TPS**

32.30% + 5.0% + 23.23% = **TPS**

60.6% = **TPS**

Payout Percentage Calculation

- TPSs for all hospitals nationwide compared to determine VBP payouts/impacts
- Comparison of TPSs creates “VBP Slope”
- VBP slope is used to ensure redistribution of all VBP contribution dollars
- VBP Linear Function (Payout Percentage) = [Total Performance Score x VBP Slope]

 **100%**
is good!

VBP Slope × **60.6%** = **VBP Payout Percentage**

3.6012 × **60.6%** = **VBP Payout Percentage**

218.2% = **VBP Payout Percentage**

In this example, this hospital would receive 218.2% of their VBP contribution and would benefit from the program.

VBP Impact Calculation

- VBP Adjustment Factor = [1 + (Program Contribution Percentage x Payout Percentage) – Program Contribution Percentage]
- Annual Program Impact = [IPPS Base Operating Dollars x VBP Adjustment Factor – IPPS Base Operating Dollars]

$$1 + (2.0\% \times 218.2\%) - 2.0\% = \text{VBP Adjustment Factor}$$

$$1.02364 = \text{VBP Adjustment Factor}$$

For example, assume this hospital's IPPS Base Operating Dollars = \$100,000,000.

$$\$100,000,000 \times 1.02364 - \$100,000,000 = \text{Annual Program Impact}$$

$$+\$2,364,000 = \text{Annual Program Impact}$$

VBP Slope Calculation

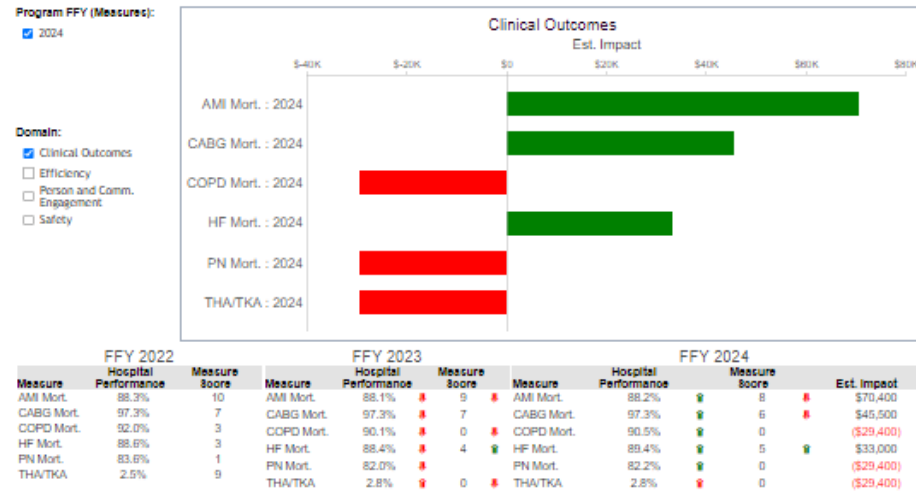
- VBP Slope is used to determine program payouts
 - VBP Slope is set at the value that makes overall program calculated as budget neutral

| | | TPS x Contribution | TPS x Contribution | TPS x Slope | Actual % Payout x Contribution |
|--------------|-------|-----------------------|-----------------------|--|---|
| | TPS | Contribution | Payout (Pre-Slope) | Actual % Payout (Slope = 3.40083997751544) | Payout (Slope = 3.40083997751544) |
| Hospital A | 24.8% | \$100 | \$24.80 | 84.34% | \$84.34 |
| Hospital B | 32.4% | \$100 | \$32.40 | 110.19% | \$110.19 |
| Hospital C | 21.9% | \$100 | \$21.90 | 74.48% | \$74.48 |
| Hospital D | 40.8% | \$100 | \$40.80 | 138.75% | \$138.75 |
| Hospital E | 36.4% | \$100 | \$36.40 | 123.79% | \$123.79 |
| Hospital F | 9.7% | \$100 | \$9.70 | 32.99% | \$32.99 |
| Hospital G | 53.5% | \$100 | \$53.50 | 181.94% | \$181.94 |
| Hospital H | 48.1% | \$100 | \$48.10 | 163.58% | \$163.58 |
| Hospital I | 11.2% | \$100 | \$11.20 | 38.09% | \$38.09 |
| Hospital J | 15.3% | \$100 | \$15.30 | 52.03% | \$52.03 |
| Total | | \$1,000 | \$294.10 | | \$1,000 |

Impact = Payout \$ - Contribution

- National VBP Slope fluctuates with changes in hospital Total Performance Scores (TPS)
 - \uparrow TPS = \downarrow Slope
 - \downarrow TPS = \uparrow Slope

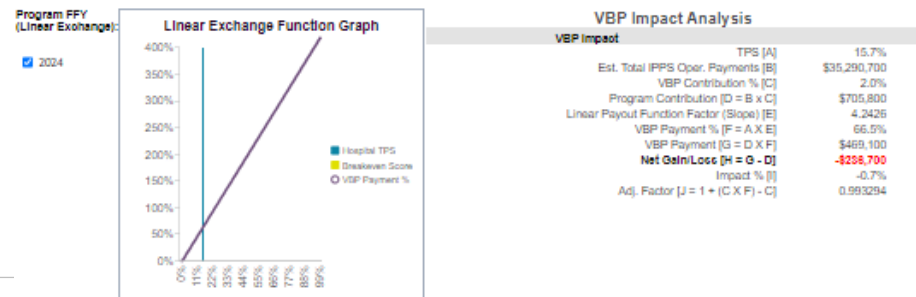
VBP Performance Scorecard



Calculation of measure scores and estimated impacts

| FFY 2022 | | | | FFY 2023 | | | | FFY 2024 | | | | |
|-----------------------------|------------------|---------------|----------------|-----------------------------|------------------|---------------|----------------|-----------------------------|------------------|---------------|----------------|-------------|
| Domain | Unweighted Score | Domain Weight | Weighted Score | Domain | Unweighted Score | Domain Weight | Weighted Score | Domain | Unweighted Score | Domain Weight | Weighted Score | Est. Impact |
| Person and Comm. Engagement | | | | Person and Comm. Engagement | | | | Person and Comm. Engagement | 23.0% | 25.0% | 5.8% | (\$4,300) |
| Clinical Outcomes | 50.0% | 100.0% | 12.5% | Clinical Outcomes | 40.0% | 50.0% | 10.0% | Clinical Outcomes | 31.7% | 25.0% | 7.9% | \$60,600 |
| Safety | | | | Safety | | | | Safety | 8.0% | 25.0% | 2.0% | (\$116,600) |
| Efficiency | | | | Efficiency | 0.0% | 50.0% | 0.0% | Efficiency | 0.0% | 25.0% | 0.0% | (\$176,500) |
| TPS | | | | TPS | | | | TPS | | | 15.7% | |

Calculation of domain scores and estimated impacts



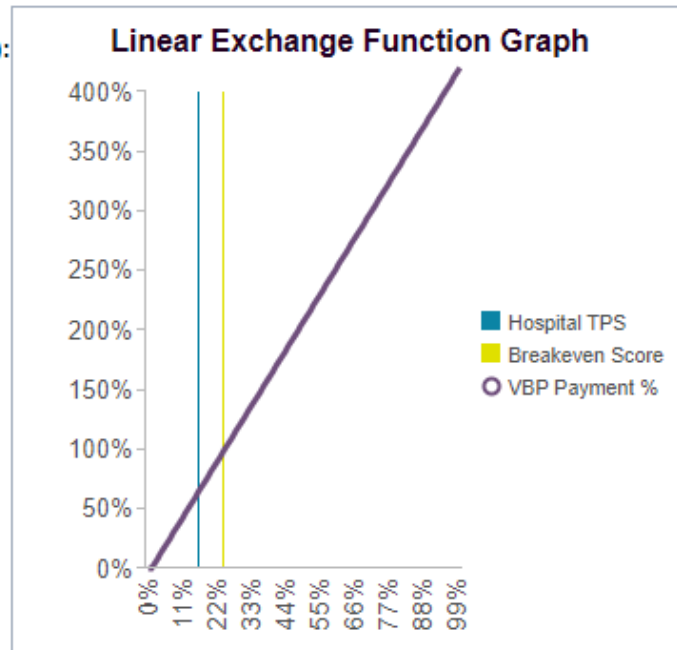
Adjustment Factor calculation and estimated program impacts

VBP Payment Adjustment Calculation

- Estimated VBP Slope using the most recent data available

Program FFY
(Linear Exchange):

2024



VBP Impact Analysis

VBP Impact

| | |
|---|-------------------|
| TPS [A] | 15.7% |
| Est. Total IPPS Oper. Payments [B] | \$35,290,700 |
| VBP Contribution % [C] | 2.0% |
| Program Contribution [D = B x C] | \$705,800 |
| Linear Payout Function Factor (Slope) [E] | 4.2426 |
| VBP Payment % [F = A X E] | 66.5% |
| VBP Payment [G = D X F] | \$469,100 |
| Net Gain/Loss [H = G - D] | -\$236,700 |
| Impact % [I] | -0.7% |
| Adj. Factor [J = 1 + (C X F) - C] | 0.993294 |

VBP Performance Scorecard

Program FFY (Measures):

2024

Domain:

- Clinical Outcomes
- Efficiency
- Person and Comm. Engagement
- Safety



| Measure | FFY 2022 | | FFY 2023 | | | | FFY 2024 | | | |
|------------|----------------------|---------------|------------|----------------------|---------------|------------|----------------------|---------------|-------------|--|
| | Hospital Performance | Measure Score | Measure | Hospital Performance | Measure Score | Measure | Hospital Performance | Measure Score | Est. Impact | |
| AMI Mort. | 88.3% | 10 | AMI Mort. | 88.1% | 9 | AMI Mort. | 88.2% | 8 | \$70,400 | |
| CABG Mort. | 97.3% | 7 | CABG Mort. | 97.3% | 7 | CABG Mort. | 97.3% | 6 | \$45,500 | |
| COPD Mort. | 92.0% | 3 | COPD Mort. | 90.1% | 0 | COPD Mort. | 90.5% | 0 | (\$29,400) | |
| HF Mort. | 88.6% | 3 | HF Mort. | 88.4% | 4 | HF Mort. | 89.4% | 5 | \$33,000 | |
| PN Mort. | 83.6% | 1 | PN Mort. | 82.0% | 0 | PN Mort. | 82.2% | 0 | (\$29,400) | |
| THA/TKA | 2.5% | 9 | THA/TKA | 2.8% | 0 | THA/TKA | 2.8% | 0 | (\$29,400) | |

- Actual VBP scores and estimated scores
- Year-to-year improvement in performance on a measure does not guarantee improved score

VBP Performance Scorecard

| FFY 2022 | | | | FFY 2023 | | | | FFY 2024 | | | | |
|-----------------------------|------------------|---------------|----------------|-----------------------------|------------------|---------------|----------------|-----------------------------|------------------|---------------|----------------|-------------|
| Domain | Unweighted Score | Domain Weight | Weighted Score | Domain | Unweighted Score | Domain Weight | Weighted Score | Domain | Unweighted Score | Domain Weight | Weighted Score | Est. Impact |
| Person and Comm. Engagement | | | | Person and Comm. Engagement | | | | Person and Comm. Engagement | 23.0% | 25.0% | 5.8% | (\$4,300) |
| Clinical Outcomes | 50.0% | 100.0% | 12.5% | Clinical Outcomes | 40.0% | ↓ 50.0% | 10.0% | Clinical Outcomes | 31.7% | ↓ 25.0% | 7.9% | \$60,600 |
| Safety | | | | Safety | | | | Safety | 8.0% | 25.0% | 2.0% | (\$116,600) |
| Efficiency | | | | Efficiency | 0.0% | 50.0% | 0.0% | Efficiency | 0.0% | 25.0% | 0.0% | (\$176,500) |
| TPS | | | | TPS | | | | TPS | | | 15.7% | |

VBP Score Calculation

Domain:

- Clinical Outcomes
- Efficiency
- Person and Comm. Engagement
- Safety

4Q2022 Care Compare Update

| Measure | Perf. Period Analyzed | Perf. Cases | Base Period Analyzed | Base Cases | Floor | Achievement Threshold | Benchmark | Consistency Points | Achievement Points | Improvement Points | Final Points |
|---------------------|-----------------------|-------------|----------------------|------------|-------|-----------------------|-----------|--------------------|--------------------|--------------------|--------------|
| AMI Mort. | 88.2% | 220 | 85.7% | 311 | N/A | 86.9247% | 88.7868% | N/A | 7 | 8 | 8 |
| HF Mort. | 89.4% | 394 | 88.2% | 428 | N/A | 88.2308% | 90.7733% | N/A | 5 | 4 | 5 |
| PN Mort. | 82.2% | 264 | 82.2% | 304 | N/A | 84.0281% | 87.2976% | N/A | 0 | 0 | 0 |
| COPD Mort. | 90.5% | 133 | 91.0% | 274 | N/A | 91.6491% | 93.4002% | N/A | 0 | 0 | 0 |
| CABG Mort. | 97.3% | 94 | 95.8% | 130 | N/A | 96.9499% | 98.0319% | N/A | 3 | 6 | 6 |
| THA/TKA | 2.8% | 202 | 2.2% | 333 | N/A | 2.5396% | 1.8159% | N/A | 0 | 0 | 0 |
| Domain Score | | | | | | | | | | | 31.7% |

VBP Performance Trends and Ranks

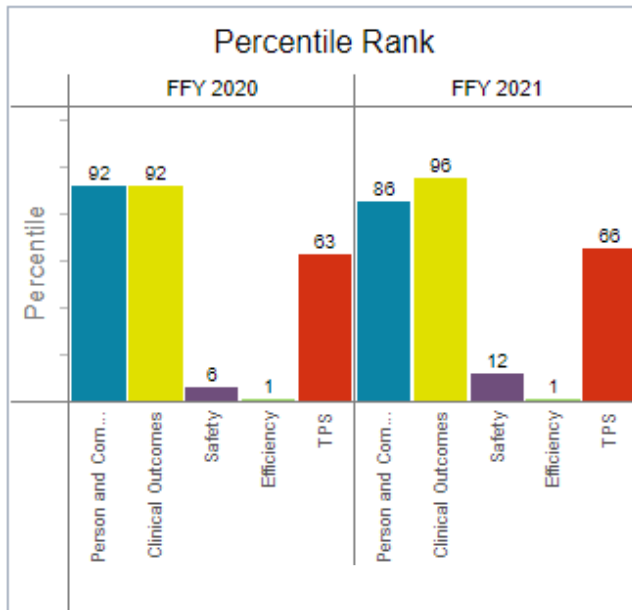
| Domain | Care Compare Update | Domain Score | State Rank | National Rank | Linear Payout Function Factor | VBP Payment Percentage | Adjustment Factor | Net Gain/Loss |
|-----------------------------|---------------------|--------------|------------|----------------|-------------------------------|------------------------|-------------------|---------------|
| Clinical Outcomes | 3Q2022 | 35.0% | 67 of 114 | 1,258 of 2,518 | | | | |
| | 4Q2022 | 31.7% | 68 of 117 | 1,274 of 2,601 | | | | |
| Efficiency | 3Q2022 | 30.0% | 33 of 103 | 629 of 2,373 | | | | |
| | 4Q2022 | 0.0% | 62 of 117 | 1,464 of 2,625 | | | | |
| Person and Comm. Engagement | 3Q2022 | 20.0% | 44 of 114 | 954 of 2,533 | | | | |
| | 4Q2022 | 23.0% | 36 of 116 | 763 of 2,652 | | | | |
| Safety | 3Q2022 | 2.0% | 91 of 101 | 2,118 of 2,256 | | | | |
| | 4Q2022 | 8.0% | 79 of 101 | 1,986 of 2,301 | | | | |
| TPS | 3Q2022 | 21.8% | 73 of 114 | 1,660 of 2,543 | 3.9368 | 85.6% | 0.9971 | (\$101,500) |
| | 4Q2022 | 15.7% | 99 of 117 | 2,195 of 2,664 | 4.2426 | 66.5% | 0.9933 | (\$236,700) |

Guidance on Performance

- For the following measures in this VBP program, lower values represent **better** performance:
 - NHSN measures (CLABSI, CAUTI, C.DIFF, SSI, MRSA)
 - MSPB
 - THA/TKA



Value Based Purchasing: Hospital Case Study



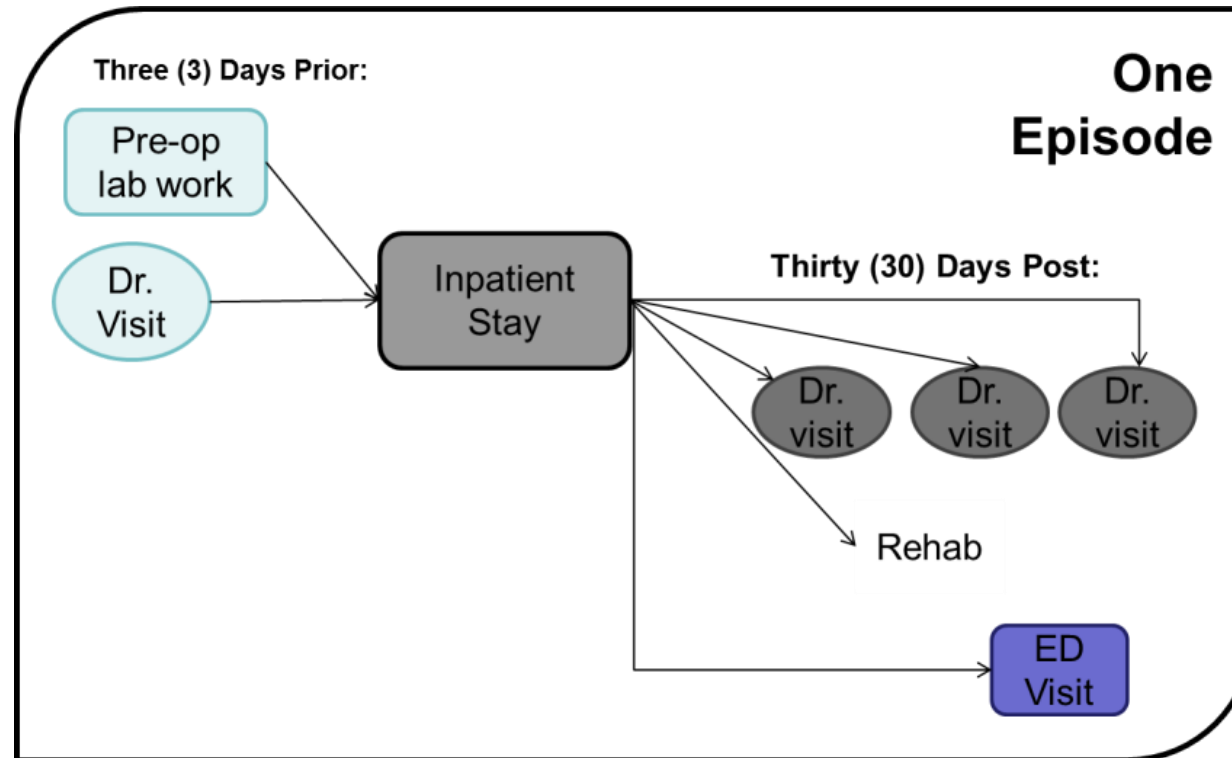
| | | 2020 | 2021 |
|--------------|--------------------------------|------------|------------|
| Domain Score | HCAHPS | 61% | 52% |
| | Outcomes | 88% | 78% |
| | Safety | 15% | 18% |
| | Efficiency | 0% | 0% |
| | Total Performance Score | 41% | 37% |

| | | |
|---------------------------|----------------|----------------|
| VBP Slope | 2.8085 | 3.2077 |
| Adjustment Factor | 1.003 | 1.0037 |
| Payback Percentage | 115.15% | 118.68% |

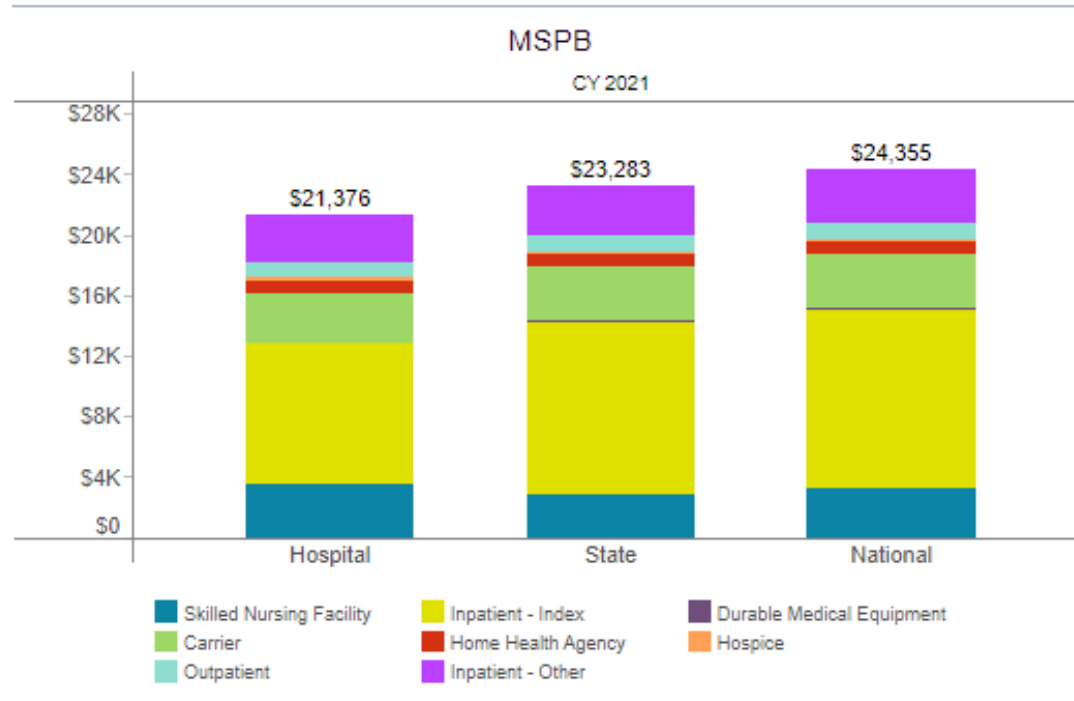
- Total Performance Score decreased from FFY 2020 at 41% to FFY 2021 at 37%
- Hospital Payout Percentage increased from 115.15% to 118.68% from FFY 2020 to FFY 2021
- As other hospitals decreased in performance (slope increased), this hospital experienced larger gains from FFYs 2020-2021

VBP Efficiency and Cost Reduction Measure

- Medicare Spending per Beneficiary:



MI's 2021 Medicare Spending per Beneficiary



| | Claim Type | Hospital | State | National |
|---------------------|---------------------------|----------|----------|----------|
| CY 2021 | | | | |
| MSPB Summary | Carrier | \$3,290 | \$3,574 | \$3,611 |
| | Durable Medical Equipment | \$95 | \$148 | \$144 |
| | Outpatient | \$904 | \$1,126 | \$1,107 |
| | Hospice | \$208 | \$181 | \$182 |
| | Inpatient - Index | \$9,241 | \$11,374 | \$11,712 |
| | Inpatient - Other | \$3,216 | \$3,249 | \$3,487 |
| | Skilled Nursing Facility | \$3,578 | \$2,892 | \$3,351 |
| | Home Health Agency | \$844 | \$739 | \$761 |

MI's 2021 Medicare Spending per Beneficiary

(con't)

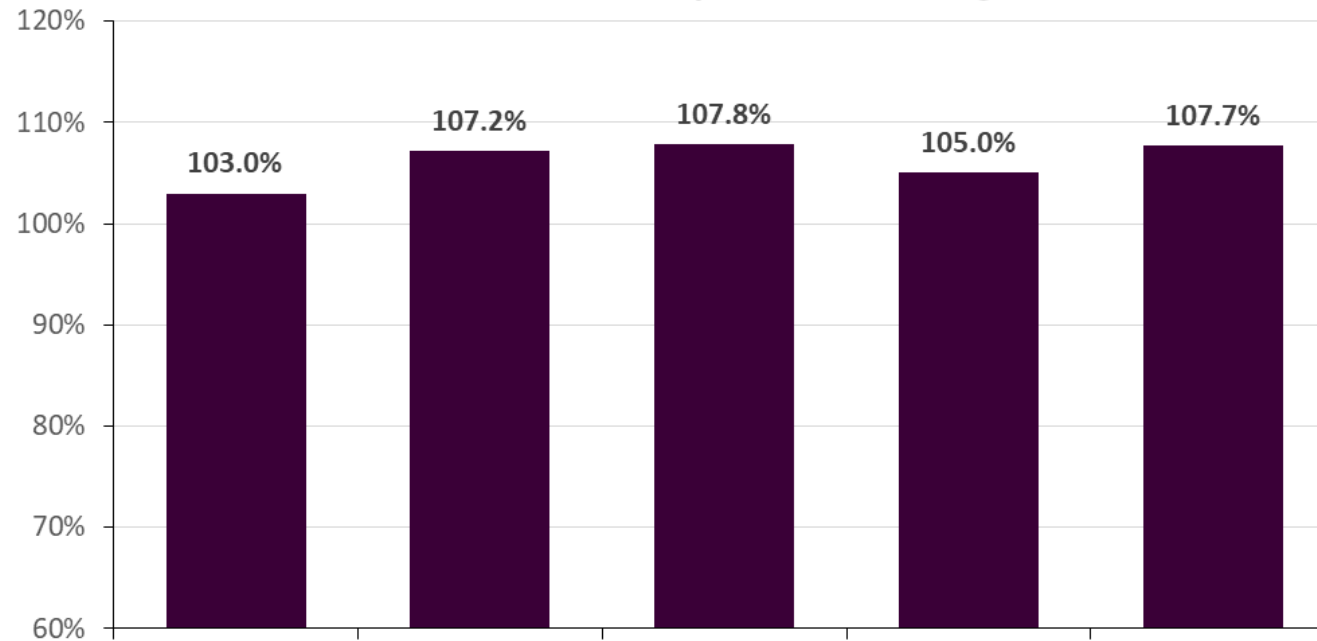
| CY | Episode Period | Claim Type | Avg. Hosp Spend | Avg. State Spend | Avg. Natl Spend |
|------|---|---------------------------|-----------------|------------------|-----------------|
| 2021 | 1 to 3 days Prior to Index Hospital Admission | Carrier | \$673 | \$655 | \$699 |
| | | Durable Medical Equipment | \$6 | \$9 | \$9 |
| | | Outpatient | \$40 | \$172 | \$187 |
| | | Hospice | \$0 | \$1 | \$1 |
| | | Inpatient - Other | \$5 | \$5 | \$8 |
| | | Skilled Nursing Facility | \$9 | \$5 | \$6 |
| | | Home Health Agency | \$15 | \$12 | \$13 |
| | | | | \$748 | \$859 |

| CY | Episode Period | Claim Type | Avg. Hosp Spend | Avg. State Spend | Avg. Natl Spend |
|------|---------------------------------|---------------------------|-----------------|------------------|-----------------|
| 2021 | During Index Hospital Admission | Carrier | \$1,202 | \$1,595 | \$1,577 |
| | | Durable Medical Equipment | \$14 | \$25 | \$23 |
| | | Outpatient | \$0 | \$0 | \$0 |
| | | Hospice | \$0 | \$0 | \$0 |
| | | Inpatient - Index | \$9,241 | \$11,374 | \$11,712 |
| | | Skilled Nursing Facility | \$0 | \$0 | \$0 |
| | | Home Health Agency | \$0 | \$0 | \$0 |
| | | | | \$10,457 | \$12,994 |

| CY | Episode Period | Claim Type | Avg. Hosp Spend | Avg. State Spend | Avg. Natl Spend |
|------|---|---------------------------|-----------------|------------------|-----------------|
| 2021 | 1 through 30 days After Discharge from Index Hospital Admission | Carrier | \$1,415 | \$1,324 | \$1,335 |
| | | Durable Medical Equipment | \$75 | \$114 | \$112 |
| | | Outpatient | \$864 | \$954 | \$920 |
| | | Hospice | \$208 | \$180 | \$181 |
| | | Inpatient - Other | \$3,211 | \$3,244 | \$3,479 |
| | | Skilled Nursing Facility | \$3,569 | \$2,887 | \$3,345 |
| | | Home Health Agency | \$829 | \$727 | \$748 |
| | | | | \$10,171 | \$9,430 |

MI's VBP Performance Trends

Statewide Payback Percentage



| | 2017 | 2018 | 2019 | 2020 | 2021 |
|--------------------|-------------|-------------|-------------|-------------|-------------|
| Payout Percentage | 103.0% | 107.2% | 107.8% | 105.0% | 107.7% |
| Total Impact | \$1,765,100 | \$4,290,400 | \$4,731,800 | \$3,125,300 | \$4,938,100 |
| Eligible Hospitals | 84 | 84 | 85 | 85 | 83 |
| Number of Winners | 49 | 54 | 58 | 55 | 56 |
| Number of Losers | 35 | 30 | 27 | 30 | 27 |

MI's VBP Performance Trends

| Domain Ranking | 2017 | 2018 | 2019 | 2020 | 2021 |
|---------------------------------|----------|------------|------------|------------|------------|
| Process of Care | 24 of 50 | n/a | - | n/a | - |
| Person and Community Engagement | 38 of 50 | 37 of 50 ▼ | 35 of 50 ▼ | 37 of 50 ▲ | 37 of 50 - |
| Clinical Outcomes | 9 of 50 | 9 of 50 - | 2 of 50 ▼ | 3 of 50 ▲ | 3 of 50 - |
| Efficiency and Cost Reduction | 22 of 50 | 17 of 50 ▼ | 15 of 50 ▼ | 15 of 50 - | 15 of 50 - |
| Safety | 41 of 50 | 30 of 50 ▼ | 39 of 50 ▲ | 45 of 50 ▲ | 44 of 50 ▼ |
| Total Performance Score | 18 of 50 | 10 of 50 ▼ | 10 of 50 - | 14 of 50 ▲ | 13 of 50 ▼ |

Key Drivers of Statewide Performance:

- **New/Removed Measures**
 - FFY 2017: Added – HAI-5, HAI-6, PC-01; Removed – PN-6, SCIP-Inf-2, SCIP-Inf-3, SCIP-Inf-9, SCIP-Card-2, SCIP-VTE-2
 - FFY 2018: Added – CTM-3; Removed – AMI-7a, Pain Management
 - FFY 2019: Added – THA/TKA; Expanded – HAI-1., HAI-2; Removed – PSI-90
 - FFY 2020: Added – MORT-30-COPD
 - FFY 2021: Added – MORT-30-CABG; Expanded – MORT-30-PN
- **Changing Eligibility**
- **Update performance periods/standards – Nationwide Improvement**
- **Changing Domain Weights with increased weight towards Outcomes/Efficiency**

MI's Top/Bottom VBP Measures

| Top 5 Measures | | |
|-------------------|---|-----------|
| Domain | Measure | VBP Score |
| Clinical Outcomes | Complication Rate Following Elective Primary TKA/THA | 79.3% |
| Clinical Outcomes | Acute Myocardial Infarction (AMI) 30-Day Mortality Rate | 74.6% |
| Clinical Outcomes | Heart Failure (HF) 30-Day Mortality Rate | 63.0% |
| Clinical Outcomes | Pneumonia (PN) 30-Day Mortality Rate | 50.2% |
| Clinical Outcomes | Coronary Artery Bypass Graft (CABG) 30-Day Mortality Rate | 46.8% |

| Bottom 5 Measures | | |
|-------------------|---|-----------|
| Domain | Measure | VBP Score |
| HCAHPS | Cleanliness and Quietness of Hospital Environment | 10.2% |
| HCAHPS | Communication with Doctors | 11.9% |
| HCAHPS | Overall Rating of Hospital | 14.3% |
| HCAHPS | Communication about Medicines | 14.6% |
| Efficiency | Spending Per Hospital Patient With Medicare | 16.7% |

Upcoming Webinars

- Don't forget to register for the upcoming Readmission Reduction and Hospital Acquired Condition Reduction Programs webinar
 - June 14th, 2023 @ 1:30pm EST

Thank you.



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