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Two Hospital Quality Initiatives Begin October 1, 2012
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Hospitals began feeling the impact, for better or for worse, with respect to two quality initiatives established by the Affordable Care Act, effective October 1, 2012.

As discussed in our article "In Seeking to Minimize Readmissions, Hospitals Must Remember Patient Choice Requirements," CMS is now reducing Inpatient Prospective Payment System (IPPS) payments to hospitals for readmissions relating to three specific measures (acute myocardial infraction, heart failure and pneumonia) as of the beginning of this month. Hospitals received information regarding their Excess Readmission Ratio by letter dated June 20, 2012, and were expected to submit any concerns regarding this data by July 19, 2012. CMS published the Excess Readmission Ratio results for all hospitals in the FY 2013 IPPS Final Rule.

Similarly, CMS has begun reducing Hospital Diagnosis-Related Group Payments by 1.0 percent effective October 1, 2012, in order to fund incentive based payments under the Hospital Value-Based Purchasing Rule. Hospitals performing well on specified quality measures will now receive value-based incentive payments for each patient discharge in FY 2013, while poor performing hospitals will see a net decrease in payments. Hospitals were notified of their estimated value-based incentive payment for each patient discharge through their QualityNet account this summer, and CMS anticipates notifying each hospital of their exact value-based incentive payments by November 1, 2012. For more information on the Hospital Value-Based Purchasing program, see our article "Hospital Pay-For-Quality Has Arrived: Final Value-Based Purchasing Rule Released."