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CMS Announces New Hospital Value-Based Purchasing FAQs

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With the kick-off of the first year of the hospital value-based purchasing (VBP) program this coming fall, CMS recently announced additional FAQs [PDF] to assist hospitals in getting ready. Although the concept of valued-based payments has been around since 2005, the Affordable Care Act specifically required a hospital value-based purchasing (VBP) program be implemented. This program rewards hospitals based on data collected through Hospital Inpatient Quality Reporting (IQR) program for the provision of high quality care measured by their performance or improvement on targeted quality measures. Specifically, the VBP Rule provides inpatient hospitals incentive payments based on how closely they follow clinical best practices and how well hospitals enhance the patient care experience. These payment adjustments go into effect on **October 1, 2012**. The VBP FAQs address both technical issues and general questions in the following areas:

- Program Background
- Hospital Eligibility
- Incentive Payments
- Performance Periods
- Performance Assessment
- Performance Measures
- Calculating Performance Scores
- Translating Scores into Payments
- Public Reporting
- Appeals

Hospitals may submit additional questions to CMS. CMS will update the FAQs as it receives more questions and will flag them as "new."

Ober|Kaler's Comments

The VBP program implements a voluntary pay-for-performance program in the highest cost care setting — inpatient hospitals. Hospital excluded from the IQR Program, such as psychiatric, rehabilitation, long-term care, children's and cancer hospitals, may not participate in the VBP program. Hospitals should pay attention to this program as the start date is fast approaching and CMS intends the VBP program to be a permanent Medicare payment adjustment for hospitals. Beginning next year, hospitals will receive payment reductions under the hospital acquired condition (HAC) program if they have excess 30-day readmissions for patients with heart attacks, heart failure and pneumonia. Other providers should also take note, since CMS ultimately intends to include similar payment adjustments and quality programs for other providers in the post-acute and outpatient settings.