Hospital Value-Based Programs: Review and Update

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Ross Gatzke
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Objectives

• Review the impact of the FY2019 Inpatient Prospective Payment System Final Rule on the pay-for-performance programs and measures.
• Understand the current and future status and program specifications of the Hospital Value-Based Purchasing (HVBP), Readmissions Reduction (HRRP), and Hospital-Acquired Conditions (HAC) Reduction programs.
• Learn about tools to understand and support the CMS hospital incentive programs.
Program Acronyms

- HAC – Hospital-Acquired Condition Reduction Program
- IQR – Inpatient Quality Reporting Program
- IPPS – Inpatient Prospective Payment System
- HRRP – Hospital Readmissions Reduction Program
- HVBP – Hospital Value-Based Purchasing Program

Performance → Payment

- Performance Period (Encounters)
- Reporting Period
- Payment Period (Fiscal Year)
Quality Reporting Fact Sheets

Understanding Hospital Value-Based Purchasing

Meaningful Measures

Promote Effective Communication & Coordination of Care
- Medication management
- Admissions and readmissions to hospital
- Transfer of health information and interoperability

Strongen Person & Family Engagement as Partners in Their Care
- Care is personalized and aligned with patient's goals
- End-of-life care according to preferences
- Patient's experience of care
- Patient-reported functional outcomes

Make Care Safer by Reducing Harm Caused in the Delivery of Care
- Meaningful Measure Areas: Healthcare-associated infections
- Preventable healthcare harm

Quality Improvement Organizations

Lake Superior Quality Innovation Network

The Hospital Readmissions Reduction Program (HRRP), mandated by the Affordable Care Act, reduces payments to hospitals with excessive 30-day readmission rates for Medicare beneficiaries. Hospitals with excess readmissions are penalized, with the penalty amounting to additional costs for the hospital. To date, all hospitals have seen a reduction in readmission rates since the program's inception in 2010.

The Hospital Readmissions Reduction Program (HRRP), mandated by the Affordable Care Act, reduces payments to hospitals with excessive 30-day readmission rates for Medicare beneficiaries. Hospitals with excess readmissions are penalized, with the penalty amounting to additional costs for the hospital. To date, all hospitals have seen a reduction in readmission rates since the program's inception in 2010.

https://www.lsqin.org/initiatives/quality-reporting/

Meaningful Measures

Promote Effective Prevention & Treatment of Chronic Disease
- Preventive care
- Management of chronic conditions
- Prevention, treatment, and management of mental health
- Prevention and treatment of opioid and substance use disorders
- Risk-adjusted mortality

Work with Communities to Promote Best Practices of Healthy Living
- Equity of care
- Community engagement

Make Care Affordable
- Meaningful Measure Areas: Appropriate use of healthcare
- Patient-focused episodes of care
- Risk-adjusted total cost of care

FY2019 IPPS Final Rule

Removal of IQR Measures

• FY2020 Payment Determination
  • Two structural measures: Safe Surgery Checklist, Patient Safety Culture
  • One coordination of care claims-based measure: READM-30-STK
  • Six payment claims-based measures: Cellulitis, GI, Kidney/UTI, AA, Chole & CDE, SFusion
• FY 2021 Payment Determination
  • Three chart-abstracted measures: ED-1, IMM-2, VTE-6
• FY 2022 Payment Determination
  • One chart-abstracted measure: ED-2
  • Seven eCQMs: AMI-8a, CAC-3, ED-1, EHDI-1a, PC-01, STK-08, STK-10
De-duplicated IQR Measures Retained by HRRP

FY2020 Payment Determination:
- READM-30-AMI
- READM-30-CABG
- READM-30-COPD
- READM-30-HF
- READM-30-PN
- READM-30-THA/TKA

De-duplicated IQR Measures Retained by HVBP and HAC

FY2020 Payment Determination:
- PSI-90

FY2021 Payment Determination:
- CAUTI
- CDI
- CLABSI
- Colon & Abdominal Hysterectomy SSI
- MRSA
De-duplicated IQR Measures Retained by HVBP

FY2020 Payment Determination:
• MORT-30-AMI
• MORT-30-HF
• MSPB

FY2021 Payment Determination:
• MORT-30-COPD
• MORT-30-PN

FY2022 Payment Determination
• MORT-30-CABG

FY2023 Payment Determination
• Hip/Knee Complications

Removed HVBP Measures Retained by IQR

FY2021 Payment Determination
• PC-01
• AMI Payment
• HF Payment
• PN Payment
Hospital Value-Based Purchasing (HVBP) Program

Understanding the Hospital Value-Based Purchasing Program

- Started October 2012
- Inpatient Prospective Payment System (IPPS) hospitals only
- 4 domains made up of measures (21 in FY2019)
- Points for achievement, improvement, and consistency
- Total Performance Score
- Incentive payment based on linear exchange function
- DRG withholding at 2% since FY2017
### Domains & Domain Weighting

FY2019 and Subsequent Years

- Three of four domains must be scored to receive a Total Performance Score
- Domain weights are proportionately redistributed for missing domain score.
- Clinical Care changes to Clinical Outcomes in FY2020

#### FY2019 Domains & Measures

<table>
<thead>
<tr>
<th>Clinical Care</th>
<th>Person &amp; Community Engagement</th>
<th>Safety</th>
<th>Efficiency &amp; Cost Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 day mortality</td>
<td>HCAHPS</td>
<td>Healthcare-associated Infections (HAIs)</td>
<td>Medicare Spending Per Beneficiary (MSPB)</td>
</tr>
<tr>
<td>AMI</td>
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<td>Communication about medications</td>
<td>MRSA</td>
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<tr>
<td>New! THA/TKA – Total hip/total knee arthroplasty complications</td>
<td>Cleanliness and quietness</td>
<td>CDI</td>
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<td></td>
<td>Discharge information</td>
<td>Perinatal</td>
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<tr>
<td></td>
<td>Care transitions measure</td>
<td>PC-01 Early Elective Deliveries</td>
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<td></td>
<td>Overall rating of hospital</td>
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<tr>
<td></td>
<td><strong>Cohort expansion</strong></td>
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</tbody>
</table>
### Domain and Measure Eligibility: FY2020 and Subsequent Years

<table>
<thead>
<tr>
<th>Clinical Care/ Clinical Outcomes</th>
<th>Person &amp; Community Engagement</th>
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<tbody>
<tr>
<td>Minimum of 2 measures; each requires a minimum of 25 cases</td>
<td>Minimum of 100 HCAHPS surveys in the performance period</td>
<td>Two measure scores with a minimum of 1.000 predicted infections in each of the HAI measures</td>
<td>Minimum of 25 episodes of care</td>
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</table>

### FY2020 Domains & Measures

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<td>• <strong>New!</strong> COPD – Chronic Obstructive Pulmonary Disease</td>
<td>• Communication about medications</td>
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*Cohort expansion

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**FY2018 Final and FY2019 Preliminary Results**

![Average Total Performance Score FY 2018 and FY 2019](chart.png)
FY2018 Final and FY2019 Preliminary Results

Average Clinical Care Domain Score
FY 2018 and FY 2019

- MI
- MN
- WI

- Clinical Care Domain 2018
- Clinical Care Domain 2019

FY2018 Final and FY2019 Preliminary Results

Average Patient Experience Domain Score
FY 2018 and FY 2019

- MI
- MN
- WI

- Experience Domain 2018
- Experience Domain 2019
Quality Improvement Strategies - Clinical Care

- End of life care
- Early identification and treatment of sepsis
- Rapid response teams
- AMI – community capacity to stabilize
- Heart failure and pneumonia – care transitions, post-discharge support
- Transfers from skilled nursing facilities
- THA/TKA – Effective screening and addressing patient risk factors pre-surgery

Quality Improvement Strategies - Person and Community Engagement

- Empathy
- Situational Awareness
- Resiliency
- Patient Safety Culture

- Patient Family Advisory Committees
- Empathy
Quality Improvement Strategies - Healthcare-Associated Infections

- Utilize bundles
- Provide training and resources for staff to follow protocols
- Follow national testing and reporting guidelines
- Implement antimicrobial stewardship

Quality Improvement Strategies - Medicare Spending per Beneficiary

- Before admission – Ensure hierarchical condition categories are being captures
- During admission – Consider post-acute needs in balance of length of stay
- Post admission – Coordinate post-acute care with area skilled nursing facilities, home health agencies, primary care, and other partners
Clinical Documentation Improvement (CDI)

- Impacts all claims-based measures: mortality, complications, PSI, and MSPB
- Could include concurrent reviews, re-reviews, and post-discharge reviews prior to billing
- Validate diagnosis with clinical indicators
- Query clinicians to clarify record
- Ability to link cause and effect relationships not explicitly called out

Hospital Readmissions Reduction Program (HRRP)
Definition of Readmission

Readmission is an admission to an IPPS acute care hospital within 30 days of a discharge from the same or another IPPS acute care hospital.

Understanding the Hospital Readmissions Reduction Program

- Pay-for-performance penalty program
- Reduces payment for excess 30-day readmissions
- Hospitals are penalized when high rates of readmissions occur for six targeted measures
- Payment adjustments are made to all hospital-based Medicare diagnosis-related groups (DRGs)
- Payment adjustments capped at a maximum of three percent
Performance Period and Eligibility

- Three years of discharge data based on claims
  - FY2019: July 1, 2014 to June 30, 2017
  - FY2020: July 1, 2015 to June 30, 2018
  - FY2021: July 1, 2016 to June 30, 2019
- Must have a minimum of 25 cases during the three-year performance period to have an excess readmissions ratio (ERR) calculated
- Rates may be calculated for some conditions and not others
- Excludes planned readmissions

Readmission Measures in the Hospital Readmissions Reduction Program

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</thead>
<tbody>
<tr>
<td>Acute myocardial infarction (NQF 0505)</td>
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<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
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<tr>
<td>Heart failure (NQF 0330)</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
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<tr>
<td>Pneumonia (NQF 0506)</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X*</td>
<td>X</td>
<td>X</td>
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<tr>
<td>Chronic obstructive pulmonary disease (NQF 1891)</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
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<tr>
<td>Total hip and/or Total knee arthroplasty (NQF 1551)</td>
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<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
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<tr>
<td>Coronary artery bypass graft surgery (NQF 2515)</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
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</tbody>
</table>

*Expanded population for the 30-day Readmissions Pneumonia Measure
Understanding ERR and Risk Adjustment

Excess readmission ratio (ERR)
- Measures hospital’s readmission performance
- Compared to the national average
- Determines the payment adjustment factor (PAFs) to be used for a hospital’s readmission penalty

Risk adjustment
- Levels the playing field for all eligible hospitals
- Accounts for patient characteristics: age, gender, past medical history, comorbidities at the time of hospital arrival

Calculation of Excess Readmission Ratio (ERR)

ERR: Ratio of risk-adjusted predicted readmissions to risk-adjusted expected readmissions

Predicted readmissions
- Number of readmissions predicted on a hospital’s performance
- Hospital estimated effect on readmissions
- Rate per 100 discharges
- Divided by the number of eligible discharges

Expected readmissions
- Number of 30-day readmissions expected
- Based on average hospital performance with similar patients
21st Century Cures Act

- Requires CMS to account for patient backgrounds when it calculates reductions in its payments to hospitals
- Based on the proportion of a hospital's patients identified as dual-eligible beneficiaries
- Assigns hospitals to groups that allows for separate comparisons of hospitals within each group
- Designed to ensure that hospitals serving disadvantaged patients are not unduly penalized
- Adjustment to the payment methodology

Payment Adjustments Non-Stratified Methodology

- Methodology used for FY2013 to FY2018
- Used predicted-to-expected readmissions for a given measure to calculate the ERR
- Depending on ERR, a payment adjustment factor (PAF) could be applied
  - If a hospital performed better than an average hospital that admitted similar patients, the ratio will be less than 1.0.
  - If a hospital performed worse than average, the ratio will be greater than 1.0
- Payment reductions applied to all Medicare FFS base operating DRGs for that fiscal year

Source: https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/AcuteInpatientPPS/Readmissions-Reduction-Program.html
Non-Stratified Methodology

- Step 1: Compile Medicare Claims
  - Hospitals A, B, C, D

- Step 2: Calculate ERR for each measure using readmission measure methodology
  - ERR = Predicted - Expected
  - Hospitals A, B, C, D

- Step 3: ERNs Enter Payment Adjustment Factor formula
  - Hospitals A, B, C, D

- Step 4: SMS Determines Payment Adjustment for Each Hospital
  - Hospitals A, B, C, D

**Sources:**

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Payment Adjustments Stratified Methodology

- Began in FY2019
- Replaces the non-stratified methodology
- Hospitals are stratified into five peer groups (quintiles), based on proportion of dual-eligible stays
- Median ERR per measure is used as the threshold in each peer group
- Measures with 25 or more eligible discharges and an ERR above the peer group median ERR enter the PAF
- Payment reductions applied to all Medicare FFS base operating DRGs for that fiscal year

**Source:** https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/AcuteInpatientPPS/Readmissions-Reduction-Program.html
Stratified Methodology

An ERR is calculated for each of the six HRRP readmission measures: AMI, HF, pneumonia, COPD, TIA/THK, and CABG. This figure includes two peer groups for illustrative purposes; however, in the FY 2018 Inpatient Prospective Payment System Final Rule, CMS finalized a policy to stratify hospitals into five peer groups.


FY2019 HRRP Payment Adjustment Determination

This document is available under Resources at QualityNet by visiting: https://qualityreportingcenter.com/wp-content/uploads/2017/08/IQR_FY2018_IPPSFinalRule_Webinar_Slides_draft-GS-MP_vFINAL508.pdf
FY2019 HRRP Data – Payment Adjustment Factor (PAF)

<table>
<thead>
<tr>
<th></th>
<th>MI</th>
<th>WI</th>
<th>MN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum PAF</td>
<td>1.0000</td>
<td>1.0000</td>
<td>1.0000</td>
</tr>
<tr>
<td>Minimum PAF</td>
<td>0.9700</td>
<td>0.9801</td>
<td>0.9905</td>
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<tr>
<td>Number of hospitals with PAF equal to 1.0000</td>
<td>14</td>
<td>14</td>
<td>7</td>
</tr>
<tr>
<td>Number of IPPS hospitals</td>
<td>91</td>
<td>65</td>
<td>48</td>
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</table>

Source: https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/AcuteInpatientPPS/Downloads/FY2019-CMS-1694-IF-Hospital-Readmissions.zip

Improvement Opportunities

• Use data to identify top readmission diagnoses
  • Lake Superior QIN quarterly hospital readmissions report
  • CMS Readmission Reduction Report
• Implement major readmission strategies/tools
• Work closely with case management
• Improve discharge instruction communication
• Develop/strengthen relationships with post-acute community services and healthcare providers
Care Transitions Collaboratives in Your State

If you are interested in learning more, please contact our Coordination of Care team!

<table>
<thead>
<tr>
<th>Michigan</th>
<th>Minnesota</th>
<th>Wisconsin</th>
</tr>
</thead>
</table>
| Holly Standhardt  
  hstandha@mpro.org  
  248-912-6709 | Janelle Shearer  
  jshearer@stratishealth.org  
  952-853-8553 | Natalie Friess  
  n frie ss@m etas tar .co m  
  608-441-8281 |

Hospital-Acquired Condition (HAC) Reduction Program
Understanding the HAC Program

- Third incentive CMS program implemented after HVBP and Readmission Reduction program
- Measures are inpatient quality reporting measures and overlap with HVBP program measures
- Set up similar to HVBP program with measure scores, domain scores, domain weighting, and total score
- Penalty program – no gains
- Fifth year of the program FY2019

Exempted Hospitals

- Critical access hospitals (CAHs)
- Rehabilitation hospitals and units
- Long-term care hospitals (LTCHs)
- Psychiatric hospitals and units
- Children’s hospitals
- Prospective payment system (PPS)-exempt cancer hospitals (PCHs)
- Short-term acute care hospitals located in Guam, the U.S. Virgin Islands, the Northern Mariana Islands, and American Samoa
- Religious nonmedical healthcare institutions (RNHCIs)
**FY2019 Measures & Weights: Domain 1**

Domain Weight – 15%
- Patient Safety and Adverse Events Composite (Recalibrated PSI-90)
  - PSI 03 – Pressure Ulcer Rate
  - PSI 06 – Iatrogenic Pneumothorax Rate
  - PSI 08 – In-Hospital Fall with Hip Fracture Rate
  - PSI 09 – Perioperative Hemorrhage or Hematoma Rate
  - PSI 10 – Postoperative Acute Kidney Injury Requiring Dialysis Rate
  - PSI 11 – Postoperative Respiratory Failure Rate
  - PSI 12 – Perioperative Pulmonary Embolism or Deep Vein Thrombosis Rate
  - PSI 13 – Postoperative Sepsis Rate
  - PSI 14 – Postoperative Wound Dehiscence Rate
  - PSI 15 – Unrecognized Abdominopelvic Accidental Puncture/Laceration Rate

**FY 2019 Measures and Weights: Domain 2**

Domain Weight – 85%
- CDC NHSN Measures
  - CLABSI
  - CAUTI
  - SSI (Abdominal Hysterectomy and Colon Procedures)
  - MRSA bacteremia
  - CDI
Starting in FY 2018, the Winsorized z-score methodology replaced decile-based scoring method from previous years.

Winsorizing is a process by which extreme high (95th percentile) and low (5th percentile) values are re-normalized.

A z-score represents a hospital’s distance from the national mean for a measure in units of standard deviations.

Winsorized z-score method improves precision and leads to fewer ties in total HAC scores, better distinguishing hospital performance.

Lower is better.
### HAC Calculations: FY 2019 and Beyond

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Domain 1 Recalibrated PSI-90 Composite</th>
<th>Domain 2 CDC NHSN Measures</th>
<th>Total HAC Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insufficient number of cases to calculate a SIR for any of the HAI measures</td>
<td>Winsorized z-score calculated</td>
<td>No Winsorized z-score calculated</td>
<td>100% Domain 1</td>
</tr>
<tr>
<td>Insufficient claims data to receive a score for PSI-90</td>
<td>No Winsorized z-score calculated</td>
<td>Winsorized z-score calculated</td>
<td>100% Domain 2</td>
</tr>
<tr>
<td>Not enough eligible discharges in claims to receive a score for PSI-90, nor enough cases to calculate a SIR for any of the HAI measures</td>
<td>No Winsorized z-score calculated</td>
<td>No Winsorized z-score calculated</td>
<td>No HAC Score Calculated</td>
</tr>
<tr>
<td>Hospital has an HAI exception (CLABSI, CAUTI, and SSI only) or outlier data for measure (CDI only)</td>
<td>Winsorized z-score calculated</td>
<td>No Winsorized z-score calculated</td>
<td>100% Domain 1</td>
</tr>
<tr>
<td>Hospital does not submit HAI data and does not have an exception</td>
<td>Winsorized z-score calculated</td>
<td>Maximum Winsorized z-score applied</td>
<td>Follow standard domain weighting</td>
</tr>
</tbody>
</table>

### FY2019 Penalties

- HVBP and HRRP penalties taken first
- HAC penalty applied after other program adjustments are made – outliers, disproportionate share hospital (DSH), uncompensated care, and indirect medical education (IME)
- 75th percentile of total HAC scores: ≥ 0.3429
- Performance period
  - Domain 1: 10/1/2015 – 6/30/2017
  - Domain 2: 1/1/2016 – 12/31/2017
FY2019 Public Reporting on Hospital Compare

- Scores to be reported in January 2019
- Recalibrated PSI 90 Composite measure score
- CLABSI, CAUTI, SSI, MRSA, and CDI measure scores
- Domain 1 and Domain 2 scores
- Total HAC score
- Payment Reduction Indicator

FY2019 Preliminary HAC Scores: Michigan Hospitals

Michigan Hospitals
Total HAC Score FY 2019

25/94 (26.60%) of eligible MI Hospitals to receive a HAC penalty
FY2019 Preliminary HAC Scores: Minnesota Hospitals

Minnesota Hospitals
Total HAC Score FY 2019

12/49 (24.49%) of eligible MN Hospitals to receive a HAC penalty

FY2019 Preliminary HAC Scores: Wisconsin Hospitals

Wisconsin Hospitals
Total HAC Score FY 2019

15/66 (22.72%) of eligible WI Hospitals to receive a HAC penalty
FY2019 Final Rule

- PSI 90 calculated using the recalibrated version 8.0 of CMS PSI software
- Excluded CLABSI and CAUTI measure results for hospitals that did not indicate in the NHSN that they had active intensive care unit locations, medical wards, surgical wards, and medical-surgical wards for at least one quarter during the reporting period (i.e., no mapped locations), in alignment with Hospital Inpatient Quality Reporting (IQR) Program quality reporting payment determination
- HAC results will be publicly reported on Hospital Compare in January 2019 instead of December 2018

Possible Future Changes in the HAC Program

- Sub-regulatory process to be used to make non-substantive updates (updated diagnosis or procedure codes, medication updates for categories of medications, broadening of age ranges, etc.) to measures
- Measures being considered:
  - Falls with injury
  - Adverse drug events (ADE)
  - Glycemic events
  - Ventilator associated events (VAE)
  - eCQMs
- Inclusion of social risk factors for risk adjustment of HAC measures
  - Dual-eligibility
  - Race/ethnicity
  - Geographic area of residence
  - Disability or medical complexity (for CDC NHSN HAC measures)
Strategies for Improvement

- Decolonization of patients
- Antimicrobial stewardship
- Daily environment cleaning and disinfection
- Standard precautions (e.g., hand hygiene)
- Analyzing facility-specific data to identify improvement opportunities
- Improve coding processes
Quality Reporting Fact Sheets

https://www.lsqin.org/initiatives/quality-reporting/

Value-Based Purchasing

- Value-Based Purchasing Worksheet
  https://www.lsqin.org/initiatives/quality-reporting/

- A Leadership Resource for Patient and Family Engagement Strategies:
  http://bit.ly/1yW10Dw

Readmissions Reduction

- Project RED Toolkit
  https://www.bu.edu/fammed/projectred/toolkit.html

- RARE website:
  http://www.rarereadmissions.org/
Quality Improvement Resources (continued)

Hospital-Acquired Conditions

- Agency for Healthcare Research and Quality (AHRQ) tools to reduce Hospital-Acquired Conditions

- Centers for Disease Control and Prevention (CDC)
  [https://www.cdc.gov/](https://www.cdc.gov/)

General IQR Resources

- FY 2019 IPPS Final Rule webinar slides

- FY 2019 IPPS Final Rule

- Quality Reporting Center
  [www.qualityreportingcenter.com](http://www.qualityreportingcenter.com)

- QualityNet HelpDesk (for Secure Portal access issues, data submission issues, and password resets)
  Phone: 866-288-8912
  [qnetsupport@hcqis.org](mailto:qnetsupport@hcqis.org)
Questions?

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