Hospital Quality Incentive Program

The Hospital Quality Improvement payment program will be based on measuring preventable admission events as defined by the "**3M™ Population-focused Preventables Software** for identifying preventable hospital admissions."
http://multimedia.3m.com/mws/media/855236O/3m-ppe-solutions-fact-sheet.pdf

http://solutions.3m.com/wps/portal/3M/en_US/Health-Information-Systems/HIS/Products-and-Services/Products-List-A-Z/PPR-and-PPC-Grouping-Software/

Each hospital will be measured and rewarded on:

1. Incremental improvement in reducing preventable admissions and

2. Achieving the 25th or 50th percentile benchmark of the statewide preventable event rate.

The total amount allocated for the quality initiative will paid out each year. As a result, the actual payment amounts per hospital will vary based on the number of eligible hospitals. Payment will also be weighted by the total number of MA events per provider.

Incremental improvement

DHS will report the following for each hospital: the number of admissions (events) to an acute care hospital during CY 2015 paid by the physical health HealthChoices program, the number of preventable events admitted to that hospital, and the percent of overall events that were preventable for CY 2015.

e.g. Hospital X- CY 2015

Events	Preventable Events	Percent Preventable Events
3,782	489	12.93%

Each hospital will be measured on incremental improvement based on the difference of CY 2015 percent of overall events that were preventable minus the CY 2016 percent of overall events that were preventable. Each hospital has the potential to earn incentive dollars based on the following incremental sliding scale:

Incremental Improvement	% Payout
100% payment	
≥ 3 Percentage Point Improvement	100%
≥ 2 and < 3 Percentage Point Improvement	90%
≥ 1 and < 2 Percentage Point Improvement	80%
0.5 - < 1 Percentage Point Improvement	70%

e.g. Hospital X- 2015 PPEs (12.9%) minus 2016 PPEs (9.6%)=   incremental change in percent

	Events	Preventable Events	Percent Preventable Events
2015	3,782	489	12.9%
2016	4,401	423	9.6%
Delta			**3.3%**

Hospital X would earn 100% of the incremental bonus based on a 3.3% absolute reduction in preventable events from 2015 to 2016.

Benchmark payments

Based on the statewide reported percent of preventable events for all hospitals, DHS will calculate a 25th and 50th percentile benchmark for 2015. DHS will then report the same statistics for CY 2016. Each hospital has the ability to earn benchmark incentive payments by meeting the **prior year's 25th and 50th percentile benchmarks** based on the percent of preventable events. To receive a benchmark payment a hospital has to have a preventable event rate less than or equal to the benchmark. For example if the benchmarks for 2015 were:

	2015 Benchmark	
Percentile	**25th**	**50th**
Result	10.2%	14.0%
% Payout	100%	90%

Hospital X would earn 100% of the benchmark reward since its 9.6% rate is less than the 25th percentile.

Since Hospital X qualifies for both the Incentive Improvement and Benchmark measure, Hospital X would earn both payments.

Total payments for performance are based on three factors: total payment allocated to the overall quality program, individual hospital's performance, and individual hospital's number of MA events.