



TEXAS  
Health and Human  
Services

# Hospital Quality-Based Payment Program

---

**Office of Value-Based Initiatives**

# Hospital Quality-Based Payment (HQBP) Program Background (1 of 3)

---

- Senate Bill 7, 82nd Legislature (2011) and Senate Bill 7, 83rd Legislature (2013), directed HHSC to implement strategies to reduce potentially preventable events (PPEs), including:
  - Potentially Preventable Readmissions (PPRs)
  - Potentially Preventable Complications (PPCs)



TEXAS  
Health and Human  
Services

# Potentially Preventable Readmissions (PPRs)

---

A readmission (return hospitalization within the specified readmission time interval) that is clinically-related to the initial hospital admission



TEXAS  
Health and Human  
Services

# Potentially Preventable Complications (PPCs)

---

A harmful event or negative outcome, such as an infection or surgical complication, that occurs after a hospital admission and may result from processes of care and treatment rather than from natural progression of the underlying illness and are therefore potentially preventable



TEXAS  
Health and Human  
Services

# HQBP Program Background (2 of 3)

---

- Hospitals are measured across Medicaid and CHIP on their performance for risk-adjusted rates of PPRs within 15 days of discharge and PPCs
- Risk adjustment accounts for differences in case mix/severity across hospitals based on state norms
- A hospital's actual PPE rate is compared to their expected rate, resulting in an actual to expected ratio



TEXAS  
Health and Human  
Services

# HQBP Program Background (3 of 3)

---

- Measurement, reporting, and application of payment adjustments occur on an annual cycle
- Hospitals can experience reductions to their payments for inpatient stays:
  - Up to 2 percent for high rates of PPRs
  - Up to 2.5 percent for PPCs
  - Hospitals have a total of 4.5 percent of reimbursement at risk



TEXAS  
Health and Human  
Services

# Reimbursement Adjustments

	Actual-to-Expected Ratio		
	Satisfactory	Unsatisfactory	
	Less than 1.10	1.10 to 1.24	1.25 and Greater
Potentially Preventable Complications (PPCs)	No Penalty	LOW Penalty: -2.0%	HIGH Penalty: -2.5%
Potentially Preventable Readmissions (PPRs)	No Penalty	LOW Penalty: -1.0%	HIGH Penalty: -2.0%



**TEXAS**  
Health and Human  
Services

# HQBP and COVID

---

- During the public health emergency (PHE), hospital admissions dropped significantly
  - However, by design, an average hospital's actual to expected ratio remains stable ( $\sim 1$ )
- The 3M software used to identify PPEs includes clinical logic to exclude hospitalizations and complications related to COVID



TEXAS  
Health and Human  
Services



# Other Recent Program Changes

---

- SFY 2020 reports were changed to use event based or unweighted rates for PPRs to allow for more accurate risk adjustment
- SFY 2021 reports excluded neonatal jaundice admissions from PPR consideration:
  - Manual change to be reflected in later 3M software versions



TEXAS  
Health and Human  
Services

# Hospitals with Payment Adjustments: 2019 and 2021

PPR Penalties: Hospital Counts	Penalty Amount		Total in Penalty
	Year	-1.0%	
2019*	41	41	82
2020	45	35	80
2021	41	32	73

\*2019 used weighted PPR results

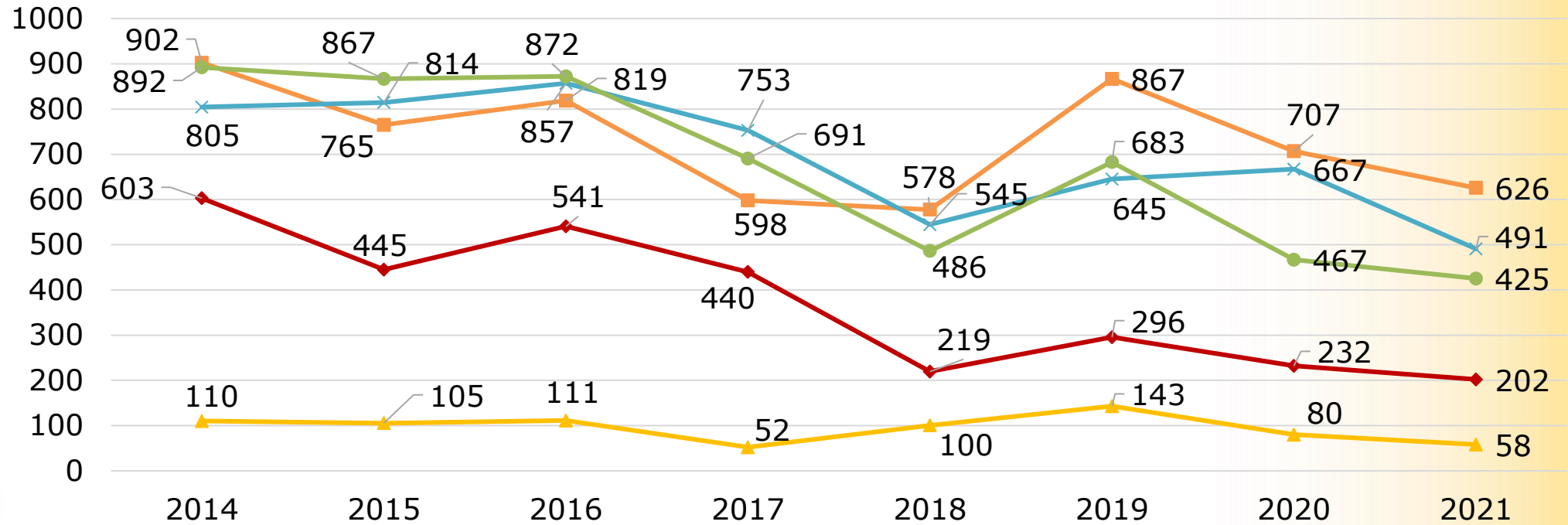
PPC Penalties: Hospital Counts	Penalty Amount		Total in Penalty
	Year	-2.0%	
2019	15	63	78
2020	20	64	84
2021	21	69	90



**TEXAS**  
Health and Human  
Services

# Changes in Hospital PPC Performance for 2017-2021

Statewide PPC Weights for Most Frequent PPCs, FY 2017-2021

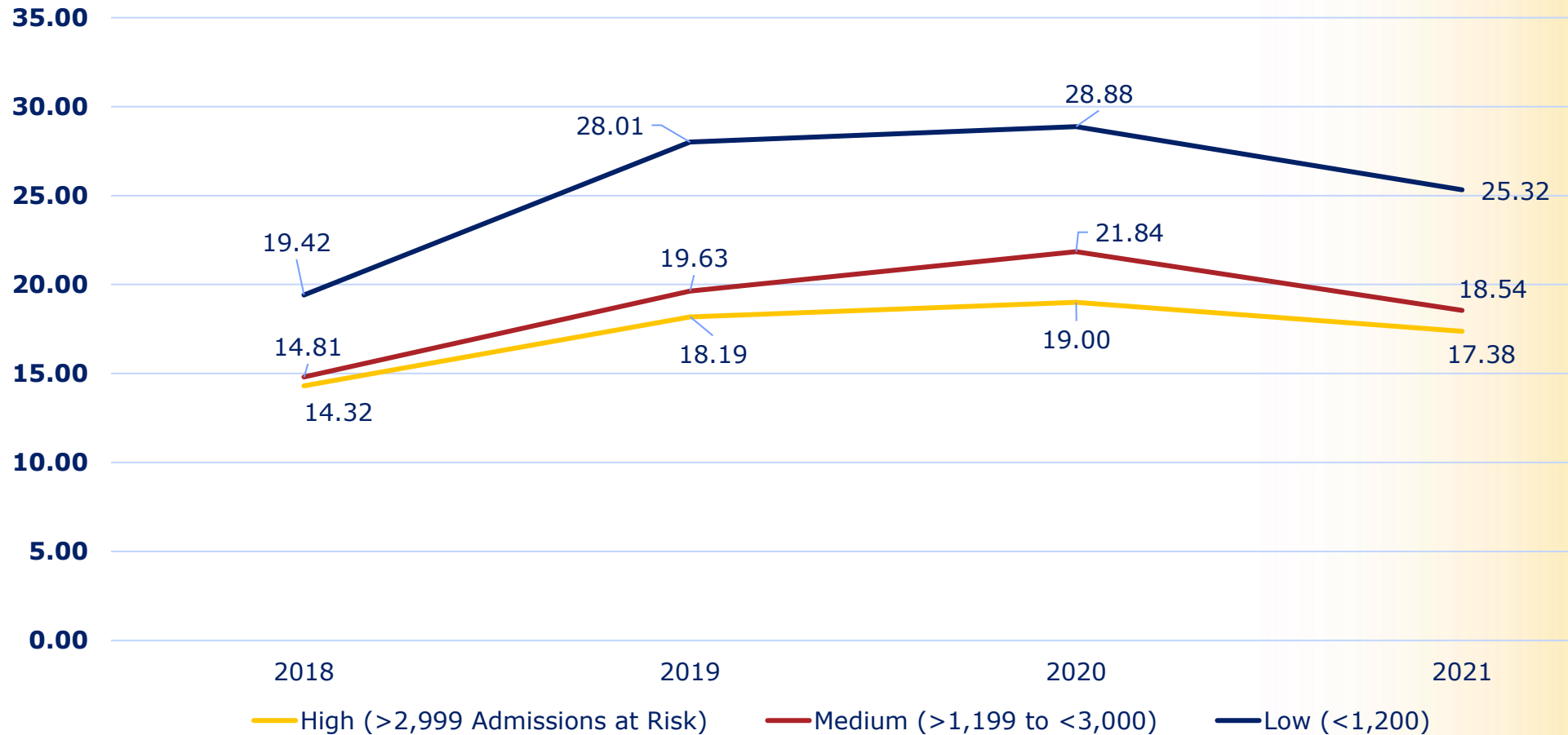


- Septicemia & Severe Infections
- Shock
- Renal Failure without Dialysis
- Acute Pulmonary Edema and Respiratory Failure without Ventilation
- Medical & Anesthesia Obstetric Complications



# Changes in Hospital PPC Performance for 2017-2021 by Hospital Volume for Admissions at Risk

PPC Weights per 1,000 Admissions at Risk for PPC by Volume Category



TEXAS  
Health and Human  
Services

# Stakeholder Meeting Series (1 of 2)

---

- Ongoing semi-annual meetings planned for the summer and fall
- Goals of the meeting series
  - Develop/discuss information for HHSC and 3M regarding clinical logic used for PPRs and PPCs
  - Provide regular updates on the program
  - Discuss quality improvement opportunities



**TEXAS**  
Health and Human  
Services

# Stakeholder Meeting Series (2 of 2)

---

- Corresponding with full-year report release and annual 3M software updates
- Information will be distributed via email and posted to the PPE webpage at <https://hhs.texas.gov/about-hhs/process-improvement/medicaid-chip-quality-efficiency-improvement/potentially-preventable-events>



TEXAS  
Health and Human  
Services



TEXAS  
Health and Human  
Services

# Thank you

---

**Jimmy Blanton, *Director***  
**Office of Value-Based Initiatives**