

## FACT SHEET: Hospital-Acquired Condition (HAC) Reduction Program

### WHY THE PROGRAM IS IMPORTANT

- Hospital-Acquired Conditions (HACs), such as infections, pressure ulcers, and sepsis, are a source of significant patient burden and cost. However, 87% of hospitals do not follow evidence-based guidelines that would contribute to their prevention.<sup>1</sup>
- In 2012, one out of every eight patients suffered a HAC during a hospital stay.<sup>2</sup>
- Although 15,000 lives have been saved due to the prevention of HACs in recent years, there is still substantial room for improvement.<sup>3</sup>

### HOW THE PROGRAM WORKS

- Implementation of the HAC Reduction Program began in FY 2015, at which time hospitals scoring in the top 25% of HAC incidence will receive a 1% deduction in the payment they would otherwise receive for discharges.<sup>4</sup>
- The HAC payment penalty adjustment occurs after base DRG payment adjustments have been calculated and made for the Hospital Value-Based Purchasing and Readmission Reduction Programs.
- The measures used to calculate each hospital's HAC score are based on data from two years prior and are organized into two Domains (Table 1).
- Measures will be publicly reported on Medicare's *Hospital Compare* website and will include a total HAC score, scores for each Domain, and scores for individual measures.

### FINANCIAL IMPACT

- CMS estimates that 753 hospitals (approximately 15% of hospitals in the country) are subject to the 1% reduction.<sup>5</sup>
- With these reductions, overall Medicare payments to hospitals would decrease by approximately 0.3%, or \$330 million for FY 2015.<sup>6</sup>

### WHERE WE WANT THE PROGRAM TO GO

- This program will need to increase its scope to fill persisting measure gap areas, such as adverse drug events, ventilator-associated events (VAEs), diagnostic errors, and a broader scope of surgical site infection measures.
- C-P Alliance supports CMS' proposed plans to develop an all-cause harm measure collected through electronic data sources.
- The weighting of the domains for this program should continue to recognize the importance of HACs that do not address infections.

**Table 1. Timeline for HAC Measure Reporting and Payment**

Domain	Individual Measures	24-Month Data Collection Period	When Payment Takes Effect
Domain 1: (weighted as 25% of HAC score)*	PSI-90 <ul style="list-style-type: none"> <li>• Pressure ulcer rate</li> <li>• Iatrogenic pneumothorax rate</li> <li>• Central venous catheter-related blood stream infection rate</li> <li>• Postoperative hip fracture rate</li> <li>• Postoperative pulmonary embolism/deep vein thrombosis rate</li> <li>• Postoperative sepsis rate</li> <li>• Wound dehiscence rate</li> <li>• Accidental puncture and laceration rate</li> </ul>	July 2011- June 2013	FY 2015 (beginning October 2014)
Domain 2 (weighted as 75% of HAC score)*	Catheter-associated urinary tract infection (CAUTI) FY 2015 for the CAUTI and CLABSI measures.	CY 2012 – CY 2013	FY 2015
	Central line-associated blood stream infection (CLABSI)	CY 2012 – CY 2013	FY 2015
	Surgical Site Infection (SSI) <ul style="list-style-type: none"> <li>• SSI following colon surgery</li> <li>• SSI following abdominal hysterectomy</li> </ul>	CY 2013 – CY 2014	FY 2016
	MRSA infection	CY 2014 – CY 2015	FY 2017
	<i>Clostridium difficile</i> infection	CY 2014 – CY2015	FY 2017

\* Weighting structure subject to change in light of CMS TEP focused on this issue.

1 “Proposed Implementation of Hospital Acquired Condition (HAC) Reduction Program for FY 2015.” 78 Federal Register 91 (10 May 2013), p. 27622.

2 Rau J. “More than 750 Hospitals Face Medicare Crackdown on Patient Injuries.” Kaiser Health News. June 2014  
<http://www.kaiserhealthnews.org/Stories/2014/June/23/patient-injuries-hospitals-Medicare-Hospital-Acquired-Condition-Reduction-Program.aspx> (accessed July 2014).

3 U.S. Department of Health and Human Services. “New HHS Data Shows Major Strides Made in Patient Safety, Leading to Improved Care and Savings.” May 2014 <http://innovation.cms.gov/Files/reports/patient-safety-results.pdf> (accessed July 2014).

4 “Applicable hospitals” are defined in the proposed rule for the HAC Reduction Program as “subsection (d) hospitals” as established by Section 1886 (d)(1)(B) of the Social Security Act. Therefore, applicable hospitals for the HAC Reduction Program are all hospitals within the fifty states or the District of Columbia except for long-term care hospitals (LTCHs), cancer hospitals, children’s hospitals, inpatient psychiatric facilities, and inpatient rehabilitation facilities. The HAC Reduction Program proposed rule also stipulates that Critical Access Hospitals (CAHs) are excluded. Indian Health Services hospitals and Sole Community Hospitals (SCHs) are applicable hospitals, as they are subsection (d) hospitals. Applicable hospitals are hospitals paid under the Medicare Inpatient Prospective Payment System, with the exception of SCHs.

5 “Hospital-Acquired Condition Reduction Program.” 79 Federal Register 94 (15 May 2014), pg. 27990

6 “Hospital-Acquired Condition Reduction Program.” 79 Federal Register 94 (15 May 2014), pg. 27990.