

advance

for Health Information Professionals®

RESOURCE CENTER

By Cheryl Bowling, RHIT, CCS, CHC, C-CDI

Value-Based Purchasing Evolves

How does VBP impact the coding of hospital-acquired conditions?

THE WAY QUALITY is measured in health care has changed significantly over the years. In the past, quality improvement programs focused on case-by-case reviews that seldom included trending the data.

As the delivery and administration of health care have progressed, quality improvement activities have become firmly grounded in data-based measurement systems. What was once a number of varied requirements for data gathering and reporting has evolved into a comprehensive approach to the use of data to measure patient care quality, known as value-based purchasing (VBP).

As we progress toward transforming Medicare from a more passive payer of claims to an active purchaser of care, the Centers for Medicare and Medicaid Services (CMS) has proposed VBP as its newest enhancement to the reimbursement scheme for Medicare patients. Designed to more clearly link reimbursement to performance and drive quality of care, the program requires facilities to submit additional quality data for evaluation. Hospitals then receive incentive payments based on the overall score they receive when their data is assessed. Superior patient care is encouraged because facilities that perform well are more likely to receive appropriate reimbursements.

VBP is also expected to reduce the costs of health care, especially for the Medicare population. By addressing the problems of underuse, overuse and misuse of services, VBP should improve patient safety and reduce medical errors and other adverse events that drive up costs.

Another positive result to be achieved through the VBP approach is that it should make performance results both understandable and useful to consumers. CMS believes that patients, as the consumers of health care, have a right to know about the quality of care they are receiving. This will allow them to compare outcomes and "shop around" for the best care available. Under VBP, the U.S. Department of Health and Human Services' Hospital Compare Web site will provide additional information on specific facilities and caregivers.

WHAT DOES VBP MEAN FOR CODERS?

Coders play an extremely important role in this process, as the accuracy of the data provided helps ensure the appropriate level of reimbursement. Under VBP, coders must also be better prepared to report hospital-acquired conditions (HACs), never events and present on admission (POA) indicators. With the

implementation of VBP, CMS will, for the first time, withhold payment for conditions that are considered to be nosocomial—secondary infections acquired while in the hospital.

Determining the presence of a nosocomial condition begins with the POA indicator. Payment impact is only felt when two conditions are met:

1. The condition is not POA and therefore was acquired after the patient arrived at the hospital for care.
2. The condition is one of 12 categories identified by CMS as significant medical conditions that should never happen or are reasonably preventable when nationally recognized health care guidelines are applied.

As part of the Deficit Reduction Act of 2005, claims with a discharge date as of April 1, 2008, are returned if POA is not included for each diagnosis code. If the POA indicator is no (N) or unknown (U), CMS considers that the patient did not have the condition on admission. These two indicators are handled in the same way to encourage hospitals to minimize the designation of unknown whenever possible. The physician should be queried whenever the coder cannot clearly determine if the POA is yes, no or unknown.

It's also important to note if a patient has at least one comorbid condition (CC) or major comorbid condition (MCC) present that does not have a POA of N or U, or is not on the list of identified conditions, the hospital will still be paid the higher MS-DRG rate that it received in the past. As a result, the identification of CC and MCC conditions by the coding staff continues to rise in importance when it comes to reimbursement for care and indication of the severity of a patient's condition.

While the new requirements that come along with the VBP program may put a greater amount of pressure on coders to provide accurate data, most people involved in the process, from coders to their managers and directors, agree these changes will ultimately improve the overall quality of health care. A facility that can substantiate its quality of care with high scores from CMS and open book information on its treatment outcomes will not only enjoy higher levels of patient, physician and staff loyalty but should also gain a competitive advantage relative to competing hospitals. ■

Cheryl Bowling is compliance director for Kforce Healthcare Staffing (www.kforce.com), a professional staffing firm providing contract and direct hire staffing for HIM departments. Consultant services include onsite and/or offsite delivery of coding specialists. Contact Bowling at cbowling@kforce.com.

Sponsored by Kforce Healthcare Staffing