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Web Exclusive

Implementing the Value-Based Purchasing Program

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

As Medicare continues to transition from a passive claims payer to an active care purchaser, the Center for Medicare & Medicaid Services (CMS) has introduced value-based purchasing (VBP) as its most recent advancement in the reimbursement system for Medicare patients.

With the goal of forging a closer link between performance and reimbursement to improved quality of care, facilities must now submit additional quality data for evaluation under VBP. After data are submitted and assessed, a facility receives a performance score, which is translated into the percentage of incentive payment earned. Facilities that provide high-quality patient care are more likely to receive a higher score and, therefore, more suitable reimbursement.

Lowering healthcare costs is another key goal of VBP. By linking payment to performance, the program can address the issues of underuse, overuse, and misuse of services, reducing medical errors and contributing to safer and higher quality patient care.

VBP also encourages the disclosure of hospitals' performance results. Patients will soon be able to consult the Hospital Compare Web site to compare facilities' results. The CMS believes public reporting will help Medicare beneficiaries choose quality providers and motivate hospitals to strive for improved efficiencies and higher quality of care.

As the reimbursement system becomes more complex under VBP, the potential for negative action against a hospital as a result of coded data grows. Thus, the burden on coders to improve accuracy is greater than ever. With changes to reporting procedures for hospital-acquired conditions, "never events," and present-on-admission (POA) indicators, coders must be well informed about the VBP program's requirements.

Under VBP, the CMS now withholds payment for nosocomial conditions, or secondary infections acquired while in the hospital. Depending on the frequency of such occurrences in a given facility, the impact of this may range from insignificant to one of great concern. POA indicators are key for determining nosocomial conditions. With VBP, claims are returned if POA is not included for each diagnosis code. If the POA indicator is no or unknown, the CMS considers that the condition was not POA. Therefore, coders should consult physicians whenever POA is unclear.

Correctly identifying comorbid and major comorbid conditions has also become more important with the introduction of VBP. If a patient has at least one comorbid condition or major comorbid condition present that does not have a no or an unknown POA or is not on the list of conditions that the CMS believes should never happen or are reasonably preventable, the hospital will still be paid the higher Medicare severity diagnosis-related group rate that it received in the past. While this rule applies only to Medicare patients at this point, many insurance carriers are considering implementing this standard.

In addition, many insurers have followed the CMS' example, announcing that they will no longer pay for serious, preventable mistakes. These rare never events are severe and unnecessary, such as operating on the wrong body part or giving the wrong blood type to a patient. Facilities are now being required to decide how to address the management of never events, and many hospitals say they will not bill patients for such events in the future.

Preparing for VBP

To prepare for VBP procedures, healthcare facilities should consider the following tips:

- Create a multidisciplinary team to ensure thorough oversight of hospital-acquired conditions and other issues relating to changing reimbursement.
- Ensure timely and ongoing education regarding coding and reimbursement changes.

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- Educate physicians about how their care decisions and documentation will impact reimbursement.
- Audit coding frequently enough to trend data and determine the quality of coding practices.
- Adopt best practices through nationally recommended evidence-based practice guidelines and monitor compliance.
- Analyze data before submission. Prepare responses to inquiries and have action plans identified and underway.
- Take action based on data outcomes to protect patients, reduce adverse events, and increase efficiency.

Although VBP may initially require coders to meet even higher standards for data accuracy, the program has great potential to significantly improve healthcare. By better linking payment to performance, VBP will likely reduce medical errors, lower healthcare costs, and make quality care easier to find.

— **Cheryl Bowling, RHIT, CCS, CHC, C-CDI**, is the compliance director for **Kforce Healthcare Staffing**, a professional staffing firm providing contract and direct hire staffing for HIM departments.



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