



# Health Reimagined

# Hospital Value

# Model Program:

## Operational Guidelines



Hospital Value Model Program  
Blue Shield of California  
Updated January 1, 2023

# Table of Contents

- Overview..... 3**
- Model Design ..... 4**
  - Performance Measurement ..... 4
  - Performance Measurement Descriptions ..... 4
  - Table 1: Performance Measure Descriptions..... 4
- Scoring Methodology ..... 5**
  - Scorecard ..... 5
  - Attainment and Improvement Scoring..... 5
- Normative Scoring Methodology ..... 6**
  - Table 2: Hypothetical example of normalizing weights when a measure is missing within a domain..... 7
  - Table 3: Hypothetical example of normalizing weights when data for a measure is missing within a domain and data for an entire domain is missing ..... 8
  - Minimum Program Requirements ..... 8
- Program Operations ..... 9**
  - Hospital Value Program Performance Calendar..... 9
- Appendix ..... 9**
  - Appendix A: Key Contacts ..... 9
  - Appendix B: Measure Specifications..... 9
  - Appendix C: Measure Benchmarks for Performance Year 2023..... 10
  - Appendix D: Example Scorecard Calculation ..... 11
- FAQs.....12**

## Overview

The Hospital Value Model (HVM) program is a value-based payment model developed by Blue Shield of California. Blue Shield's mission is to create a healthcare system worthy of our family and friends that is sustainably affordable for all. Hospitals participating in the HVM program will be eligible to earn an incentive payment based on performance related to three domains: safety, utilization, and patient experience (refer to Table 1 for list of measures in the HVM program). The HVM program includes the following design components:

- **Eligibility criteria:** Eligible hospitals are defined as facilities contracted with Blue Shield to provide covered services to Eligible members during the entire measurement period. Long-term care, critical access, children's hospitals, psychiatric hospitals, rehabilitation facilities, and prospective payment system-exempt cancer hospitals are excluded from participating in the HVM program. Any services that are not part of the general fee schedule will not be included. In addition, Eligible hospitals must meet the measure data requirements explained in the "Performance Measure Descriptions" section below.
- **Eligible member:** Individuals enrolled in a Blue Shield commercial, fully insured PPO or HMO benefit program or both.
- **Incentive payment:** Hospitals are eligible to receive an annual lump-sum bonus payment based on performance using the program's measure set.
- **Attainment score:** The score attained for each individual measure in the scorecard.
- **Improvement score:** The earned score for the percentage improvement from the hospital's own baseline for each individual measure in the scorecard.
- **High target:** The high target represents the mean of the top decile of all hospitals' performance for each measure during the baseline period.
- **Minimum target:** Minimum target is the fiftieth percentile of all hospitals' performance for each measure during the baseline period.

The HVM program is designed to incentivize high quality care and quality improvement through a hybrid of attainment and improvement scoring methodologies. The hospital will qualify for an Incentive payment based on either its attainment or the Improvement score (better of the two scores) for each measure in the measure set.

The participating hospital is eligible to earn an Incentive payment based on annual hospital spend and performance after year one of participating in the HVM program. The first Incentive payment for Eligible hospitals will be made up to 120 days after the annual HVM scorecard is released in the second quarter of each year.

## Model Design

### Performance Measurement

The objective of performance measurement is to reward hospitals for high quality care and quality improvement with an Incentive payment. Hospitals that are not part of the HVM program are not eligible for an HVM Incentive payment. Hospitals will be evaluated based on selected measures as outlined in Table 1 below. Hospital performance will be measured based on three domains: 1) safety, 2) utilization, and 3) patient experience. Each measure is weighted and scored individually against established benchmarks (refer to Table 1 below for benchmark source per measure) to determine the earned score.

An overall composite score, which represents performance across all measures, will be the basis for determining the Incentive payment amount.

The Incentive payment will be calculated and shared with the hospital on an annual basis. The majority of the measures will be compared to Centers for Medicare and Medicaid Services (CMS) benchmarks. Non-CMS measures will be compared to either the California population benchmarks, or benchmarks developed utilizing Blue Shield internal benchmarking data.

### Performance Measure Descriptions

Table 1 below shows the three domains (safety, utilization, and patient experience), weights per domain, individual measures, the data source, and the benchmark source per measure that will be used to create the annual hospital scorecard. To be eligible for the HVM program, the hospital must have data for at least two measures in the safety domain and data for at least one measure from one of the two other domains (utilization and patient experience).

**Table 1: Performance Measure Descriptions**

Domain	Measure	Measure Weight	Measure Full Name	Data Source	Benchmark Source
Safety (50%)	CLABSI	8%	Central Line-Associated Bloodstream Infection	CMS HVBP	CMS HVBP
	CAUTI	8%	Catheter-Associated Urinary Tract Infection	CMS HVBP	CMS HVBP
	MRSA	8%	Methicillin-resistant Staphylococcus <i>Aureus</i>	CMS HVBP	CMS HVBP
	CDI	8%	Clostridium <i>difficile</i> Infection	CMS HVBP	CMS HVBP
	SSI - colon	8%	Surgical Site Infection - Colon Surgery	CMS HVBP	CMS HVBP
	Sepsis Management	10%	Appropriate care for severe sepsis and septic shock	CMS	Blue Shield
Utilization (30%)	NTSV	15%	NTSV Cesarean Birth Rate	CMQCC	Healthy People Goal 2030
	Readmissions	15%	30 day all cause hospital readmission rate	Blue Shield	Blue Shield
Patient Experience (20%)	HCAHPS	2.5%	Communication with Nurses	CMS HVBP	CMS HVBP
	HCAHPS	2.5%	Communication with Doctors	CMS HVBP	CMS HVBP
	HCAHPS	2.5%	Responsiveness of Hospital Staff	CMS HVBP	CMS HVBP
	HCAHPS	2.5%	Communication about Medicines	CMS HVBP	CMS HVBP
	HCAHPS	2.5%	Hospital Cleanliness and Quietness	CMS HVBP	CMS HVBP
	HCAHPS	2.5%	Discharge Information	CMS HVBP	CMS HVBP
	HCAHPS	2.5%	Care Transition	CMS HVBP	CMS HVBP
	HCAHPS	2.5%	Overall Rating of Hospital	CMS HVBP	CMS HVBP

HVBP stands for Hospital Value-Based Purchasing Program

## Scoring Methodology

All network hospitals, independent of where their score is on the performance spectrum and the hospital's percentile ranking, will be eligible to earn an Incentive payment based on a percentage of hospital spend. The Incentive payment amount will not accrue year-over-year.

### Scorecard

Hospitals will receive an annual scorecard, which will include measure scores based on the attainment/improvement methodology, the total composite score for all three domains (safety, utilization, and patient experience), and the Incentive payment amount.

### Attainment and Improvement Scoring

The Attainment score and the Improvement score will be calculated based on publicly reported data from CMS (including the CMS Hospital Value Based Purchasing (HVBP) Program), CMQCC, and internal Blue Shield claims data. The hospital will receive a partial or full (100%) Incentive payment based on the Attainment score or the Improvement score (better of the two scores) for each individual measure in the measure set.

#### Attainment Scoring:

The hospital's Attainment score per measure will be calculated based on performance using established benchmarks (refer to Table 1 above for the benchmark source per measure). Benchmarks will be shared with participating hospitals when available.

#### **Safety\* and Utilization\*\* Domains:**

\*Sepsis Management measure will follow patient experience domain scoring methodology below.

\*\*NTSV does not have a high target and does not conform with the following logic.

The attainment incentive calculation follows these rules and will be calculated at the measure level:

- If the hospital's performance is lower than or equal to the high target (90th percentile) for a measure, the hospital will receive the maximum eligible incentive for that measure.
- If the hospital's performance is equal to the minimum target (50th percentile) for a measure, the hospital will receive 50% of the eligible incentive for that measure
- If the hospital's performance is between the minimum (50th percentile) and high target (90th percentile) for a measure, the hospital will receive an incremental incentive based on a sliding scale.
- If the hospital's performance is lower than minimum target (50th percentile) for a measure, the hospital will not be eligible to receive any incentive for that measure.

#### **Patient Experience Domain:**

The attainment incentive calculation follows these rules and is calculated at the measure level:

- If the hospital's performance is greater than or equal to the high target (90th percentile) for a measure, the hospital will receive the maximum eligible incentive for that measure.
- If the hospital's performance is equal to the minimum target (50th percentile) for a measure, the hospital will receive 50% of the eligible incentive for that measure.
- If the hospital's performance is between the minimum (50th percentile) and high target (90th percentile) for a measure, the hospital will receive an incremental incentive based on a sliding scale.
- If the hospital's performance is lower than the minimum target (50th percentile) for a measure, the hospital will not be eligible to receive any incentive for that measure.

<sup>1</sup>For safety and utilization domain measures (except for the Sepsis measure), the lower the performance score, the better.

## **Improvement Scoring:**

The hospital's Improvement score per measure will be calculated based on the measure's improvement percentage. For the Sepsis Management measure and patient experience domain, the improvement percentage is the percentage difference between the baseline rate and the performance rate. For all other measures in the safety domain and the readmissions measure, the improvement percentage is the negative of the percentage difference between the baseline rate and the performance rate.

The improvement incentive calculation follows these rules and will be calculated at the measure level:

- If the hospital's current performance improved by at least 10%, compared to its baseline period, the hospital will receive the maximum eligible improvement incentive on that measure.
- If the hospital's current performance improved between 0% and 10% compared to its baseline period rate, the hospital will receive an incremental improvement incentive based on a sliding scale.
- If the hospital's current performance indicates no improvement from its baseline period rate, the hospital will not be eligible to receive any improvement incentive for that measure.

## **Scoring for NTSV Measure:**

The improvement and the attainment scoring for the NTSV measure will follow a different methodology. The NTSV benchmark of 23.6% is based on the Healthy People Goal 2030 (established by the Department of Health and Human Services).

## **NTSV Attainment Methodology:**

- If the performance rate is less than or equal to the minimum target (23.6%), the hospital will receive the maximum eligible incentive.
- If the measure score is greater than the minimum target for NTSV, the hospital will not be eligible to receive any incentive under the NTSV attainment methodology.

## **NTSV Improvement Methodology:**

If the performance rate is greater than the NTSV minimum target, the hospital's Improvement score will be calculated based on the measure's improvement percentage. The improvement percentage is the negative of the percentage difference between the baseline rate and the performance rate.

- If the hospital's current performance improved by at least 10%, compared to its baseline period, the hospital will receive the maximum eligible improvement incentive on the measure.
- If the hospital's current performance improved between 0% and 10% compared to its scorecard baseline period rate, the hospital will receive an incremental improvement incentive based on a sliding scale.
- If the hospital's current performance indicates no improvement from its baseline period rate, the hospital will not be eligible to receive any improvement incentive for the measure.

## **Normative Scoring Methodology**

Data for at least two of the six safety measures and data for at least one other domain is required for participation in the HVM program. If data is unavailable for any of the measures, a normative scoring methodology will be adopted. The measure weights and total weight per domain (safety: 50%, utilization: 30%, and patient experience: 20%) can be reweighted if the data is unavailable, the data for one or more measures within the domain is unavailable, or a domain is missing entirely.

1. If data for a measure is missing within a domain, its weight will be equally redistributed to all other measures within the domain
2. If data for an entire domain is completely missing, the missing domain's weight will be equally redistributed to the remaining domains.

**Table 2: Hypothetical example of normalizing weights when a measure is missing within a domain**

Domain	Measure	Original Measure Weights	Measure Data Available/ Missing	Measures Reweighted	Domain's Final Weight
Safety	CLABSI	8%	available	$8\%+2\%=10\%$	Safety (50%)
	CAUTI	8%	available	$8\%+2\%=10\%$	
	SSI - colon	8%	available	$8\%+2\%=10\%$	
	MRSA	8%	available	$8\%+2\%=10\%$	
	Sepsis Management	10%	missing	0%	
	C-Diff	8%	available	$8\%+2\%=10\%$	
Utilization	NTSV	15%	available	$15\%+15\%=0\%$	Utilization (30%)
	Readmissions	15%	missing	0%	
Patient Experience	Communication with Nurses	2.5%	available	2.5%	Patient Experience (20%)
	Communication with Doctors	2.5%	available	2.5%	
	Responsiveness of Hospital Staff	2.5%	available	2.5%	
	Care Transition	2.5%	available	2.5%	
	Communication about Medicines	2.5%	available	2.5%	
	Cleanliness and Quietness of Hospital Environment	2.5%	available	2.5%	
	Discharge Information	2.5%	available	2.5%	
	Overall Rating of Hospital	2.5%	available	2.5%	

**Table 3: Hypothetical example of normalizing weights when data for a measure is missing within a domain and data for an entire domain is missing**

Domain	Measure	(a)		(b)	(c)	$(d = a \cdot \frac{c}{b})$
		Original Measure Weights	Measure Score	Domain's Total Weight of Available Measures	Domain's Final Weight	Adjusted Weight
Safety (50%)	CLABSI	8%	0.00	40%	60%	12%
	CAUTI	8%	1.00			12%
	SSI - colon	8%	1.80			12%
	MRSA	8%	0.60			12%
	Sepsis Management	10%	-			0.0%
	C-Diff	8%	0.52			12%
Utilization (30%)	NTSV	15%	-	15%	40%	0.0%
	Readmissions	15%	5.7%			40%
Patient Experience (20%)	Communication with Nurses	2.5%	-	0%	0%	0.0%
	Communication with Doctors	2.5%	-			0.0%
	Responsiveness of Hospital Staff	2.5%	-			0.0%
	Care Transition	2.5%	-			0.0%
	Communication about Medicines	2.5%	-			0.0%
	Cleanliness and Quietness of Hospital Environment	2.5%	-			0.0%
	Discharge Information	2.5%	-			0.0%
	Overall Rating of Hospital	2.5%	-			0.0%

### Minimum Program Requirements

If the hospital has the minimum data required during the performance period (and not the baseline period), only achievement points will be scored. Even if the hospital does not meet the program Eligibility criteria in one year, the hospital will continue to receive an annual HVM program scorecard during the contract period.



# Program Operations

To issue the Incentive payment, Blue Shield will apply the following steps:

1. Blue Shield will share the measure benchmarks with the hospital on an annual basis once available.
2. Blue Shield will create the hospital scorecard by collating benchmark and measure data and calculating the Attainment and Improvement scores per measure, and the Incentive payment amount. The scorecard will also include the measure targets for the subsequent measurement year.
3. Blue Shield will share the scorecard with the hospital in advance of the Incentive payment date. Blue Shield will make the Incentive payment as a lump sum within 120 days after the scorecard is shared with the hospital.

Blue Shield will create and maintain the annual HVM program scorecard for all participating hospitals. Hospitals participating in the HVM program will receive the annual scorecard in Q2 every year. The annual lump sum payment will be made within 120 days of scorecard release. Scorecard release in Q2 every year is subject to availability of CMS measure data and benchmarks. Measures may be reweighted due to unavailability of CMS data and benchmarks and subject to change based on CMS revisions.

## Appendix

### Appendix A: Key Contacts

Please direct any questions regarding the HVM Program to the following email address:

[CareReimagined@blueshieldca.com](mailto:CareReimagined@blueshieldca.com).

### Appendix B: Measure Specifications

- Safety and patient experience domains: All measures in the safety and patient experience domains follow CMS measure specifications.
- Utilization domain:
  - NTSV measure specifications come from the California Maternal Quality Care Collaborative (CMQCC).
  - Readmissions measure specifications:
    1. Services incurred (original hospital discharge) during 12-month period listed on report; claims paid with six months claims runout.
    2. The calculation of the readmission rate is based on Milliman's definition of CMS All-Cause Hospital-Wide 30-Day Readmission Measure
    3. BSC may transition to a standardized readmission measure in future years.

## Appendix C: Measure Benchmarks for Performance Year 2023

### Healthcare Associated Infections

#### Healthcare Associated Infections

Baseline Period		Performance Period		
Jan 1, 2019 to Dec 31, 2019		Jan 1, 2023 to Dec 31, 2023		
Safety	Measure Name	Minimum Target	High Target	50%
	↪ Catheter-Associated Urinary Tract Infection	0.650	0.000	
	↪ Clostridium <i>difficile</i> Infection	0.520	0.014	
	↪ Central Line-Associated Bloodstream Infection	0.589	0.000	
	↪ Methicillin-Resistant Staphylococcus <i>aureus</i>	0.726	0.000	
	↪ Surgical Site Infection-Colon Surgery	0.717	0.000	
	↪ Appropriate care for severe sepsis and septic shock <sup>1</sup>	0.670	0.840	

#### Resource Utilization

Baseline Period		Performance Period		
Jan 1, 2019 to Dec 31, 2019		Jan 1, 2023 to Dec 31, 2023		
Utilization	Measure Name	Minimum Target	High Target	30%
	↪ 30 day all cause readmission rate <sup>2</sup>	50th Percentile	90th Percentile	
	↪ NTSV Cesarean Birth Rate	23.60%	N/A	

#### HCAHPS Survey Dimensions

Baseline Period		Performance Period		
Jan 1, 2019 to Dec 31, 2019		Jan 1, 2023 to Dec 31, 2023		
Patient Experience	Measure Name	Minimum Target	High Target	20%
	Communication with Nurses	79.42%	87.71%	
	Communication with Doctors	79.83%	87.97%	
	Responsiveness of Hospital Staff	65.52%	81.22%	
	Communication about Medicines	63.11%	74.05%	
	Hospital Cleanliness and Quietness	65.63%	79.64%	
	Discharge Information	87.23%	92.21%	
	Care Transition	51.84%	63.57%	
Overall Rating of Hospital	71.66%	85.39%		

<sup>1</sup> Benchmarks were calculated using CA hospitals with a Sep\_1 score

<sup>2</sup> Baseline period for 30 day all cause readmission rate is Jan 1, 2022 to Dec 31, 2022

## Appendix D: Example Scorecard Calculation

The following table is an example of how the HVM program scorecard will be calculated. The better of the two (Attainment Score and Improvement Score) scores will be used to calculate the “per measure incentive payment percentage” and the “incentive payment.” The “per measure incentive payment percentage” for each measure is calculated based on the measure’s adjusted weights and the Attainment Score or Improvement Score. In this example, the hospital will earn 70.7% of the maximum Incentive payment opportunity. The table is for illustrative purposes only.

Domain	Measure	Baseline Score	Measurement Score	Minimum Target	High Target	Attainment Target	(a)		(b)		(1)	(2) = (1)* MAX[(a),(b)]
							Attainment Score	Improvement % from Baseline to Measurement	Improvement Score	Adjusted Weight	Per Measure Incentive Payment Percentage	
Safety	CLABSI	1.61	1.02	0.59	0	Minimum Target Not Met	0.0%	37%	100.0%	8.0%	8.0%	
	CAUTI	1.15	1.36	0.65	0	Minimum Target Not Met	0.0%	-18%	0.0%	8.0%	0.0%	
	SSI-Colon	0.92	0	0.72	0	High Target Met	100.0%	100.0%	100.0%	8.0%	8.0%	
	MRSA	1.12	0.74	0.73	0	Minimum Target Not Met	0.0%	34%	100.0%	8.0%	8.0%	
	CDI	0.75	0.61	0.52	0.01	Minimum Target Not Met	0.00%	19%	100.0%	8.0%	8.0%	
	Sepsis Management	Not Available	0.81	0.65	0.82	Between Minimum and High Target	97.10%	-	-	10.00%	9.7.0%	
Utilization	NTSV	28.00%	22.0%	23.60%	-	Minimum Target Met	100.0%	100.0%	100.0%	15.00%	15.00%	
	Readmissions	6.00%	5.70%	3.50%	0.0%	Minimum Target Not Met	0.0%	5%	50.0%	15.00%	7.50%	
Patient Experience	Communication with Nurses	73%	74.0%	79%	87%	Minimum Target Not Met	0.0%	1%	13.70%	2.50%	0.30%	
	Communication with Doctors	76%	73.0%	80%	88%	Minimum Target Not Met	0.0%	-4%	0.0%	2.50%	0.00%	
	Responsiveness of Hospital Staff	55%	57.0%	65%	80%	Minimum Target Not Met	0.0%	4%	36.40%	2.50%	0.90%	
	Care Transition	47%	49.0%	51%	63%	Minimum Target Not Met	0.0%	4%	42.60%	2.50%	1.10%	
	Communication about Medicines	62%	61.0%	63%	74%	Minimum Target Not Met	0.0%	-2%	0.0%	2.50%	0.0%	
	Cleanliness and Quietness of Hospital Environment	60%	65.0%	66%	79%	Minimum Target Not Met	0.0%	8%	83.3%	2.50%	2.10%	
	Discharge Information	83%	86.0%	87%	92%	Minimum Target Not Met	0.0%	4%	36.10%	2.50%	0.90%	
	Overall Rating of Hospital	63%	66.0%	72%	85%	Minimum Target Not Met	0.0%	5%	47.60%	2.50%	1.20%	
Final Score = $\sum$ (2):											70.70%	
Max Opportunity											1.0%	
Quality Multiplier (Final Score* Max Opportunity)											0.71%	
Baseline Spend											\$916,667	
Maximum Incentive (Max Opportunity * Baseline Spend)											\$9,167	
1st Year Incentive Payment (Quality Multiplier * Baseline Spend)											\$6,481	
Opportunity											\$2,686	

## FAQs

**Q:** How will the HVM program benefit hospitals?

**A:** Participating hospitals will have the opportunity to earn additional revenue through an annual Incentive payment based on quality outcomes. This is an upside program. No supplemental data is required to participate in the HVM program.

**Q:** How and when will Blue Shield notify hospitals of the Incentive payment amount?

**A:** The annual scorecard will be released in the second quarter of each year by email. Blue Shield will make the Incentive payment to the hospital within 120 days of scorecard release.

**Q:** Who is the main Blue Shield contact that can answer questions about the annual hospital scorecard?

**A:** Send your queries to the following email address: [CareReimagined@blueshield.com](mailto:CareReimagined@blueshield.com).

**Q:** What lines of business will be included in the HVM program?

**A:** For now, only fully insured, commercial PPO or HMO lines of business (or both) will be included in the HVM program. In the future, Blue Shield intends to include all commercial lines of business and self-funded (e.g., ASO and BlueCard).

**Q:** How frequently will performance reports be shared with participating hospitals?

**A:** Blue Shield will share annual scorecards with participating hospitals in quarter two every year. Participating hospitals can check the CMS website if more frequent data is available.

**Q:** Which hospitals are eligible to participate in the HVM program?

**A:** All acute care hospitals in the Blue Shield network are eligible to participate in the HVM program, except for long-term care, critical access, children's, psychiatric, rehabilitation, and prospective payment system-exempt cancer hospitals. Hospitals must also have data for at least two measures in the safety domain and data for at least one measure from one of the two other domains (utilization and patient experience).

**Q:** Will supplemental data reporting be required to participate in the HVM program?

**A:** No supplemental data is required.

**Q:** Will hospitals be penalized for poor or declining performance?

**A:** No. The HVM program is upside only; there will be no penalty for poor or declining performance.

**Q:** Can Accountable Care Alliance (ACO) hospitals participate in the HVM program?

**A:** No. Hospitals can opt to participate in either the HVM program or the ACO program.