Hospital-Acquired Conditions

**Summary:** Starting in FY2015, hospitals in the top 25th percentile of rates of hospital acquired conditions (HACs) for certain high-cost and common conditions would be subject to a payment penalty under Medicare. This provision also requires the Secretary to submit a report to Congress by January 1, 2012 on the appropriateness of establishing a healthcare acquired condition policy related to other providers participating in Medicare, including nursing homes, inpatient rehabilitation facilities, long-term care hospitals, outpatient hospital departments, ambulatory surgical centers, and health clinics.

**Status Update:** On June 5, 2011, the Centers for Medicare and Medicaid Services (CMS) released a report detailing the evidence regarding the HAC measures.

**Next steps:**
- April 6, 2011 – CMS announced public reporting of 8 HAC measures on Hospital Compare.
- June 5, 2011 – CMS released a report detailing the evidence regarding the HAC measures.
- January 1, 2012 -- Secretary must submit a report to Congress about expanding the program to other providers, including inpatient rehabilitation facilities, long-term care hospitals, hospital outpatient departments, additional hospitals, skilled nursing facilities, ambulatory surgical centers, and health clinics.

**Additional information:**
- CMS information on HACs included within Hospital Compare -- [http://www.cms.gov/apps/media/press/release.asp?Counter=3922&intNumPerPage=10&checkDate=&checkKey=&srchType=1&numDays=3500&srchOpt=0&srchData=&keywordType=1%2C2%2C3%2C4%2C5&intPage=&showAll=&pYear=&year=&desc=&cboOrder=date](http://www.cms.gov/apps/media/press/release.asp?Counter=3922&intNumPerPage=10&checkDate=&checkKey=&srchType=1&numDays=3500&srchOpt=0&srchData=&keywordType=1%2C2%2C3%2C4%2C5&intPage=&showAll=&pYear=&year=&desc=&cboOrder=date)
- CMS’s information regarding identifying HACs as part of the IPPS--[http://www.cms.gov/HospitalAcqCond/06_Hospital-Acquired_Conditions.asp#TopOfPage](http://www.cms.gov/HospitalAcqCond/06_Hospital-Acquired_Conditions.asp#TopOfPage) and [http://www.cms.gov/HospitalAcqCond/downloads/HACFactsheet.pdf](http://www.cms.gov/HospitalAcqCond/downloads/HACFactsheet.pdf)

**Long summary:**
Sec. 3008. Payment adjustment for conditions acquired in hospitals. For FY 2015 and subsequent years, Medicare inpatient PPS hospitals in the top quartile with respect to national rates of hospital acquired conditions (HACs) will have their Medicare payments for all discharges reduced by 1%, except for hospitals paid under a section 1814(b)(3) waiver,
unless the affected state demonstrates annually that it has a state program which achieves results at least equal to the results in the national program. The Secretary will designate the applicable period for determining which hospitals are in the top quartile for a fiscal year and will apply an appropriate risk adjustment in making the determination. A HAC is defined as a condition that an individual acquires during a stay in an applicable hospital, as determined by the Secretary. Requires the Secretary to provide confidential reports to hospitals in the top quartile prior to FY 2015 and in future years. Also requires public reporting and posting on the Hospital Compare Internet website regarding HACs in these hospitals after allowing them to review the information to be made public and to submit corrections. Secretary must submit a report to Congress by January 1, 2012 about expanding the program to other providers, including inpatient rehabilitation facilities, long-term care hospitals, hospital outpatient departments, additional hospitals, skilled nursing facilities, ambulatory surgical centers, and health clinics.

Legislative text:

SEC. 3008. PAYMENT ADJUSTMENT FOR CONDITIONS ACQUIRED IN HOSPITALS.

(a) IN GENERAL.—Section 1886 of the Social Security Act (42 U.S.C. 1395ww), as amended by section 3001, is amended by adding at the end the following new subsection:

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“(p) ADJUSTMENT TO HOSPITAL PAYMENTS FOR HOSPITAL ACQUIRED CONDITIONS.—

“(1) IN GENERAL.—In order to provide an incentive for applicable hospitals to reduce hospital acquired conditions under this title, with respect to discharges from an applicable hospital occurring during fiscal year 2015 or a subsequent fiscal year, the amount of payment under this section or section 1814(b)(3), as applicable, for such discharges during the fiscal year shall be equal to 99 percent of the amount of payment that would otherwise apply to such discharges under this section or section 1814(b)(3) (determined after the application of subsections (o) and (q) and section 1814(l)(4) but without regard to this subsection).

“(2) APPLICABLE HOSPITALS.—

“(A) IN GENERAL.—For purposes of this subsection, the term ‘applicable hospital’ means a subsection (d) hospital that meets the criteria described in subparagraph (B).

“(B) CRITERIA DESCRIBED.—

“(i) IN GENERAL.—The criteria described in this subparagraph, with respect to a subsection (d) hospital, is that the subsection (d) hospital is in the top quartile of all subsection (d) hospitals, relative to the national average, of hospital acquired conditions during the applicable period, as determined by the Secretary.

“(ii) RISK ADJUSTMENT.—In carrying out clause (i), the Secretary shall establish and apply an appropriate risk adjustment methodology.

“(C) EXEMPTION.—In the case of a hospital that is paid under section 1814(b)(3), the Secretary may exempt such hospital from the application of this subsection if the State which is paid under such section submits an annual report to the Secretary describing how a similar program in the State for a participating hospital or hospitals achieves or surpasses the measured results in terms of patient health outcomes and cost savings established under this subsection.

“(3) HOSPITAL ACQUIRED CONDITIONS.—For purposes of this subsection, the term ‘hospital acquired condition’ means a condition identified for purposes of subsection (d)(4)(D)(iv) and any other condition determined appropriate by the Secretary that an individual acquires during a stay in an applicable hospital, as determined by the Secretary.

“(4) APPLICABLE PERIOD.—In this subsection, the term ‘applicable period’ means, with respect to a fiscal year, a period specified by the Secretary.

“(5) REPORTING TO HOSPITALS.—Prior to fiscal year 2015 and each subsequent fiscal year, the Secretary shall provide confidential reports to applicable hospitals with respect to hospital acquired conditions of the applicable hospital during the applicable period.

“(6) REPORTING HOSPITAL SPECIFIC INFORMATION.—

“(A) IN GENERAL.—The Secretary shall make information available to the public regarding hospital acquired conditions of each applicable hospital.

“(B) OPPORTUNITY TO REVIEW AND SUBMIT CORRECTIONS.—The Secretary shall ensure that an applicable hospital has the opportunity to review, and submit corrections for, the information to be made public with respect to the hospital under subparagraph (A) prior to such information being made public.

“(C) WEBSITE.—Such information shall be posted on the Hospital Compare Internet website in an easily understandable format.

“(7) LIMITATIONS ON REVIEW.—There shall be no administrative or judicial review under section 1869, section 1878, or otherwise of the following:

“(A) The criteria described in paragraph (2)(A).

“(B) The specification of hospital acquired conditions under paragraph (3).

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“(C) The specification of the applicable period under paragraph (4).
“(D) The provision of reports to applicable hospitals under paragraph (5) and the information made available to the public under paragraph (6).”

(b) STUDY AND REPORT ON EXPANSION OF HEALTHCARE ACQUIRED CONDITIONS POLICY TO OTHER PROVIDERS.—
(1) STUDY.—The Secretary of Health and Human Services shall conduct a study on expanding the healthcare acquired conditions policy under subsection (d)(4)(D) of section 1886 of the Social Security Act (42 U.S.C. 1395ww) to payments made to other facilities under the Medicare program under title XVIII of the Social Security Act, including such payments made to inpatient rehabilitation facilities, long-term care hospitals (as described in subsection(d)(1)(B)(iv) of such section), hospital outpatient departments, and other hospitals excluded from the inpatient prospective payment system under such section, skilled nursing facilities, ambulatory surgical centers, and health clinics. Such study shall include an analysis of how such policies could impact quality of patient care, patient safety, and spending under the Medicare program.
(2) REPORT.—Not later than January 1, 2012, the Secretary shall submit to Congress a report containing the results of the study conducted under paragraph (1), together with recommendations for such legislation and administrative action as the Secretary determines appropriate.