

Value-Based Purchasing (VBP)

The Centers for Medicare and Medicaid Services (CMS) began the Value-Based Purchasing program in 2011. Its aim is to financially reward or penalize hospitals based on their performance in several different areas.

Initially, 1% of a hospital's future Medicare revenue for one year was based on performance on Core Measures (various items related to heart failure, acute myocardial infarction, pneumonia, and Surgical Care Improvement Project). Over the years, other items have been added, including 30-day mortality rates, average Medicare Spending Per Beneficiary and various quality and patient safety measures. Beginning on October 1, 2014 1.5% of a hospital's future Medicare revenue for one year will be based on these items, an additional 1% on some hospital-acquired conditions including a few infections. Furthermore, hospitals that have a 30-day readmission rate that is higher than what Medicare predicts can be liable for up to a 3% payment reduction.

It is obvious that the Centers for Medicare and Medicaid services continues to push hospitals and healthcare providers to provide excellent care for all Medicare beneficiaries and to obtain value for the payments provided to all U.S. hospitals.