

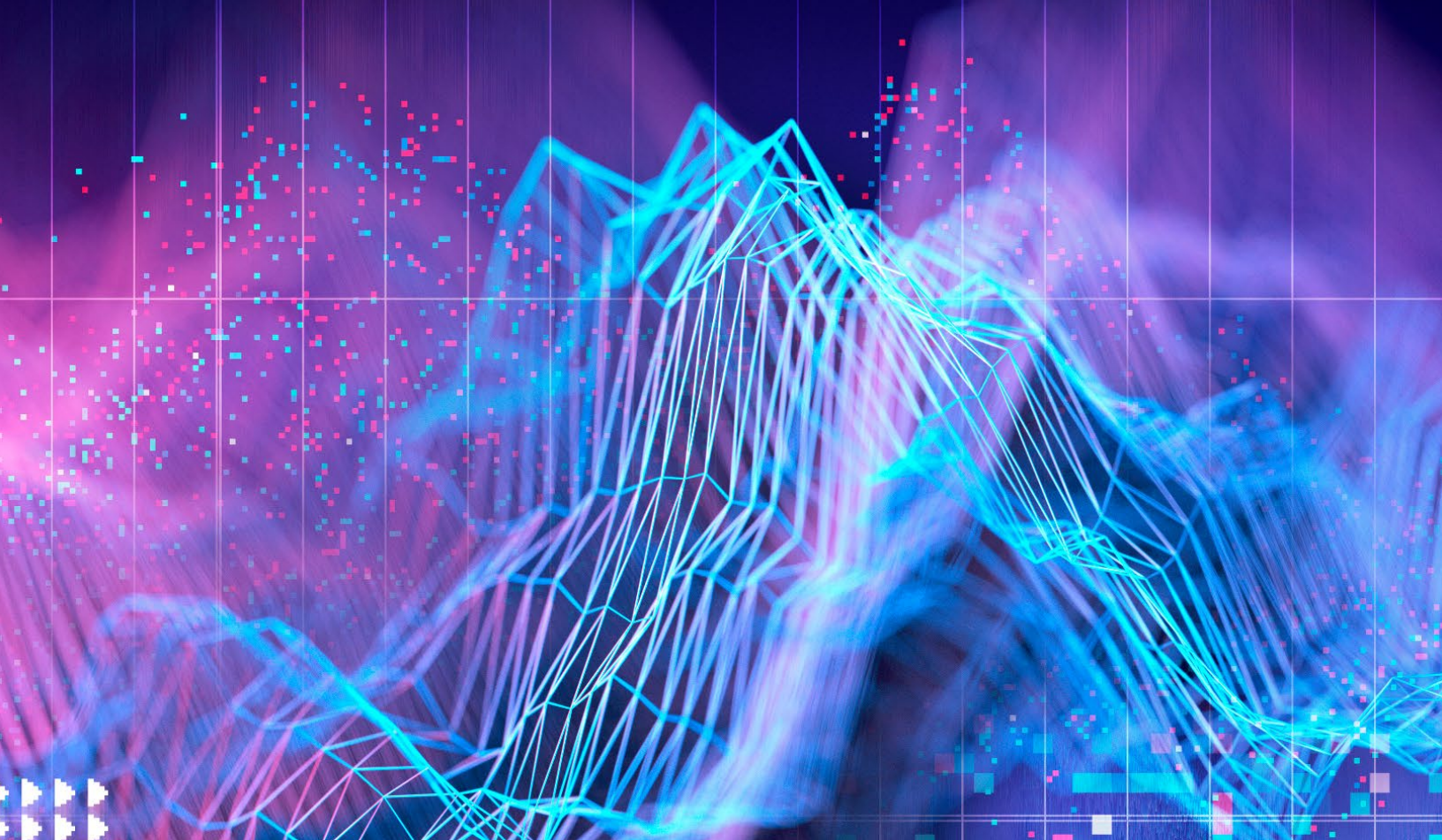


**Data Gen**<sup>®</sup>

Insights for Healthcare

# Making the most of **MSPB**

You may not know about MSPB, but focusing efforts there can lead to real savings



Medicare alternative payment models continue to evolve as evidenced by the Medicare Shared Savings Program's Pathways to Success final rule, a new proposed mandatory bundled payment model for radiation oncology, and emphasis on the role of advanced primary care practices through the Primary Care First model. While some models have reached maturity, recognized value for patients and providers has resulted in model extensions and energy to innovate the next generation of alternative payment models.

While those Inpatient Prospective Payment System hospitals not participating in bundled payment programs may think they don't need to worry about episode spending programs, if they're receiving Medicare revenue, they're already participating in one. Hospitals are responsible for visits related to a patient's episode of care for 30 days following the episode as part of the Value-Based Purchasing program, and the efficiency of this care is measured by the program's Medicare Spending per Beneficiary metric.

That may come as a surprise to many, as the majority of hospitals across the country either have no MSPB strategy or are convinced that the strategy they have will work. Ignorance of the program doesn't excuse hospitals and health systems from participating — those organizations are being held accountable already. And even if there is an MSPB strategy in place, how effectively is it being monitored? Doing well in the VBP program first demands understanding what MSPB is, and what impact it has on margins.

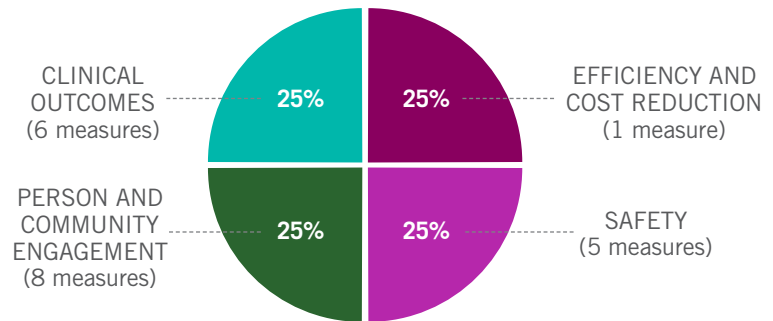
## Understanding MSPB

The VBP program is measured through four equal domain weights, as demonstrated in Figure 1.

It is important to note that the efficiency and cost reduction domain has only one measure: MSPB. That means that a full quarter of your 2% Medicare fee-for-service payment at risk for this VBP program is tied to meeting this metric.

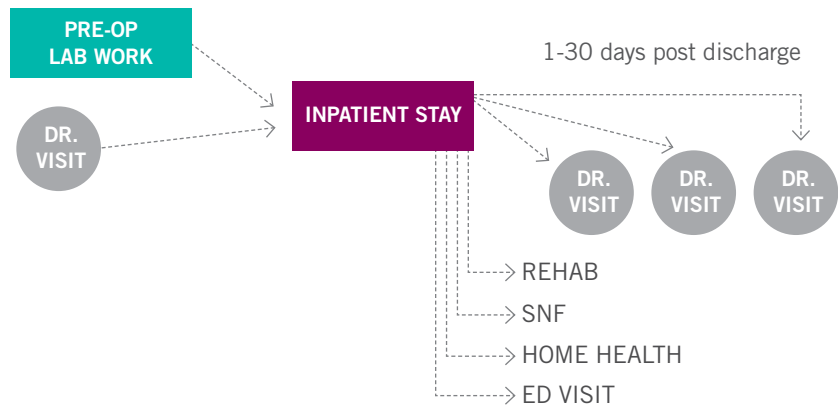
MSPB is a price-standardized, risk adjusted measure the Centers for Medicare and Medicaid Services designed to evaluate a hospital's efficiency, as measured by program spending. The program compares the average MSPB for the hospital to

**FIGURE 1** FFY 2022 domain weights and measures



**FIGURE 2** Sample episode

3 days prior:



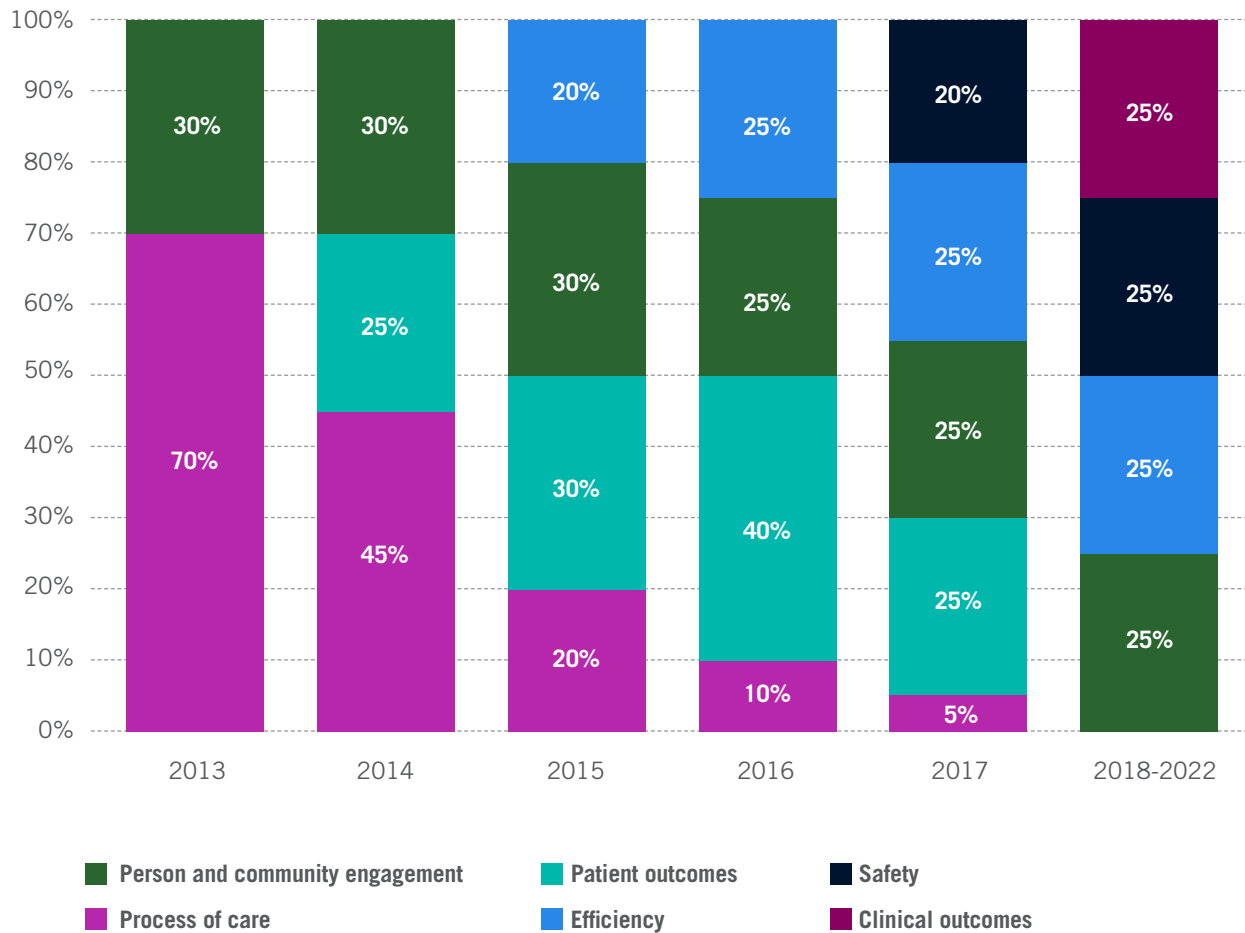
national benchmarks. As displayed in Figure 2, the time periods included in MSPB are: three days prior to admission, anchor hospital stay and one to 30 days post discharge.

The MSPB is measured by taking all Medicare Part A and Part B spending that occurs during an episode of care —

including pre-op care and visits, and extending to any and all related visits for 30 days following the care event.

CMS has demonstrated increasing emphasis on this measure in how it weighs its payments. VBP started in federal fiscal year 2013, but the efficiency domain, which includes MSPB,

**FIGURE 3** FFY 2022 domain weights and measures



wasn't added until FFY 2015. Over time, its associated weight has grown, as demonstrated in Figure 3.

The MSPB measure's importance has grown as a result of CMS placing less emphasis on process measures, and more on outcomes and efficiency measures. Given that weight, ignoring performance metrics in this measure can be a risky and costly choice.

### Building an effective strategy

An effective strategy is not solely about reducing hospital readmissions, it's also about reducing the overutilization of Medicare post-acute services,

particularly those associated with costly skilled nursing facilities and rehabilitation hospitals. To avoid the lost revenue associated with poor MSPB scores, stakeholders need an effective strategy for managing the care episode. Getting a better handle on that task requires making effective use of data to identify intervention opportunities.

#### Here are a few tips to get there:

- > Ensure that your means of data collection are reliable.
- > Use the data collected and analyzed to the benefit of care efficiency and patient-centered clinical integration.

- > Unlock new insights through hospital-specific reports to evaluate Medicare's SNF spend by provider organization and estimate patients' SNF length of stay.

Avoiding MSPB losses is not an insurmountable challenge, and it's well worth the effort of developing a solid strategy. In addition to improving patient care and capturing more payments, the workflows and processes you set up can lay the groundwork for participating in a bundled program — and potentially keep you ahead of the game as you do so.

## Why healthcare executives can't afford to ignore MSPB

There are two key reasons healthcare organizations need an effective MSPB strategy:

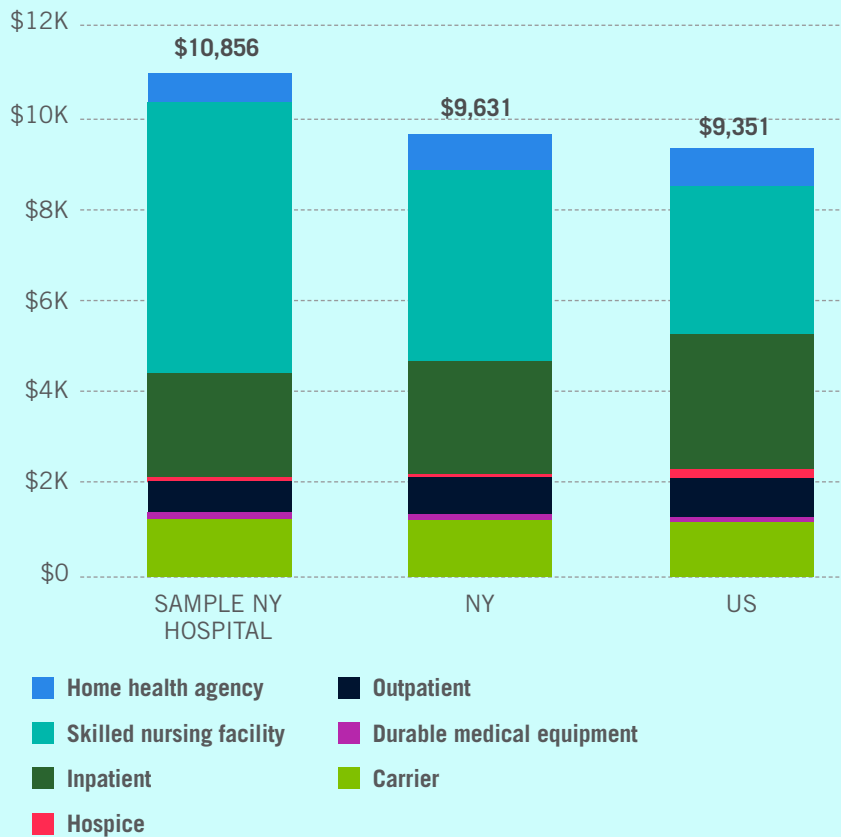
### 1. It's not going away.

CMS is trying to make the VBP program and other quality programs “less burdensome” to providers by reducing some measures. CMS has determined that there are too many measures that provide little value to clinicians or patients. However, CMS did not eliminate or propose to eliminate MSPB.

### 2. Its financial impact is real.

As reported in *Healthcare Financial Management*, VBP could affect 2% of the Medicare severity DRG payment — meaning MSPB could impact 0.5% of a hospital's case-mix adjusted base-operating payment. DataGen estimates the MSPB national impact in FFY 2021 is -\$272,088,900. Since VBP is budget neutral nationally, there will be winners and losers.

MSPB AMOUNT ONE THROUGH 30 DAYS AFTER DISCHARGE



*This sample New York hospital's average non-risk adjusted MSPB spend is significantly higher than the average for other New York hospitals — and the national hospital average — primarily due to SNFs. The data is from the FFY2021 MSPB Performance Period.*

## REFERENCES

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- <http://www.medicarespendingperbeneficiary.com/blog/post/creating-a-strong-hospital-mspb-reduction-strategy>
- <https://www.hfma.org/decodingMSPB/>
- <http://www.actionforbetterhealthcare.com/5-common-myths-about-medicare-spending-per-beneficiary/>

## ABOUT DATAGEN

For more than 20 years, DataGen has been an essential partner to healthcare organizations across the country, illustrating the financial implications of payment policy changes and promoting a pragmatic view of how changes will affect revenue and profitability. DataGen provides data analytic support to hospitals, health systems, state hospital associations and other healthcare groups across the nation as they strive to improve quality, outcomes and financial performance. Drawing on specialized health policy and payment expertise, as well as in-depth understanding of the power of analytics to drive change, DataGen simplifies the complexities of healthcare payment change.



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