

Reporting Hospital Quality Data for Annual Payment Update

Centers for Medicare & Medicaid Services (CMS)

Reference Checklist

Hospital Participation Requirements

This information describes how hospitals that are paid for treating Medicare beneficiaries under the acute care inpatient prospective payment system can receive their full Medicare Annual Payment Update in accordance with Section 501(b) of the Medicare Prescription Drug, Improvement and Modernization Act of 2003, i.e., hospitals as defined under the Social Security Act, Section 1886(b)(3), known as subsection d hospitals. Section 501(b) stipulates that hospitals that do not submit data for **all** 10 required quality measures in the manner specified by the Department of Health and Human Services will receive 0.4 percent reduction in their Medicare Annual Payment Update. This law is in effect for fiscal years 2005-2007.

This checklist outlines the steps hospitals must take to receive that update. In part, hospitals wanting to receive their full market basket update **must complete two forms**: 1) a [registration for QualityNet Exchange](#) and 2) a [Reporting Hospital Quality Data for Annual Payment Update Notice of Participation](#) (Word). In addition, hospitals that will choose to have another organization, such as a performance measurement system (PMS) or vendor, transmit their data to the QIO Clinical warehouse will need to complete a [vendor authorization form](#) (Word). If a hospital is already participating in the Hospital Quality Alliance initiative, it is likely to already have completed the registration for QualityNet Exchange and a vendor authorization form. It does not need to fill out new forms and send them in. The previous forms are acceptable. **It must, however, complete the Notice of Participation form.** Clicking on the links contained within this document can access all of these forms.

1. Identify a QualityNet Exchange Administrator who then registers the hospital on QualityNet Exchange. The Administrator follows the process specified on the secure site at www.qnetexchange.org and contacts its Quality Improvement Organization (QIO). A description of the QualityNet Exchange Administrator's responsibilities and information on the registration process can be found in the QualityNet Exchange Registration section. A hospital can find contact information for its states QIO at www.cms.hhs.gov.

A hospital **is required** to register for QualityNet Exchange if they are participating in this national effort, even if they are using a vendor to transmit data. QualityNet Exchange registrations must be complete, submitted to the QIO, and received by the QualityNet Exchange staff from your QIO. While registration is not difficult, it will require some time to process the forms.
2. Complete the [Reporting Hospital Quality Data for Annual Payment Update \(RHQDAPU\) Notice of Participation](#) (Word) form. The hospital must send a Notice of Participation form for the RHQDAPU to be received and accepted by their QIO for the fiscal year 2006 update. The QIO is responsible for entering this information into their tracking system within the established deadlines. Failure to submit this notice will be interpreted as the hospital's desire not to submit the required data to receive the full Annual Payment Update.
3. Collect data for all 10 measures (same as identified for the starter set for the Hospital Quality Alliance Initiative) using one of several mechanisms:
 - CMS Abstraction & Reporting Tool (CART)
 - JCAHO ORYX® Core Measure Performance Measurement System (PMS)
 - Other 3rd party vendor who has met the Measurement Specifications for data transmission (XML file format) into QualityNet Exchange.

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Hospital Participation Requirements (Continued)

CMS will identify hospitals from which we will not expect to receive measures data because they do not treat the conditions covered. These hospitals will receive the full Annual Payment Update as long as we receive the measures data for those conditions the hospital does treat.

If using a PMS/vendor to transmit data, the hospital completes an [authorization for the vendor to transmit](#) (Word) their data to the QIO Clinical Warehouse via QualityNet Exchange and submits the form to the QIO. The form is also available via QualityNet Exchange or by contacting your QIO. The QIO enters appropriate information into their tracking system regarding vendor authorizations, which is used for verification when the PMS/vendor submits data to QualityNet Exchange.

Vendor authorizations sent to the QIO remain in effect until the hospital notifies the QIO of any changes. It is suggested that hospitals provide the vendor with a copy of the authorization form.

4. Continuously submit data for the 10 quality measures to the QIO Clinical Warehouse via www.qnetexchange.org through a PMS/vendor or directly each quarter according to the [Data Transmission Deadlines](#) (PDF) found on the website at www.qnetexchange.org for the fiscal year 2006 update. If the hospital is JCAHO accredited, the hospital should follow the JCAHO sampling requirements. If they are a non-JCAHO accredited hospital, the hospital should follow the minimum sampling requirements established by CMS and use terminal digit sampling. (See [Sample Selection Methodology for Non-JCAHO Accredited Hospitals](#) (PDF) for discharges through 12/31/2004; or for 01/01/2005 discharges forward, see [Specifications Manual for National Hospital Quality Measures, Section 4, "Sampling Methods"](#) (PDF) on www.qnetexchange.org).
- o Hospitals will have submitted data to the QIO Clinical Warehouse for discharges through the fourth quarter (October to December) of calendar year 2004. Hospitals have 4 1/2 months from the end of the fourth quarter (December 31, 2004), until the closing of the warehouse on May 15, 2005 to make sure there are no errors in the submitted data. Data from fourth quarter 2004 discharges will be the last quarter of data with a submission deadline (May 15, 2005) that precedes the deadline for certifying the hospitals eligible to receive the full Annual Payment Update for FY 2006.
- o The data for each quarter must be submitted on time and pass all of the edits and consistency checks required in the QIO Clinical Warehouse. Hospitals that do not treat a condition or have very few discharges will not be penalized and will receive the full Annual Payment Update if they submit all the data they do possess.
- o New providers must submit data using the same schedule, as dictated by the quarter they begin discharging patients. New providers should complete the registration requirements for the RHQDAPU, and begin collecting and reporting data immediately. New providers will be held to the same standard as established facilities when determining the expected number of discharges for the calendar quarters covered for each fiscal year. The annual payment update would be based on the successful submission of data to CMS via the QIO Clinical Warehouse by the established deadlines.

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Hospital Participation Requirements (Continued)

5. CMS will determine Annual Payment Update based on the data **successfully submitted** (i.e. all cases accepted based on QIO Clinical Warehouse edits) to CMS via the QIO Clinical Warehouse by the established deadlines. Use of the CART tool will meet all warehouse edits. See "Submission of Data" section on page 4 for more details. It is CMS' intent to publish data used for the Annual Payment Update. For subsequent fiscal year payment updates, CMS will look at data in the QIO Clinical Warehouse for four consecutive quarters.
6. Hospitals must have two consecutive quarters of publishable data. All hospitals receiving the full Annual Payment Update for FY 2006 will have published data for all of the required 10 measures for both the April and September 2005 publications. Prior to the April 2005 display, hospitals were permitted to preview their information as it was recorded. The first quarter of calendar year 2004 data was published in November 2004.
7. If a hospital elects to withdraw from the RHQDAPU, it sends the [Withdrawal of Participation](#) (Word) form for the RHQDAPU to the QIO contact. For the fiscal year 2006 payment update, any withdrawal from the RHQDAPU needs to be received by your QIO no later than **August 1, 2005**. Hospitals are encouraged to coordinate with your QIO to ensure timely receipt of the information. Please note that a withdrawal from the RHQDAPU **will** result in a reduction of 0.4 percent for the Annual Payment Update. The QIO is responsible for entering withdrawal information into the tracking system within the established deadlines.
8. Hospitals must have passed the CMS validation requirements of a minimum of 80.0%reliability for the third quarter data of calendar year 2004 in order to receive the full market basket update in FY 2006. For more information on validation requirements, see the "Chart Audit Validation" section page 5.
9. Hospitals may contact their QIO for questions relating to their data or for other technical support related to their submission.

QualityNet Exchange Registration & Administrator Role

A designated Hospital QualityNet Exchange Administrator registers for QualityNet Exchange by following the steps on www.qnetexchange.org, which include contacting your QIO QualityNet Exchange Administrator for the registration form.

The Hospital QualityNet Exchange Administrator duties include:

- validating which other users should have access to the QualityNet Exchange site;
- validating what type of access each user should have;
- completing and/or approving each user's online registration;
- terminating and revoking QualityNet Exchange user accounts;
- monitoring QualityNet Exchange usage at your organization to maintain proper security and confidentiality measures; and serving as the main point of contact at your organization for information regarding QualityNet Exchange.

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Submission of Data

QualityNet Exchange is the only CMS-approved method for the electronic transmission of private data between health care providers and QIOs. The data stored in the QIO Clinical Warehouse is considered QIO data. All files and data exchanged with a QIO via QualityNet Exchange are encrypted during transmission and are stored in an encrypted format until the recipient downloads them. The QualityNet Exchange Web site was designed, voluntarily, to meet all current Health Insurance Portability and Accountability Act (HIPAA) requirements to ensure that the data are protected as required by the QIO confidentiality requirements. The Secretary of the Department of Health and Human Services will request the data required to meet the conditions for the full Annual Payment Update from the QIO Clinical Warehouse. Data aggregated at the hospital level will be provided to the Secretary and subsequently released for publication.

- Data submitted to the QIO Clinical Warehouse for the 10-starter measures in the Hospital Quality Alliance Initiative will meet the requirements for the full Annual Payment Update if your hospital is also participating in that initiative. Therefore, your hospital or authorized vendor does not need to submit two data submissions for the discharge quarters designated for each fiscal year for the Annual Payment Update.
- If your hospital is also participating in the Hospital Quality Alliance Initiative and has met the required submission for discharge quarters per fiscal year, you must still submit a [Notice of Participation](#) (Word) form to your QIO to indicate your participation.
- Cases in the QIO Clinical Warehouse can continue to be updated until the [Data Transmission Deadline](#) (PDF) each quarter. Cases in that quarter, whether selected for validation or not, will be “frozen” (no further updates will be accepted) at that time.
- Selection of cases for validation will be on or about the 20th of the month that contains each quarter’s submission deadline.

To upload data, log into the secure QualityNet Exchange Web site at www.qnetexchange.org (hospital or PMS/vendor submission):

- Click on the QIO Clinical Warehouse Data Upload link.
- Identify whether you want to upload specific files or a directory.
- Select the directory and folder where the files are located and select OK.
- Highlight the files or directory you want to upload.
- Click on the open or OK button.

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Chart Audit Validation

1. If hospital submits at least six discharges (across all topics) in a quarter, CMS will select a random sample of five discharges for chart audit validation.
2. Clinical Data Abstraction Centers (CDACs) request copies of medical records for selected discharges from the hospital.
3. Hospital sends the requested medical records for five selected discharges to the CDAC. Any record not submitted within the required timeframe will affect the overall reliability score for the hospital.
4. CDAC abstracts the measures from patient records submitted by the hospital and a comparison to the original abstraction data will be made for selected elements. Results and educational feedback on the abstraction and an overall agreement rate will be provided to the hospital and their QIO. The reports are posted on QualityNet Exchange and require the QIO Clinical Warehouse Feedback Reports role to access them. Validation information and a [flowchart](#) (PDF) describing the process are available on the QualityNet Exchange Web site.
5. Validation results:
 - Hospital passes overall validation if they achieve an 80.0% or greater agreement rate across the selected elements on the five discharges.
 - Hospital fails overall validation if they received less than 80.0% agreement rate across the five discharges
6. QIO offers educational assistance and/or additional training for hospitals failing validation or those requesting assistance to improve their hospital validation results.
7. Hospitals that fall below an 80.0% agreement rate on their validation results will have the ability to appeal the CDAC findings based on the copy of the medical record submitted. It is important for hospitals to ensure that the complete copy of the medical record is submitted to the CDACs upon the initial request; hospitals will not be allowed to submit additional components of the medical record during an appeal. The [Hospital Data Validation Process flowchart](#) (PDF) and the [Hospital Data Validation Results Appeal Form](#) (Word) are available on QualityNet Exchange website.

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Validation Requirements

The hospital must have passed our validation requirement of a minimum of 80.0% reliability, based upon our chart-audit validation process, for the third quarter data of calendar year 2004 in order to receive the full market basket update in FY 2006. For more information on validation requirements these documents are located on www.qnetexchange.org.

- The data for 3rd quarter 2004 discharges was due to the QIO Clinical Warehouse by February 15, 2005. CMS will use appropriate confidence intervals to determine if a hospital has achieved 80.0 % reliability. The use of confidence intervals will allow CMS to establish an appropriate range below the 80.0% reliability threshold that will demonstrate a sufficient level of validity to allow the data to still be considered valid. CMS will estimate the percent reliability based upon a review of five charts and then calculate the upper 95.0% confidence limit for that estimate. If this upper limit is above the required 80.0%, the hospital data will be considered validated. CMS is using the design specific estimate of the variance for the confidence interval calculation, which, in this case, is a single stage cluster sample, with unequal cluster sizes.
- CMS will use a two-step process to determine if a hospital is submitting valid data. First CMS will calculate the percent agreement for all of the variables submitted in all of the charts, whether or not they are related to the 10 measures. If a hospital falls below the 80.0% cutoff, CMS will restrict the comparison to those variables associated with the 10 measures. CMS will recalculate the percent agreement and the estimated 95.0% confidence interval and again compare to the 80.0% cutoff point. If a hospital passes under this restricted set of variables, the hospital will be considered to be submitting valid data for purposes of the validation requirement for the FY2006 APU full market basket update.
- Hospitals that fail to receive the required 80.0% reliability (after the standard appeals process) may ask that CMS **accept the Fourth Quarter of calendar year 2004 validation results** as a final attempt to present evidence of reliability. CMS plans to combine the 5 cases from the third quarter and the 5 cases from the fourth quarter into a single sample to determine whether the 80.0% reliability level is met. This gives us the greatest accuracy when estimating the reliability level. However, in order to process the fourth quarter data in time to meet our internal deadlines, these hospitals will need to submit the charts requested for reabstraction as soon as possible, but no later than **August 1, 2005**, in order for us to guarantee consideration of this information. Hospitals that make the early submission of these data and pass the 80.0% reliability minimum level will satisfy this requirement.

Standard Appeal Process

Hospitals are given the detailed results of the Clinical Data Abstraction Center (CDAC) reabstraction along with their estimated percent reliability and the upper bound of the 95.0% confidence interval. If a hospital disagrees with any of the abstraction results from the CDAC, the hospital has 10 days to appeal these results to their QIO. The QIO will review the appeal with the hospital and, if the QIO review agrees with the hospitals original abstraction, the QIO will forward the appeal to the CDAC for a final determination. If the QIO does not agree with the hospital's appeal, then the original results stand. When the CDAC has made its final determination, the new results will be provided to the hospital through the usual processes and the validation described previously will be repeated. This process is described in detail at the following website www.qnetexchange.org.

Reporting Hospital Quality Data for Annual Payment Update Centers for Medicare & Medicaid Services (CMS) Reference Checklist

Resources

www.cms.hhs.gov

- Reporting Hospital Quality Data for Annual Payment Update
- Hospital Quality Initiative Information

www.medqic.org (CMS Medicare Quality Improvement Clearinghouse)

- QIO Directory
- Quality improvement resources and strategies

www.qnetexchange.org (QualityNet Exchange – a public resource for Hospital Data Collection and CART; a secure site for data transmission)

- Reporting Hospital Quality Data for Annual Payment Update
- Hospital Quality Alliance Initiative (10-starter measures listed)
- CMS Abstraction & Reporting Tool (CART) software and User Guides
- Data transmission requirements
- Data Validation
- Quality of Care Measures, Data Abstraction Definitions, Analytic Flowcharts
- Recorded Training Sessions (CART, XML Case Checker, QualityNet Exchange, and Abstraction Definitions)
- Questions and Answers (QUEST)

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