

Hospitals Face Potential Penalties for Noncompliance with CMS’s Pay-for-Reporting Requirements



Hospitals participating in the Centers for Medicare and Medicaid Services (CMS) Inpatient Quality Reporting Program (IQR) will have to comply with the new CMS Age Friendly Hospital Measure beginning January 1, 2025.

The ACS Geriatric Surgery Verification (GSV) Program can help hospitals comply with this pay-for-reporting measure¹ as it pertains to the care of their surgical patients. The GSV Program helps hospital improve care, use critical resources more efficiently, and save money.

Depending on the size of your hospital, failure to comply with the measure could result in losing as much as **\$3 million**.

The ACS has compiled three examples to illustrate the potential penalties.²

These examples of Medicare Total Payment Amounts, with and without IQR requirements met, were created utilizing the hospital inpatient Medicare revenues included in the publicly available CMS 2022 claims data set as a proxy for current payment levels. The examples assume the same service levels in the subsequent year.

Hospital A — 800-bed hospital

Total Previous Year	
Medicare Revenue:	\$383,970,642
Full 2.9% Update:	\$395,105,791 (+\$11,135,149)
Reduced 2.05% Update:	\$391,842,040 (+\$7,871,398)

A loss of approximately **\$3,264,000** by not meeting their hospital IQR requirements

Hospital B — 186-bed hospital

Total Previous Year	
Medicare Revenue:	\$23,824,476
Full 2.9% Update:	\$24,515,386 (+\$690,910)
Reduced 2.05% Update:	\$24,312,878 (+\$488,402)

A loss of approximately **\$202,500** by not meeting their hospital IQR requirements

Hospital C — 25-bed hospital

Total Previous Year	
Medicare Revenue:	\$2,686,037
Full 2.9% Update:	\$2,763,932 (+\$77,895)
Reduced 2.05% Update:	\$2,741,100 (+\$55,064)

A loss of approximately **\$22,830** by not meeting their hospital IQR requirements

¹ All measures in the current CMS Hospital Pay-for-Performance Program initially start in the IQR program, so an iteration of this measure could become a performance measure in the future. At this stage, hospitals have to attest either “yes” or “no” to avoid penalties.

² For fiscal year (FY) 2025, a hospital that met its quality and meaningful use reporting requirements would get a 2.9% update. If the hospital doesn’t meet the quality reporting requirements, that drops down to a 2.05%. So, in essence, the hospital lost -0.85% (or around 29% of their update).