

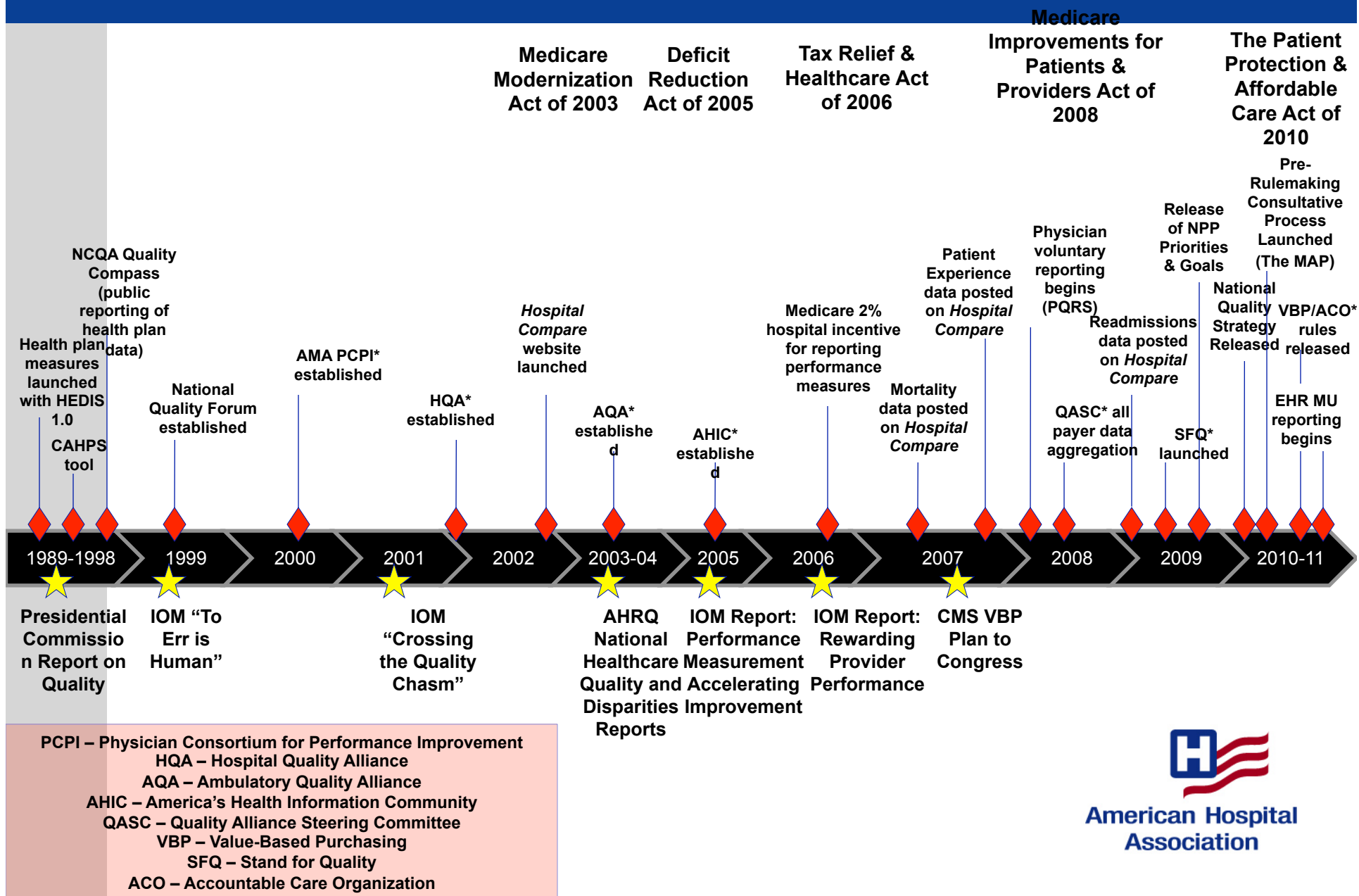


**American Hospital
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**Readmissions Policies, Processes
and Penalties**

**Nancy Foster
Vice President**

Progress of Measurement & Reporting



Health Reform Implementation This Year

New Rulemaking in 2011

- Value-based purchasing proposed rule
- Medicaid healthcare acquired conditions
- Medicare shared savings/ACOs
- Medicaid RACs
- Transparency rule
- Insurance reforms/exchanges
- Physician quality reporting system
- Home health value-based purchasing
- Proposed quality reporting measures for LTACHs and IRFs
- Meaningful use stage 2; certification



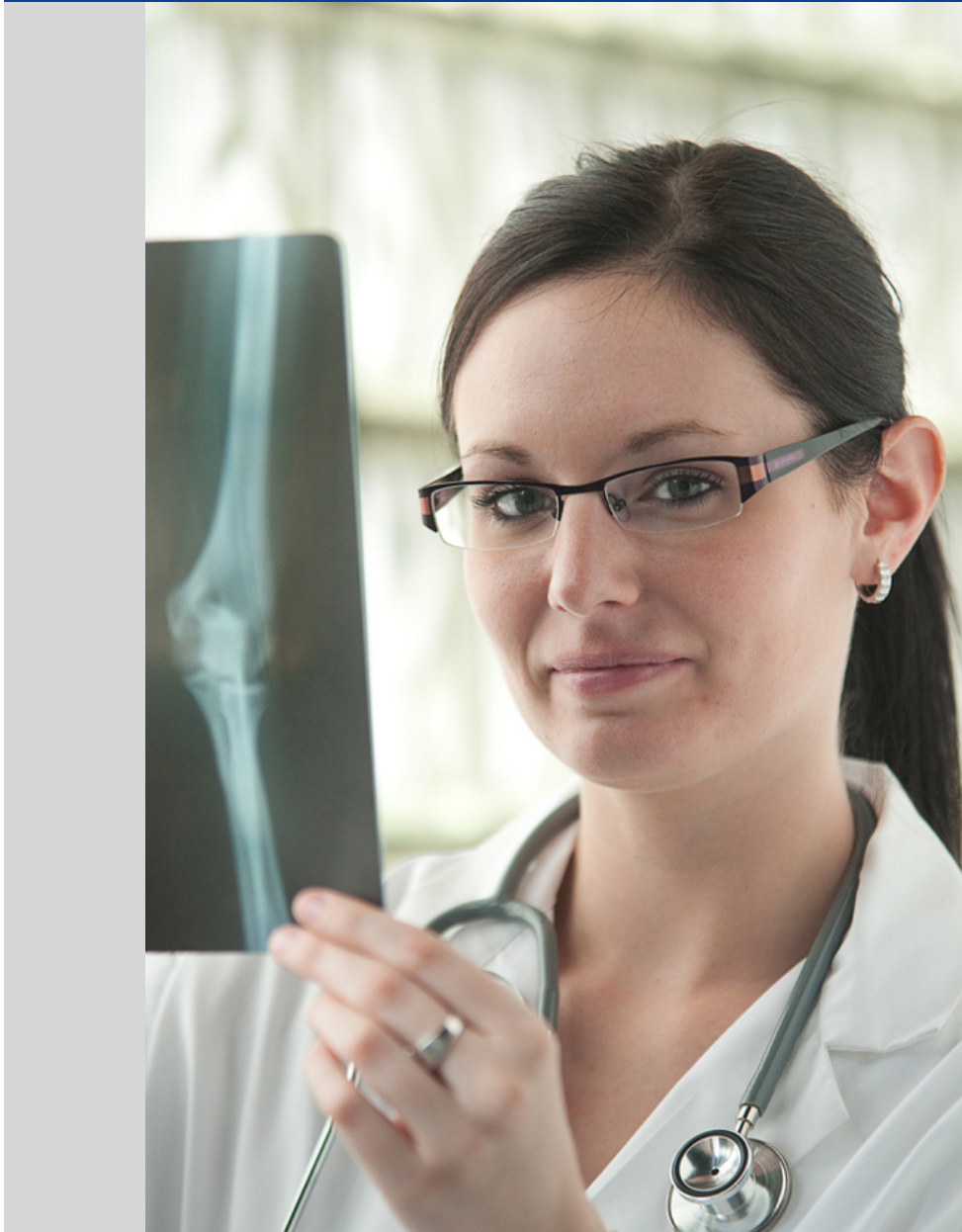
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Familiar Rulemaking Continues

- **Inpatient Prospective System Rule**
 - Coding offset
 - **Inpatient Prospective System Rule**
 - Coding offset
 - ~~Market basket productivity cuts~~
Wage index changes
- ~~Outpatient/ Ambulatory Surgery Center~~
- Wage index changes
- **Outpatient/ Ambulatory Surgery Center**
- **Physician Fee Schedule**
- **LTACH**



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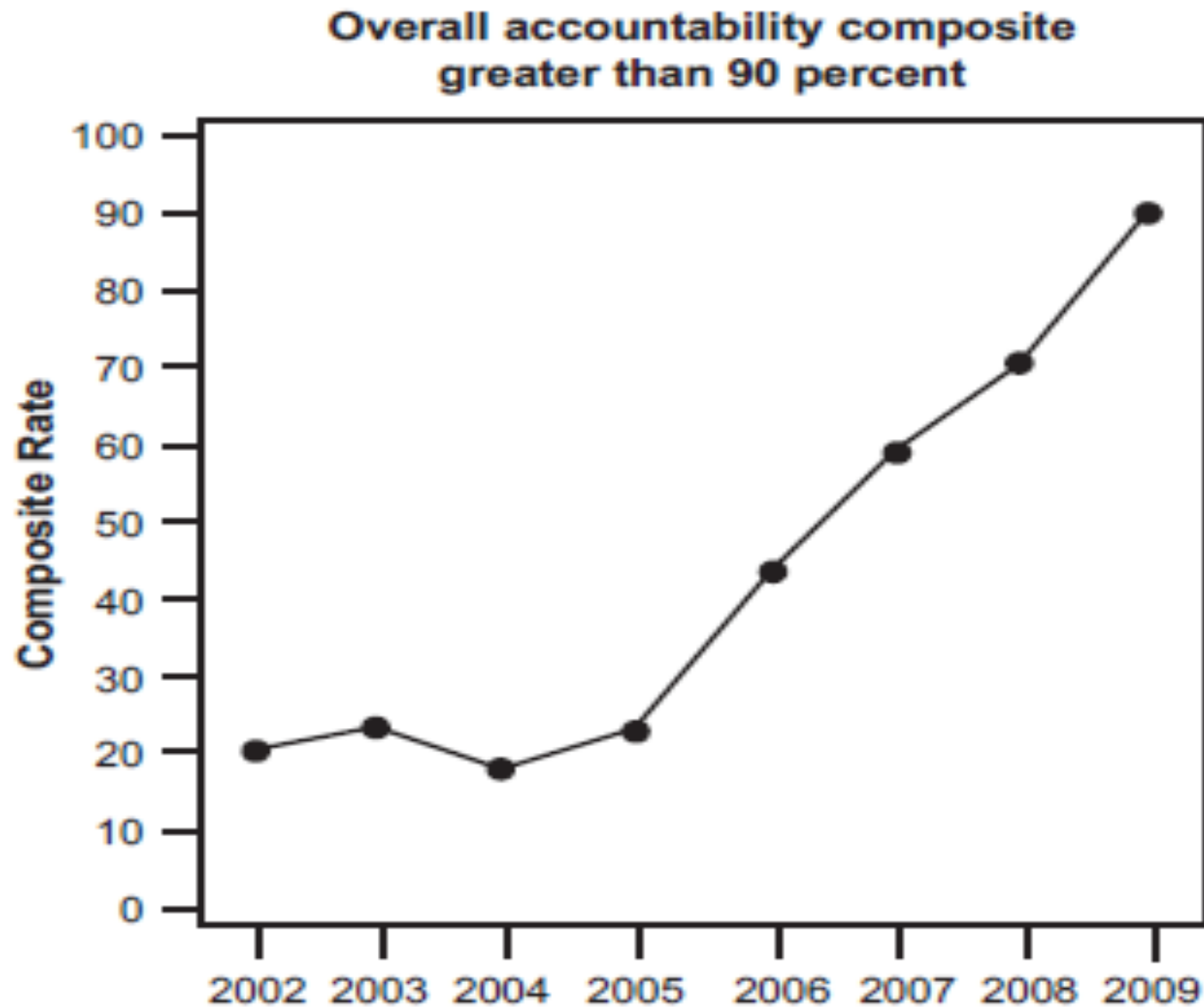


**So what has all
of this led to?**

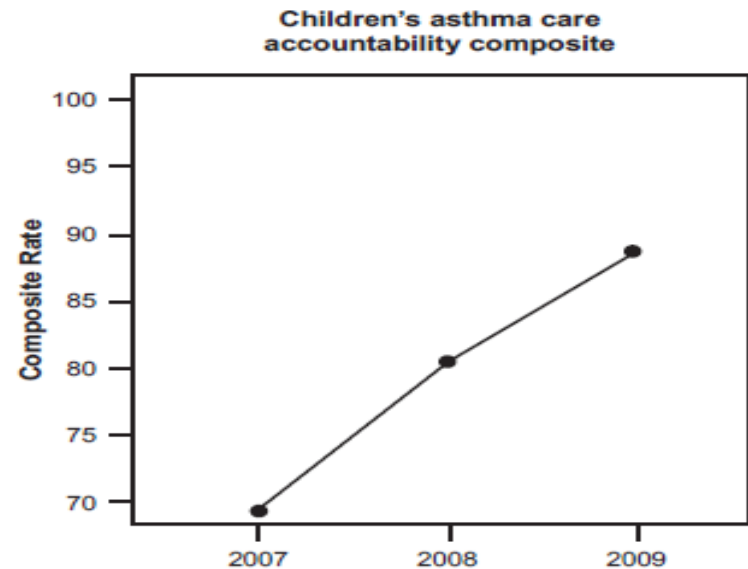
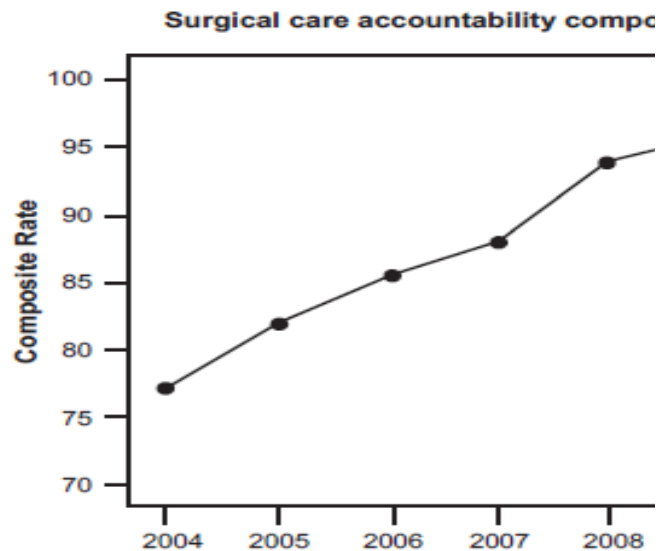
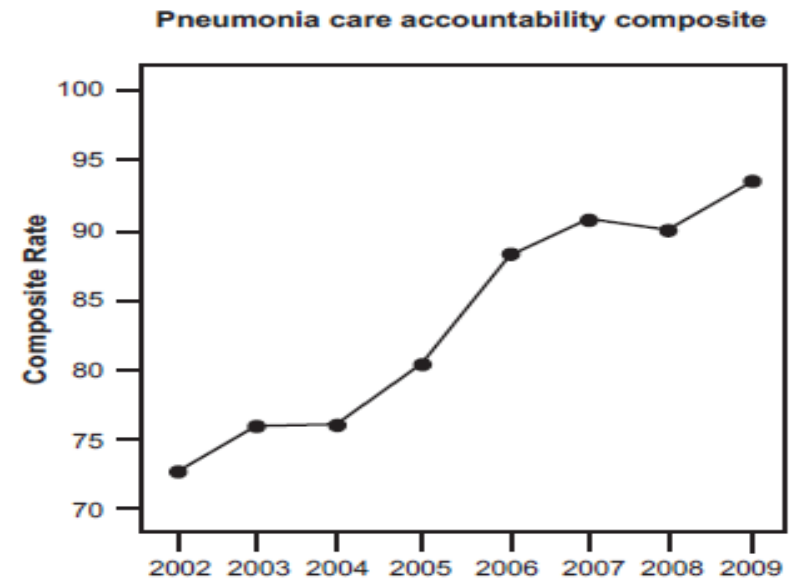
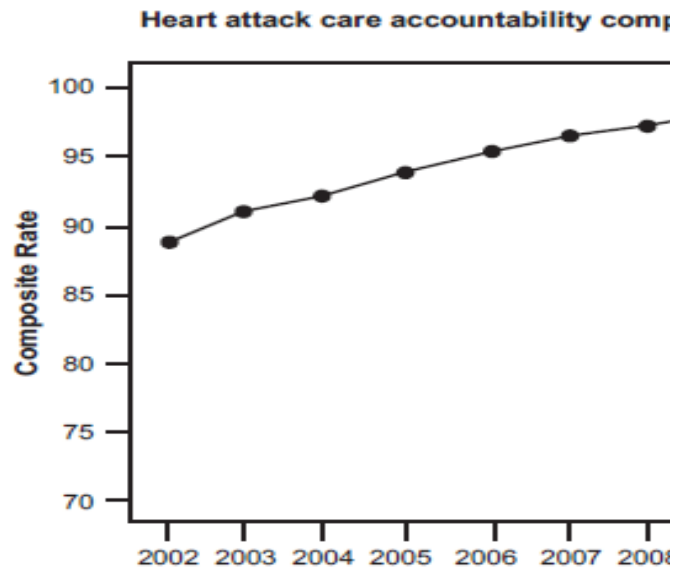


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Vast Improvement: Composite by TJC



Improvement By Clinical Area (TJC)



So What About Readmissions?

- 30 Day readmission rates for AMI, HF and PN for Medicare patients are published on *Hospital Compare* – **more to come**
- Affordable Care Act mandates penalties for “excess readmissions” --- **more pressure**
- Partnership for Patients - All hospital readmissions reduced by 20% --- **more help**



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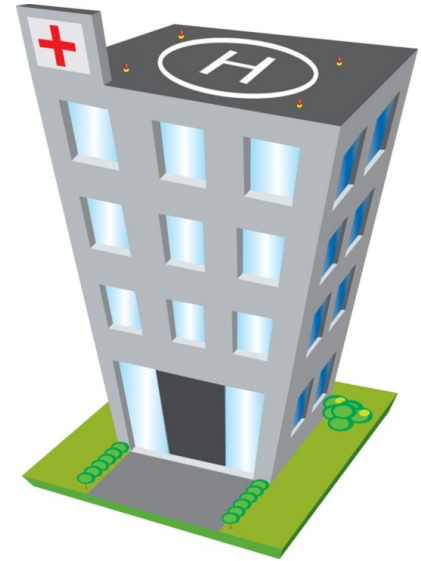
AHA Perspective

Classification of Readmissions

	Related to Initial Admission	Unrelated to Initial Admission
Planned Readmission	A planned readmission for which the reason for readmission is related to the reason for the initial admission.	A planned readmission for which the reason for readmission is not related to the reason for the initial admission.
Unplanned Readmission	An unplanned readmission for which the reason for readmission is related to the reason for the initial admission.	An unplanned readmission for which the reason for readmission is not related to the reason for the initial admission.

ACA Provision for 2013 --- What's Known?

- **CMS proposes existing 30-day readmissions measures**
 - Heart attack
 - heart failure
 - pneumonia
- **ACA: exclude unrelated, planned**
- **CMS proposes that hospitals with fewer than 25 discharges for each condition be excluded**
- **Hospitals with “excess” readmissions penalized up to 1% in FY 2013**
- **Payment details next year**



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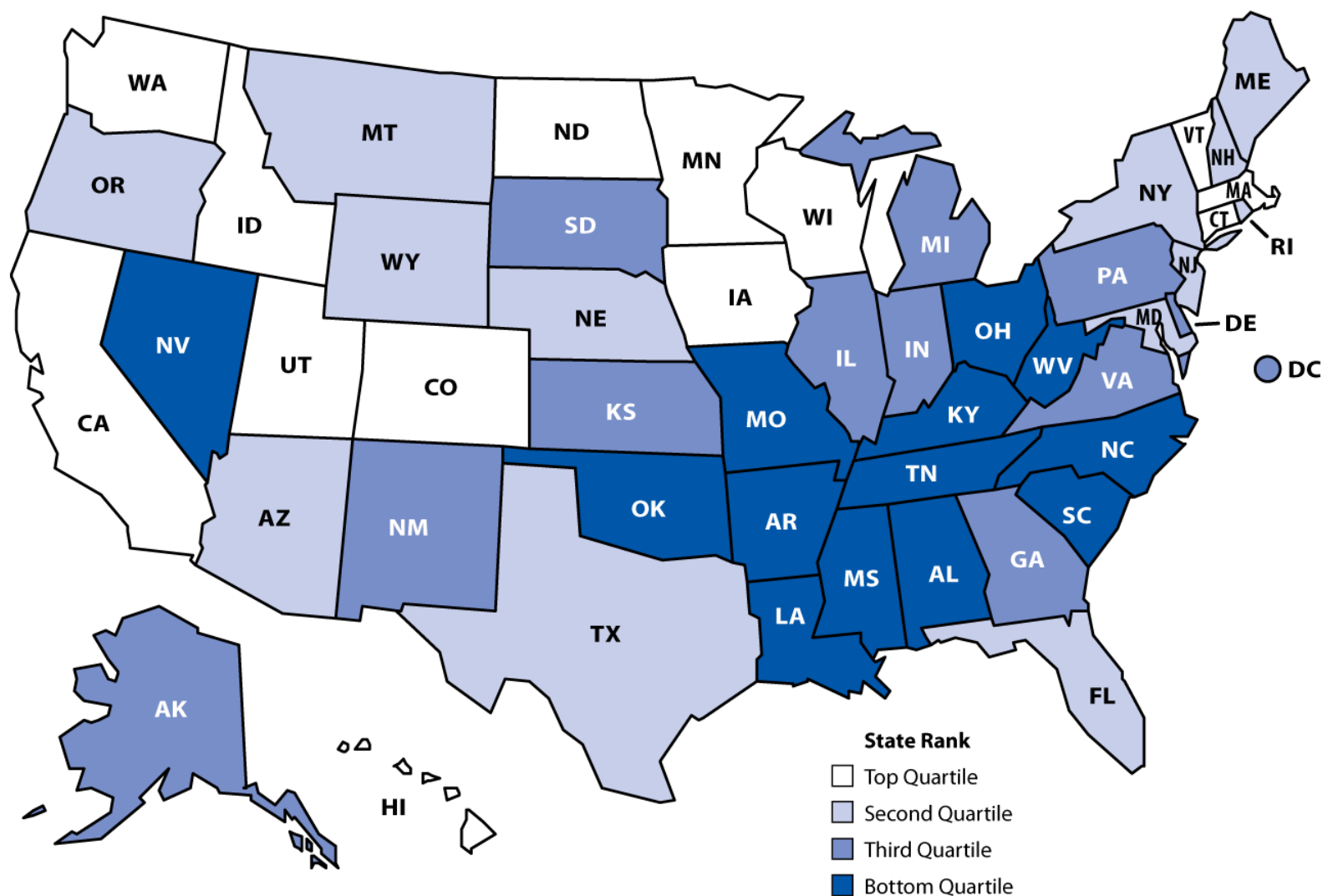
AHA Health Reform Tools: Summary

Inpatient Prospective Payment System (IPPS) Policy	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Market Basket (MB) Cuts for Productivity Adjustment (P) ¹ and Medicare Savings	MB – 0.25	MB – 0.25	MB – (P + 0.1)	MB – (P + 0.1)	MB – (P + 0.3)	MB – (P + 0.2)	MB – (P + 0.2)	MB – (P + 0.75)	MB – (P + 0.75)	MB – (P + 0.75)
Reporting Hospital Quality Data for the Annual Payment Update ² (Pay for reporting)	MB – 2.0 If Failure to Report	MB – 2.0 If Failure to Report	MB – 2.0 If Failure to Report	MB – 2.0 If Failure to Report	MB – 2.0 If Failure to Report	MB – ¼ of MB If Failure to Report	MB – ¼ of MB If Failure to Report	MB – ¼ of MB If Failure to Report	MB – ¼ of MB If Failure to Report	MB – ¼ of MB If Failure to Report
Hospital Value-Based Purchasing ³				MB – 1.0 Potential for Earn Back	MB – 1.25 Potential for Earn Back	MB – 1.5 Potential for Earn Back	MB – 1.75 Potential for Earn Back	MB – 2.0 Potential for Earn Back	MB – 2.0 Potential for Earn Back	MB – 2.0 Potential for Earn Back
Readmissions ⁴				MB – Hosp-specific amount capped at 1.0	MB – Hosp-specific amount capped at 2.0	MB – Hosp-specific amount capped at 3.0	MB – Hosp-specific amount capped at 3.0	MB – Hosp-specific amount capped at 3.0	MB – Hosp-specific amount capped at 3.0	MB – Hosp-specific amount capped at 3.0
Hospital Acquired Conditions						MB – 1.0 For Bottom Quartile Hospitals	MB – 1.0 For Bottom Quartile Hospitals	MB – 1.0 For Bottom Quartile Hospitals	MB – 1.0 For Bottom Quartile Hospitals	MB – 1.0 For Bottom Quartile Hospitals
Health Information Technology Meaningful Use ⁵ (MU)						MB – ¼ of MB If Failure to Meet MU	MB – ½ of MB If Failure to Meet MU	MB – ¾ of MB If Failure to Meet MU	MB – ¾ of MB If Failure to Meet MU	MB – ¾ of MB If Failure to Meet MU

Note: all numeric reductions represent a percentage point reduction from the market basket rate. For example if the market basket is projected to be 3% and the reduction is 2 percentage points, then the remaining amount for the update is 1%.

Need to Understand the Impact of Health

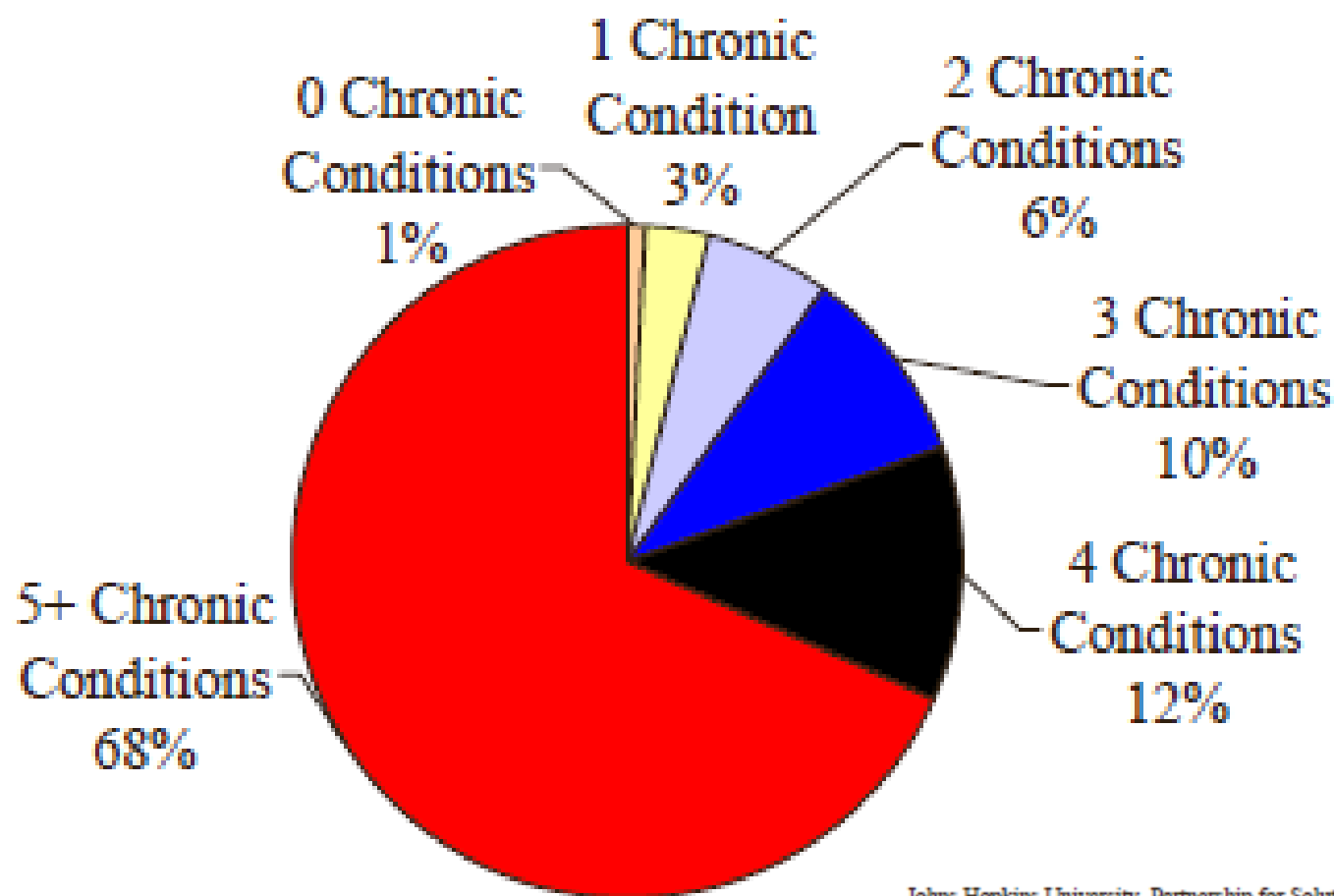
State Ranking on Healthy Lives Dimension



SOURCE: Commonwealth Fund State Scorecard on Health System Performance, 2009

People with 5 or More Chronic Conditions = 2/3 Medicare Spending

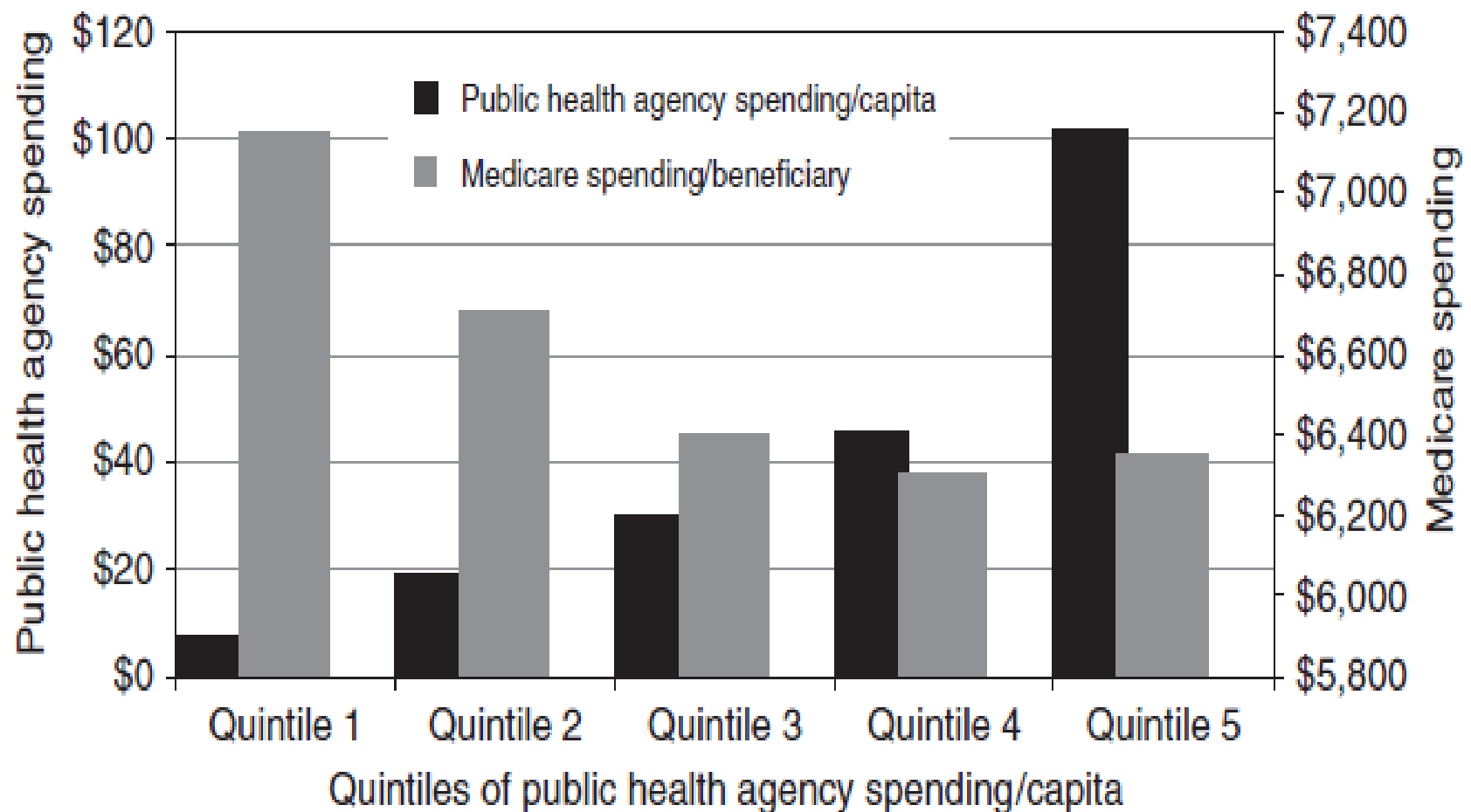
Percent of Medicare
Expenditures



Johns Hopkins University, Partnership for Solutions
Source: Medicare Standard Analytic File, 2001.

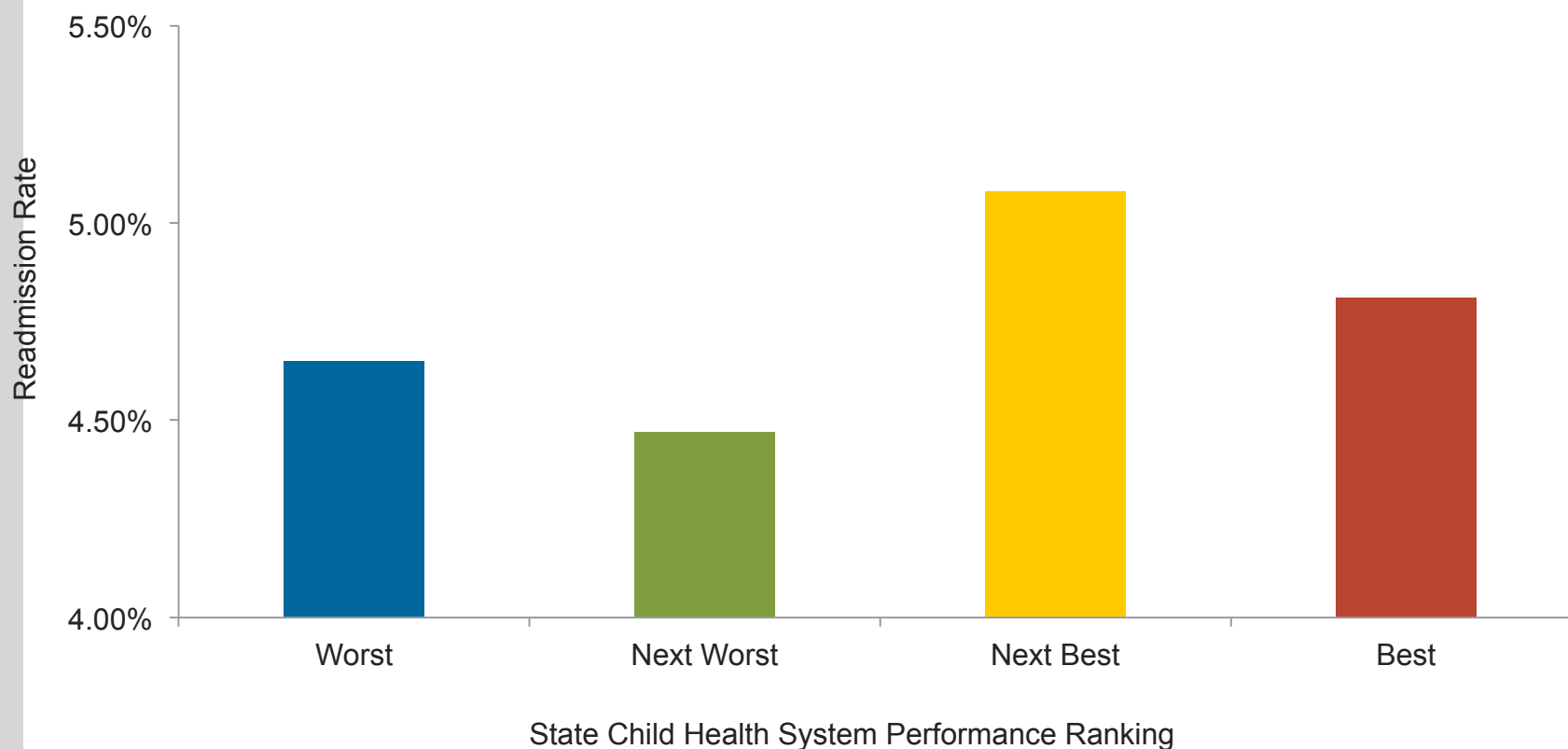
Need to Consider the Public Health Role

Figure 1: Public Health Agency and Medicare Spending Levels in 2005, by Quintile of Public Health Spending



Inverse Relationship with Quality?

Chart 3: 30-day Readmission Rate, by Quartile of State Ranking on Child Health System Performance, 2005

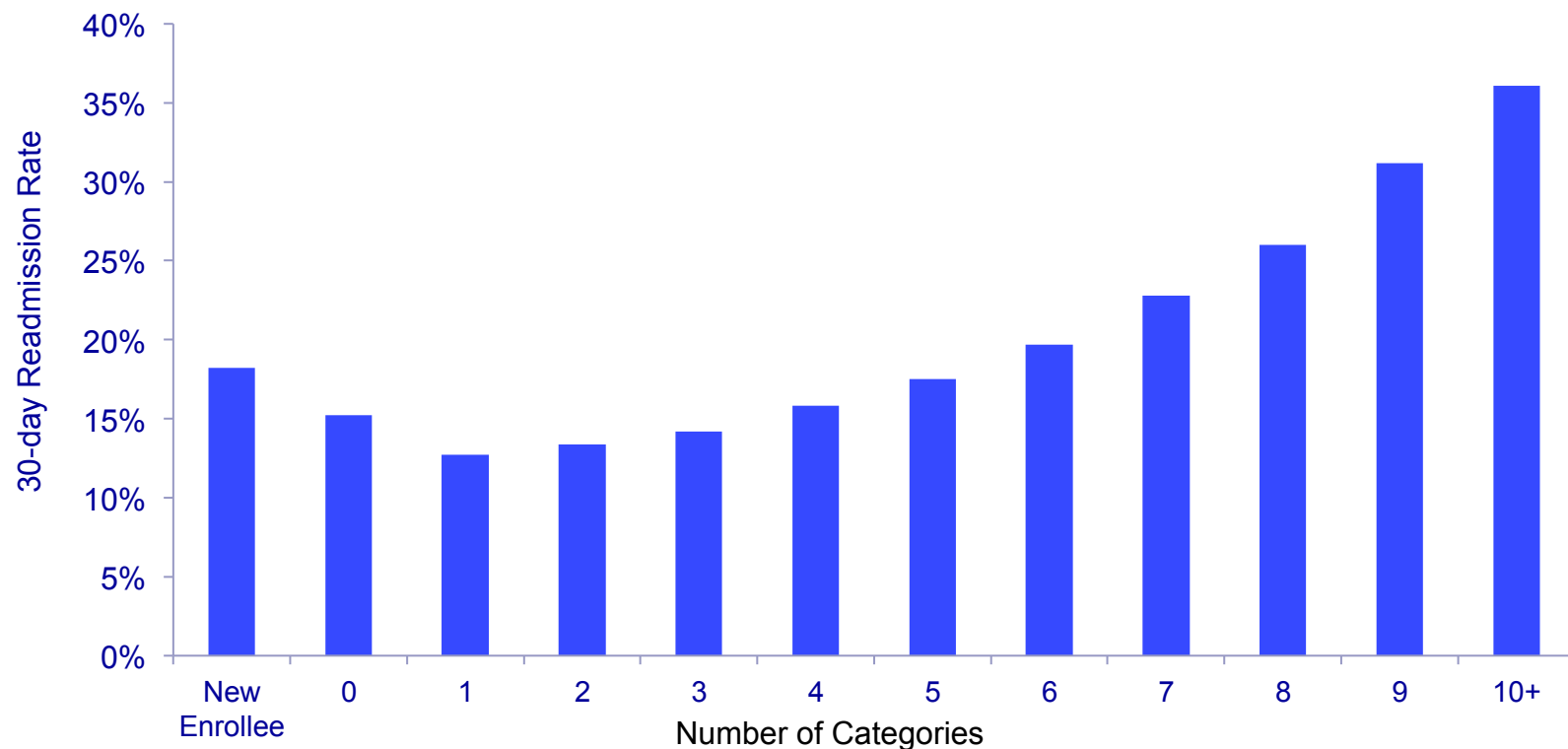


Source: Feudtner, C., et al. (2010). State-level Child Health System Performance and the Likelihood of Readmission to Children's Hospitals. *The Journal of Pediatrics*, 157(1), 98-102.

Note: The ranking of a state's child health system performance was conducted by the Commonwealth Fund based on 13 indicators measuring access, quality, costs, equity and the potential for children to lead healthy lives.

Directly Related to Chronic Conditions

Chart 4: 30-day Readmission Rate for Non-dual, Disabled Medicaid Beneficiaries by Number of Chronic Illness and Disability Categories



Source: Gilmer, T., and Hamblin, A. (December 2010). *Hospital Readmissions among Medicaid Beneficiaries with Disabilities: Identifying Targets of Opportunity*. New Jersey: Center for Health Care Strategies.

Note: Number of chronic illnesses and disabilities measured using Chronic Illness and Disability Payment System (CDPS), a risk adjustment model used to adjust capitated payments to health plans that enroll Medicaid beneficiaries.



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The Effect of Socio-Economics

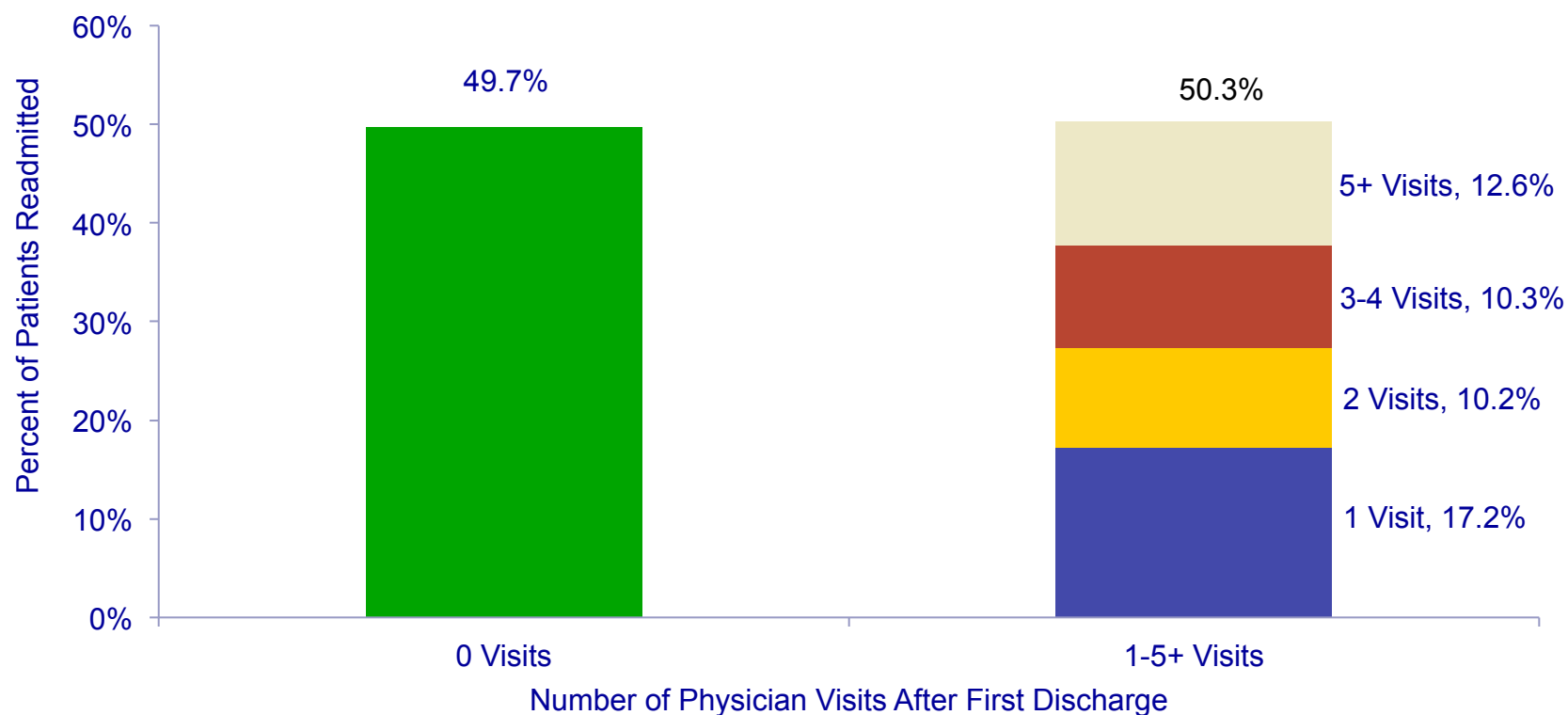
Characteristic	Fairfield, CT	Bronx, NY
Est. Population	895,030	1,391,903
Median Household Income	\$80,020	\$34,031
Percent Below Poverty	7%	27%
% Non-Hispanic White	24%	53%
% with Bachelors Degree	40%	15%
Hospitals in County on Hospital Compare	6	7
Hospitals with HF Readmission below avg	0	6

Source: Bhalla, R., and Kalkut, G. (2010). Could Medicare Readmission Policy Exacerbate Health Care System Inequality? *Annals of Internal Medicine*, 152(2), 114-117.

Note: HF=Heart Failure.

Relationship of Physician Visits?

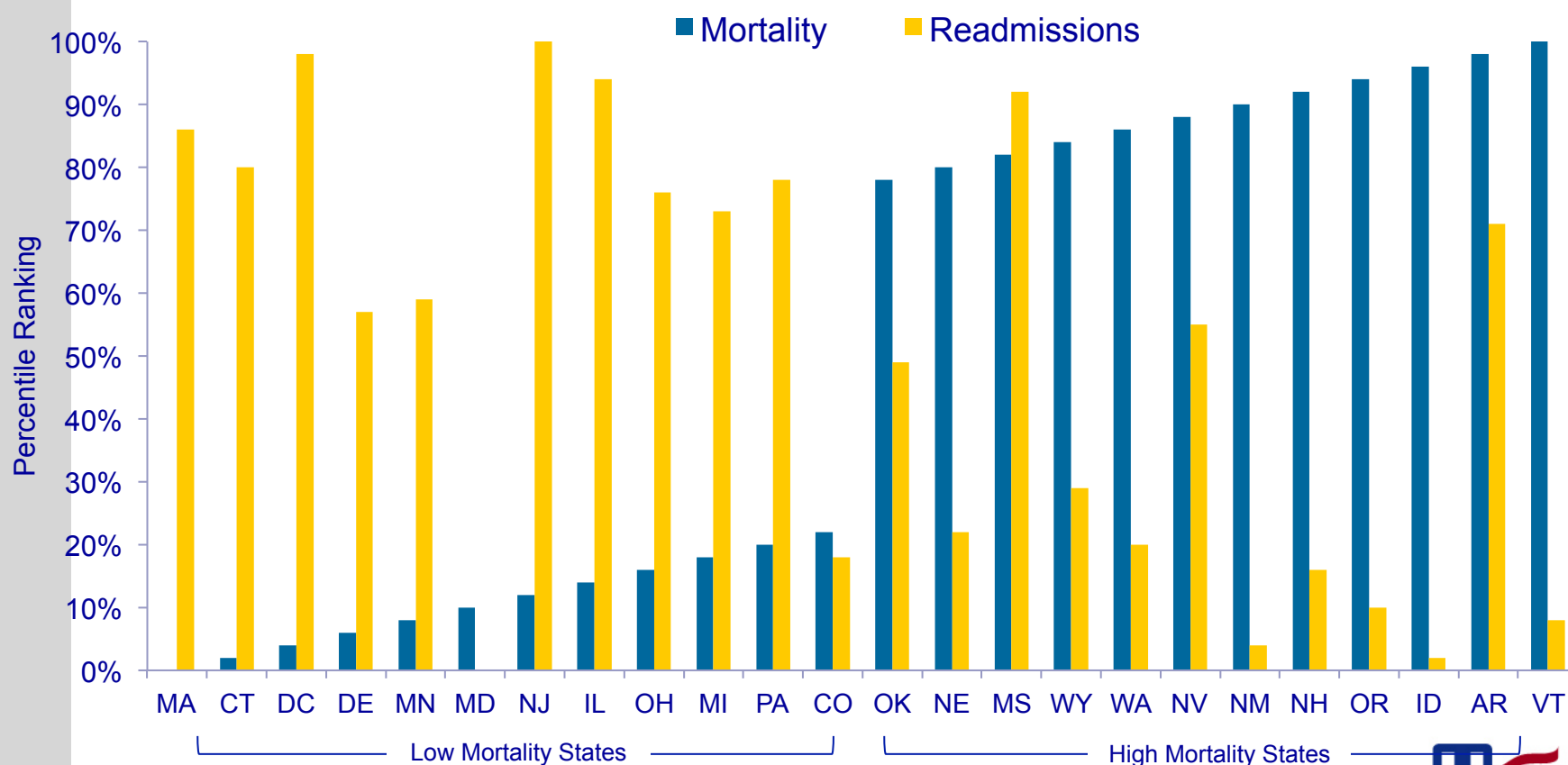
Chart 8: Number of Physician Visits between Discharge and Readmission among Non-dual, Disabled Medicaid Beneficiaries Readmitted within 30 Days



Source: Gilmer, T., and Hamblin, A. (December 2010). *Hospital Readmissions among Medicaid Beneficiaries with Disabilities: Identifying Targets of Opportunity*. New Jersey: Center for Health Care Strategies.

Inverse Relationship?

Chart 2: Percentile Rankings of Adjusted Mortality and 30-day Readmission Rates, by State



Source: Analysis by Greater New York Hospital Association, 2009.

Note: Findings based on CMS's Hospital Compare data released on July 7, 2009. Chart shows 12 states with lowest and 12 states with highest adjusted mortality rates. Data on readmissions in MD not available.



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Table 2. HRRs With Better and Worse Than Expected RSMR and RSRR for AMI

Better Than Expected		Worse Than Expected	
Mortality	Readmission	Mortality	Readmission
Ann Arbor, Mich	Albuquerque, NM	Birmingham, Ala	Allentown, Pa
Arlington, Va	Appleton, Wis	Charleston, WV	Baltimore, Md
→ Boston, Mass	Charlotte, NC	Fort Smith, Ark	Blue Island, Ill
→ Bridgeport, Conn	Eugene, Ore	Fort Wayne, Ind	→ Boston, Mass
→ Chicago, Ill	Fort Lauderdale, Fla	Jackson, Miss	Bronx, NY
→ Cleveland, Ohio	Fort Myers, Fla	Lexington, Ky	Camden, NJ
→ East Long Island, NY	Fort Worth, Tex	Little Rock, Ark	→ Chicago, Ill
→ Elgin, Ill	Green Bay, Wis	Memphis, Tenn	→ Cleveland, Ohio
→ Hackensack, NJ	Greenville, SC	Redding, Calif	→ East Long Island, NY
Los Angeles, Calif	Indianapolis, Ind	Tacoma, Wash	→ Elgin, Ill
→ Manhattan, NY	Manchester, NH		→ Greenville, NC
→ New Haven, Conn	Medford, Ore		→ Hackensack, NJ
→ Philadelphia, Pa	Ogden, Utah		Joliet, Ill
→ White Plains, NY	Salt Lake City, Utah		Kingsport, Tenn
Worcester, Mass	Santa Rosa, Calif		Lexington, KY
	Sarasota, Fla		→ Manhattan, NY
	Seattle, Wash		Melrose Park, Ill
	South Bend, Ind		Monroe, La
	Spokane, Wash		New Brunswick, NJ
			New Haven, Conn
			Newark, NJ
			→ Philadelphia, Pa
			Pittsburgh, Pa
			St Louis, Mo
			Urbana, Ill
			→ White Plains, NY

Circ Cardiovasc Qual Outcomes 2010;3:459-467

THE PASSION TO LEAD

Table 3. HRRs With Better and Worse Than Expected RSMR and RSRR for HF

Better Than Expected		Worse Than Expected	
Mortality	Readmission	Mortality	Readmission
▶ Allentown, Pa	Albuquerque, NM	Boise, Idaho	▶ Alexandria, La
▶ Arlington, Va	Appleton, Wis	Burlington, Vt	▶ Baltimore, Md
▶ Baltimore, Md	Boise, Idaho	Cape Girardeau, Mo	▶ Blue Island, Ill
▶ Blue Island, Ill	Denver, Colo	Des Moines, Iowa	▶ Boston, Mass
▶ Boston, Mass	Des Moines, Iowa	Eugene, Ore	▶ Bronx, NY
▶ Bronx, NY	Erie, Pa	Evansville, Ind	▶ Camden, NJ
▶ Camden, NJ	Fort Wayne, Ind	Fort Wayne, Ind	▶ Charleston, WV
▶ Chicago, Ill	Green Bay, Wis	Jackson, Miss	▶ Chicago, Ill
▶ Cleveland, Ohio	Greenville, SC	Jackson, Tenn	▶ Cleveland, Ohio
▶ Detroit, Mich	Indianapolis, Ind	Jonesboro, Ark	▶ Detroit, Mich
Evanston, Ill	Kalamazoo, Mich	Lebanon, NH	▶ East Long Island, NY
▶ Flint, Mich	Medford, Ore	Lincoln, Neb	▶ Evanston, Ill
Hackensack, NJ	Milwaukee, Wis	Little Rock, Ark	▶ Hackensack, NJ
▶ Houston, Tex	Muskegon, Mich	Manchester, NH	▶ Harlingen, Tex
Los Angeles, Calif	Norfolk, Va	Portland, Ore	▶ Huntington, WV
Manhattan, NY	Ogden, Utah	Redding, Calif	▶ Jackson, Miss
McAllen, Tex	Petoskey, Mich	Sacramento, Calif	▶ Kingsport, Tenn
Melrose Park, Ill	Portland, Ore	Seattle, Wash	▶ Lafayette, La
▶ Mesa, Ariz	Saginaw, Mich	Sioux City, Iowa	▶ Lexington, Ky
Miami, Fla	Salt Lake City, Utah	Spokane, Wash	▶ Little Rock, Ark
Munster, Ind	South Bend, Ind	Springfield, Ill	▶ Los Angeles, Calif
New Haven, Conn	Spokane, Wash	Springfield, Mo	▶ Manhattan, NY
▶ Newark, NJ	Springfield, Mo	Syracuse, NY	▶ Miami, Fla
▶ Orlando, Fla		Tacoma, Wash	▶ Monroe, La
▶ Philadelphia, Pa		Topeka, Kan	▶ Montgomery, Ala
▶ Phoenix, Ariz			▶ Nashville, Tenn
▶ Pittsburgh, Pa			▶ New Brunswick, NJ
Raleigh, NC			▶ Newark, NJ
San Francisco, Calif			▶ Paducah, Ky
Shreveport, La			▶ Philadelphia, Pa
▶ St Louis, Mo			▶ Pittsburgh, Pa
▶ Washington, DC			▶ St Louis, Mo
▶ White Plains, NY			▶ Takoma Park, Md
			▶ Washington, DC
			▶ White Plains, NY

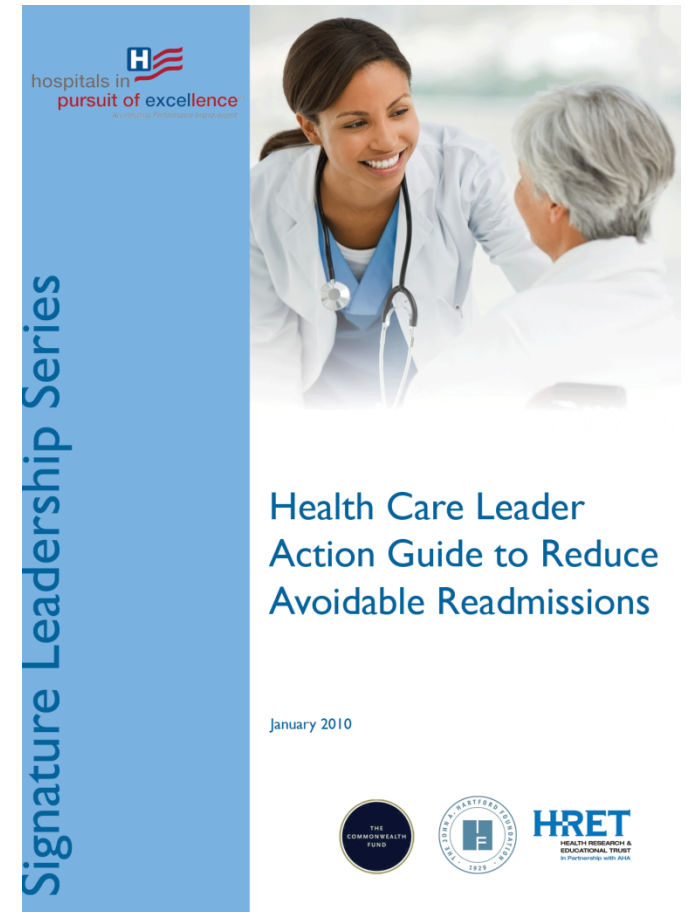
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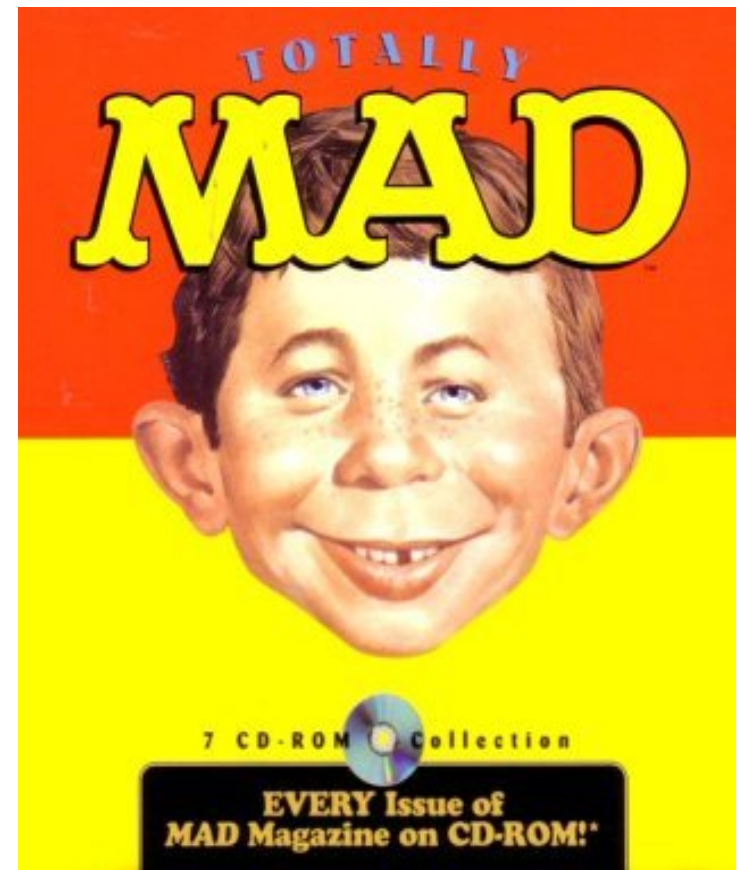
Working on Readmissions

- Hospitals clearly have a role and an opportunity to reduce readmissions
- Hospitals are undertaking a variety of strategies to understand the causes of readmissions and address them as they are able
- AHA shared a guide with the field including successful strategies



What, Me Worry?

- Lunacy of Little Numbers
- Lack of consistent root causes/ need for many strategies
- Unintended consequences of the measures
 - Increase disparities?
 - Reluctance to take some patients?



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AHA Letter to CMS

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www.aha.org

June 7, 2011

Donald M. Berwick, M.D., M.P.P.
Administrator
Centers for Medicare & Medicaid Services
200 Independence Avenue, S.W.
Room 445-G
Washington, DC 20201

Dear Dr. Berwick:

The existence of racial disparities in health and health care is well established. Similar racial disparities in the health and health care of Medicare beneficiaries, in particular, have also been documented. These disparities extend to readmission to hospitals. Just this year, the *Journal of the American Medical Association* (JAMA) published an article showing that blacks have a higher likelihood of being readmitted to the hospital than do whites. In addition, the JAMA article concluded that hospitals serving a disproportionately large number of minorities have higher readmission rates. Proper accounting for these racial disparities is crucial as the Department of Health and Human Services (HHS) implements the Hospital Readmissions Reduction Program (HRRP) contained in Section 3025 of the *Patient Protection and Affordable Care Act*.

Congress established the HRRP to create a financial incentive for hospitals treating Medicare beneficiaries to reduce preventable readmissions. The presumption underlying the program is that readmissions most commonly occur due to a hospital's inadequate

Thank You

Nancy Foster

Vice President for Quality and Patient Safety Policy

nfoster@aha.org



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