Public Policy and Health Care Quality

Readmissions: Taking Progress into the Future

Today's Agenda

- **The Current State -- The Hospital Readmissions Reduction Program**
- **What Have We Learned?**
- **Polish Up the Crystal Ball – What's Next?**

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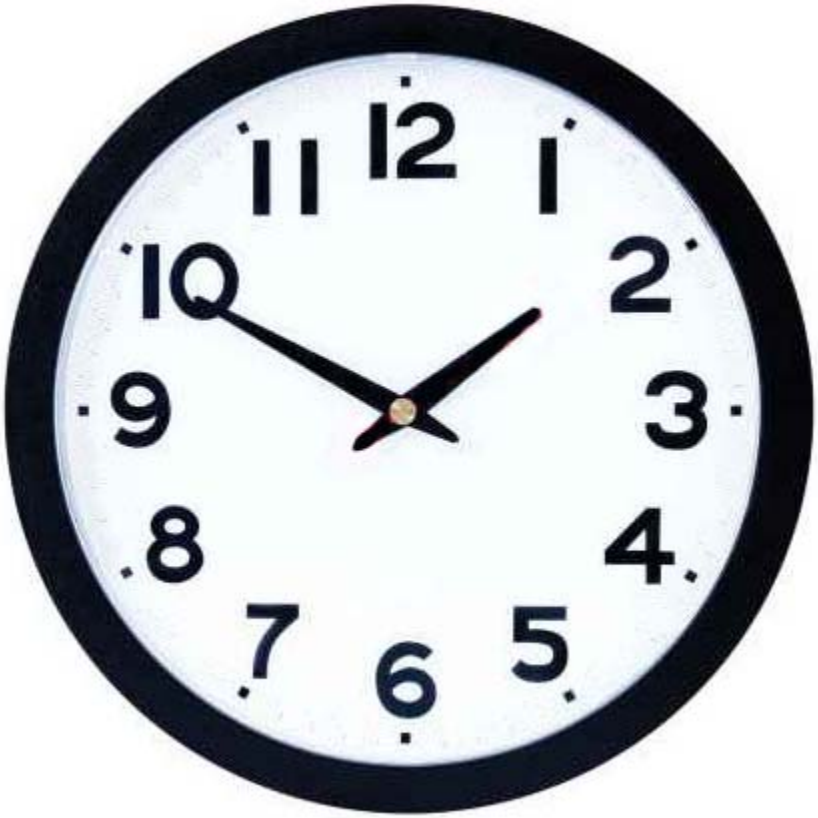
What is Happening Now?



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Hospital Readmissions Reduction Program

- CMS uses 30-day readmissions measures for three conditions: heart attack, heart failure, pneumonia
- Hospitals with fewer than 25 discharges for each condition are excluded
- Hospitals with “excess” readmissions have their Medicare payments reduced by up to:
  - 1% in FY 2013
  - 2% in FY 2014
  - 3% in FY 2015 and beyond

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National Readmission Rates

AMI Readmissions
- National range = 14.4% to 24.3%
- Median = 18.3%

HF Readmissions
- National range = 17.1% to 30.7%
- Median = 23.0%

PN Readmissions
- National range = 13.6% to 24.1%
- Median = 17.5%

Source: CMS / Yale 2013 Readmission Measure Update

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Readmission Rate Declining

- 2007 – 2011 Medicare readmission rate was 19%
- 2012 – Rate fell to 18.4%
  - 87,000 Medicare patients who didn't return to the hospital
  - Nearly half a billion $ saved

Source: Gerhardt, G, et al. Medicare and Medicaid Research Review 2013, volume 3, number 2

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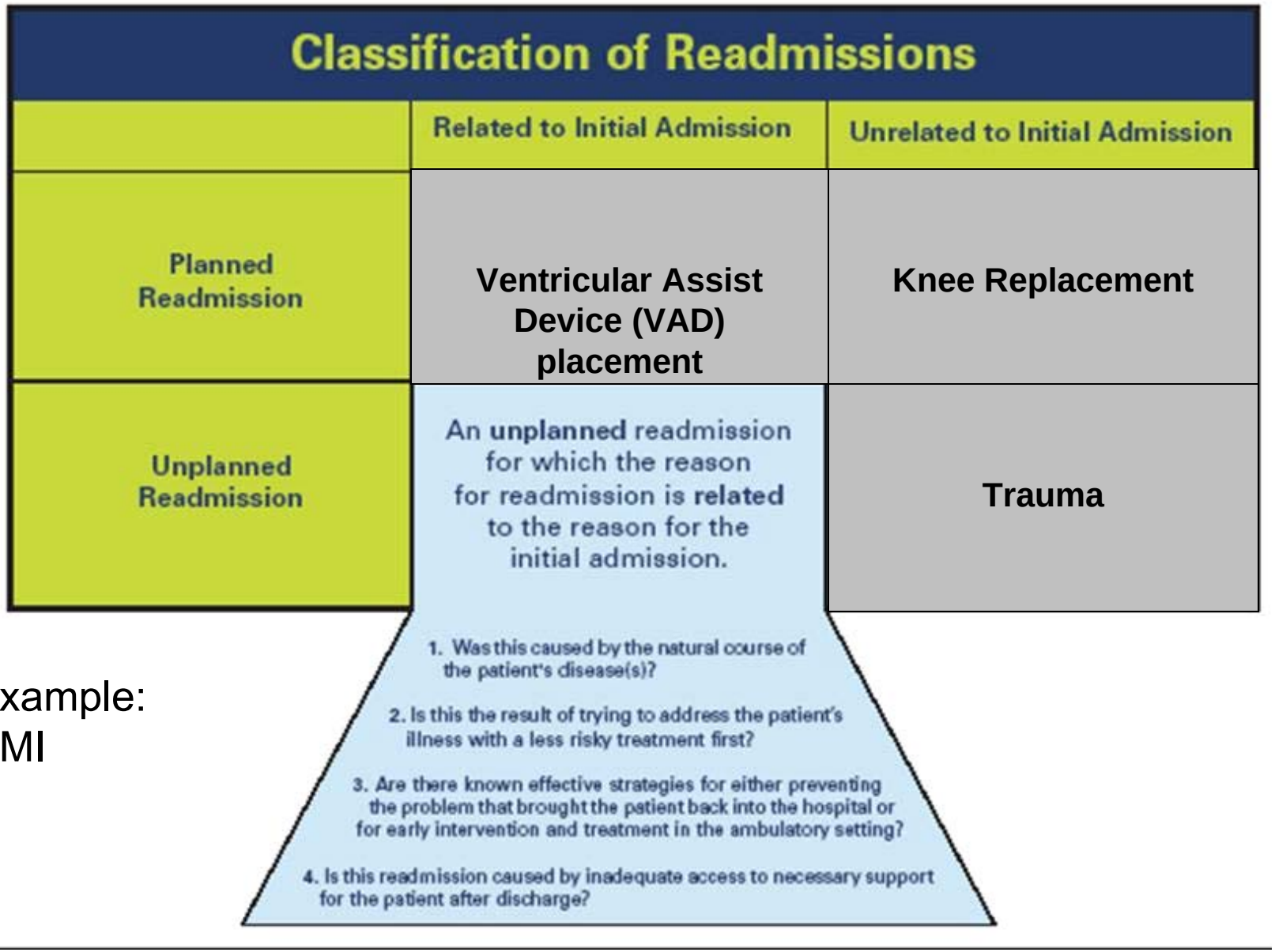
Measures Have Been Improved



Example:
AMI

FY 2014 Financial Impact of Readmissions

Penalty	Number of Hospitals	Percentage of Hospitals
No penalty	1,134	33.8%
Up to 1%	2,054	61.1%
1% - 2%	153	4.5%
2%	18	0. 6%
Total	**3,359**	**100%**

In FY 2014, $227 million in national savings from readmissions penalty program

Statistics from Inpatient Prospective Payment System Fiscal Year 2014 Final Regulation

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New Measures Coming

- For 2015, will add for public reporting:
  - Total hip and knee arthroplasty
  - All cause, all condition readmissions
- For 2016, will add for public reporting:
  - COPD
  - Stroke
- For 2016 and beyond, considering
  - Stroke and all cause, all condition readmissions for HRR
  - Vascular procedure for public reporting

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What Has Been Learned?

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Focus is Important

2. Readmissions

Measure: Eliminate preventable readmissions in America's hospitals as reflected by a reduction of the publicly reported all-cause 30 day readmission rates on CMS Hospital Compare for AMI, Heart Failure and Pneumonia to 21.0% in 2013, to 20.2% in 2014, and to 19.3% in 2015. (2012 baseline is 21.5%) [3]

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Help Expedites Improvement

- The work of the HENs
- What has worked
  - Communication, communication, communication
  - Establishing partnerships, learning from others
- Results
  - In 1st 18 months, ***readmissions down 6% in 800+ hospitals***
  - Early elective delivery down 55%
  - CAUTI down 10%
  - CLABSI down 17%

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Change In Perspective

- Readmissions emphasis changed how we think about work
  - Measures created imperative to form bonds with other care delivery organizations
  - Measures encouraged better communication with patients, attention to self-care
  - Measures addressed a sample of cases, but enabled broad improvement

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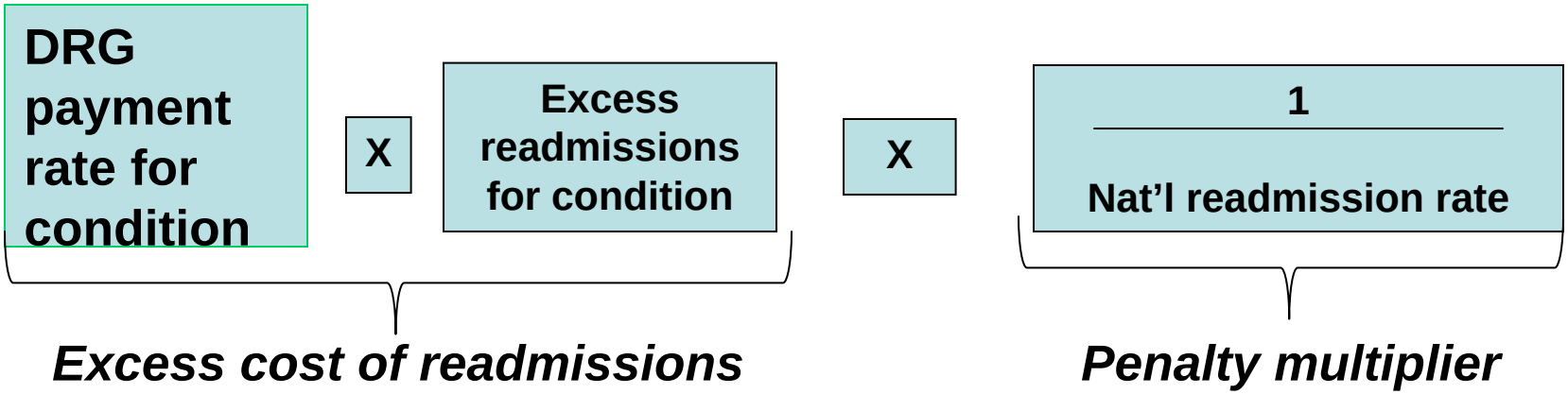
Deeply Flawed Payment Penalty Formula



- Magnitude of penalty is inversely related to national readmissions rate
  - So as national rates drop, penalties may actually increase
- Multiplier means penalty is disproportionate to actual cost of excess readmissions
  - E.g.—given a national readmit rate of nearly 20%, penalty for AMI ~ 5x greater

Socioeconomic Factors Matter

- Hospitals committed to doing all in their power to reduce readmissions
  - **But readmissions are affected by a variety of factors, many of which are beyond hospital control**
- Disparities exist in community resources available to help reduce readmissions

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Socioeconomic Factors Matter

- Compelling evidence that hospitals treating disadvantaged patients and communities more likely to incur penalties

- **Adjusting for socioeconomic factors would acknowledge the reality that hospitals cannot always control or change other factors**

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Impact of Dual Eligibles on Readmission Rates

Compared to traditional Medicare beneficiaries, dual eligibles are:

- Much less likely to receive specific measures of preventive care, follow-up care or testing
- 600% more likely to reside in a nursing facility
- 250% more likely to have Alzheimer's disease
- 200% more likely to have a disability
- 100% more likely to have heart disease
- 50% more likely to have diabetes
- 15% more likely to have a cognitive or mental impairment

Sources: Kasper, Judy, Molly O'Malley, and Barbara Lyons. "Chronic Disease and Co-Morbidity Among Dual Eligibles: Implications for Patterns of Medicaid and Medicare Service Use and Spending." Kaiser Commission on Medicaid and the Uninsured, http://www.kff.org/medicaid/8081.cfm, July, 2010. Milligan, CJ et al. "Medicare Advantage Special Needs Plans for Dual Eligibles: A Primer," *The Commonwealth Fund,* February 2008. Grabowski, DC. "Special Needs Plans and the Coordination of Benefits and Services for Dual Eligibles," *Health Affairs,* 28 no. 1(2009): 136-146.

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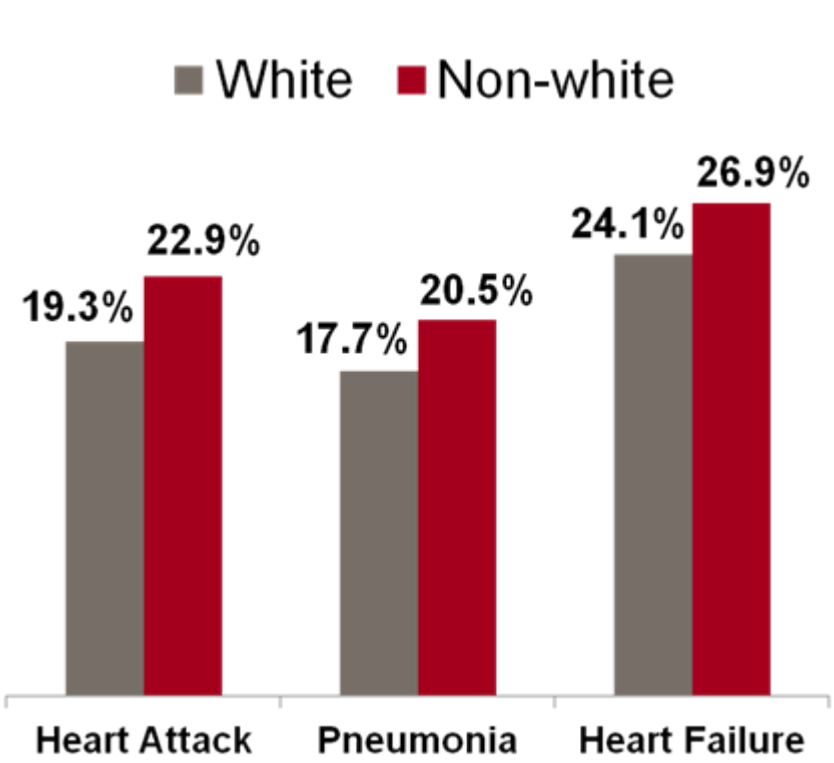
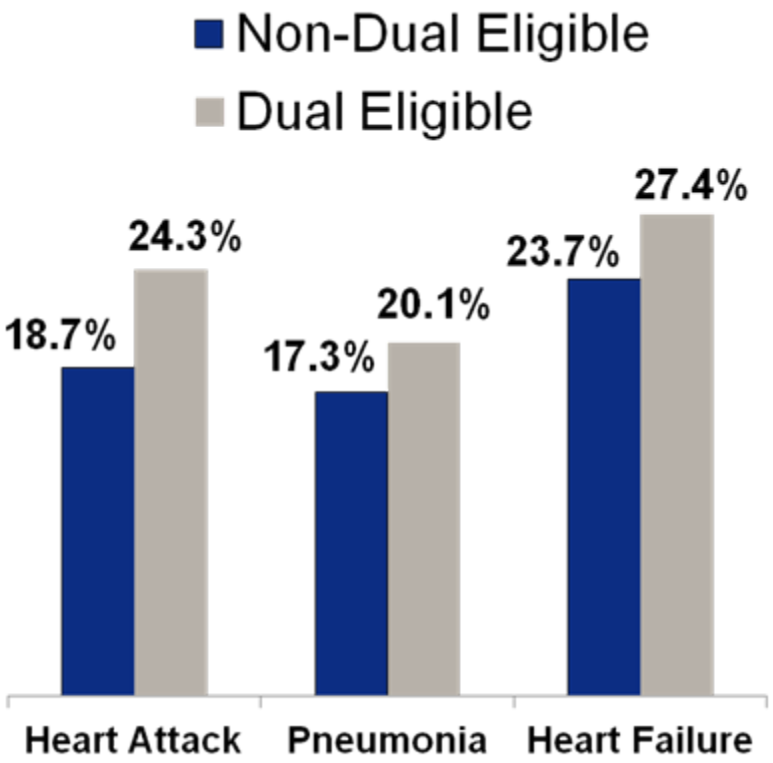
Impact of Race and Dual Status

30-Day Readmission Rates





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Source: KNG Analysis of 2009 100% Medicare inpatient file and FY2011 Hospital IPPS final rule impact file.

Impact of Current Policy— FY 2014 Penalties by DSH Decile

DSH Decile	Number of Hospitals	Penalty Up to 1%	Penalty between 1% and 2%	2% Penalty	Total Penalized Hospitals
1st -10th	336	116	2	2	120
11th – 20th	336	204	11	0	215
21st – 30th	336	202	16	1	219
31st – 40th	336	205	19	1	225
41st – 50th	336	203	17	0	220
51st – 60th	336	219	14	3	236
61st – 70th	336	218	12	3	233
71st – 80th	336	213	25	3	241
81st – 90th	336	240	16	3	259
91st – 100th	335	234	21	2	257
Total	3,359	2,054	153	18	2,225

- Higher DSH hospitals more likely to incur penalties in general, and highest penalties

Statistics from Inpatient Prospective Payment System Fiscal Year 2014 Final Regulation

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Heart Attack Patient Characteristics

Characteristic	Non-Dual	Dual
Readmission Rate	18.9%	23.1%
Average Age	78.7	78.1
Female %	46.8%	65.4%
Black %	5.4%	18.1%
# of admissions in 2008 (%)		
0	69.3%	57.4%
1 - 2	24.7%	30.1%
3 or more	6.0%	12.4%

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Source: Gu Q, Koenig L, Faerberg J, Steinberg C, Vaz C; Wheatly M. *The Medicare Readmission Reduction Program: Potential unintended consequences for hospitals serving disadvantaged patients*. Health Services Research, November 2013.

Pneumonia Patient Characteristics

Characteristic	Non-Dual	Dual
Readmission Rate	17.6%	20.3%
Average Age	80.1	79.0
Female %	51.7%	66.4%
Black %	4.9%	14.9%
# of admissions in 2008 (%)		
0	55.1%	45.7%
1 - 2	33.8%	36.7%
3 or more	11.1%	17.5%

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Source: Gu Q, Koenig L, Faerberg J, Steinberg C, Vaz C; Wheatly M. *The Medicare Readmission Reduction Program: Potential unintended consequences for hospitals serving disadvantaged patients*. Health Services Research, November 2013.

Heart Failure Patient Characteristics

Characteristic	Non-Dual	Dual
Readmission Rate	23.9%	27.2%
Average Age	80.9	78.9
Female %	51.9%	70.7%
Black %	8.8%	24.6%
# of admissions in 2008 (%)		
0	46.6%	37.9%
1 - 2	37.2%	37.8%
3 or more	16.2%	24.2%

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Source: Gu Q, Koenig L, Faerberg J, Steinberg C, Vaz C; Wheatly M. *The Medicare Readmission Reduction Program: Potential unintended consequences for hospitals serving disadvantaged patients*. Health Services Research, November 2013.

What Does Our Crystal Ball Suggest for the Future?

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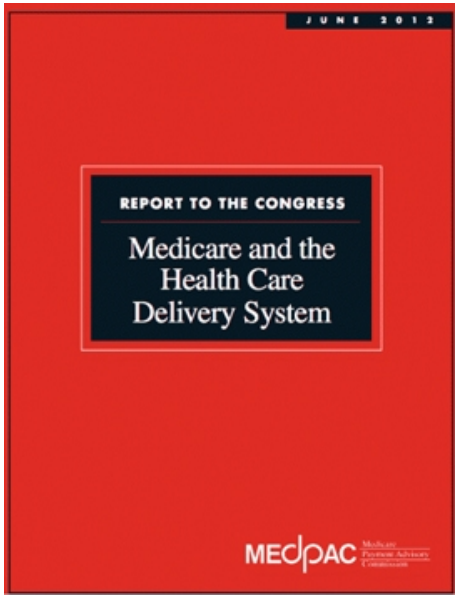
Future Developments

- MedPAC exploring the use of All-Cause, All-Condition Readmissions
  - Would likely replace condition-specific measures and may require legislative change
  - Fewer hospitals penalized, but penalties would be severe

- Expansion of readmission measurement (though not payment penalties) into post-acute environments
  - LTCH and IRF quality reporting programs
  - Physician payments



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Future Developments

- New look at socio-economic factors
  - NQF committee formed
- Additional look at exclusions
  - Unrelated will continue to be a sticking point
- Improvements in readmission rates will plateau
  - Improvements from additional measures will be modest

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Future Developments

- Successes with readmissions will become a template for future work
- Work changed organizational culture
  - Reach beyond organizational walls
  - Promote communication, sharing of expertise, teamwork with other care providers
  - Prepared organizations for broader responsibilities
- Readmissions and infection successes have changed leaders' views of what's possible.

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How Can Policies Support Future Work?

- Remove barricades to collaboration along the continuum of care
- Learn from this experience –
  - Identify priorities
  - Couple measures with assistance for improvement
- Retain focus until progress is made

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Resources

- Affordable Care Act: http://www.gpo.gov/fdsys/pkg/BILLS-111hr3590enr/pdf/BILLS-111hr3590enr.pdf
- National Quality Strategy: http://www.healthcare.gov/law/resources/reports/nationalqualitystrategy032011.pdf
- Measure Applications Partnership: http://www.qualityforum.org/Setting_Priorities/Partnership/Measure_Applications_Partnership.aspx
- The Joint Commission Annual Report: http://www.jointcommission.org/assets/1/18/TJC_Annual_Report_2012.pdf
- Healthcare Leader Action Guide to Reduce Avoidable Readmissions: http://www.hpoe.org/resources/hpoehretaha-guides/831

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