The Business Case for Reducing Readmissions: Avoid the CMS Penalty

Mindy Kendall, MS
Health Services Advisory Group of California, Inc. (HSAG-CA)

Objectives

- Gain an understanding of the hospital penalties beginning October 1, 2012 (FY2013).
- Generate action in your organization and community to reduce preventable readmissions.

What is the Problem?

- Approximately 1 of every 5 Medicare fee-for-service patients is readmitted within 30 days of hospital discharge.
- Two-thirds of readmissions may be avoidable.
- The cost to Medicare for unplanned readmissions in 2004 was $17.4 billion.
- Penalties will begin October 2012 (FY2013).

CMS-1518-F/1430-F: Final Rule for Changes to the IPPS/LTC PPS for FY 2012
The Business Case for Reducing Readmissions:
Avoid the CMS Penalty

Affordable Care Act
Readmission Penalties

- Effective October 1, 2012, high readmission hospitals will experience penalties based on avoidable readmissions of patients diagnosed with CHF, AMI, or pneumonia (PNE), based on readmit data from July 1, 2008 – June 30, 2011.
- In FYs 2014 and 2015 the penalties will increase.
- FY 2015 penalties will be assessed for readmits based on additional diagnoses.
- CMS will finalize rules on implementation of the penalties next year.

Affordable Care Act
Readmission Penalties (Cont’d.)

The draft statutory language states the following:
- Beginning in FY2013, the Base Operating DRG payments will be reduced by an “adjustment factor” that accounts for “excess readmissions.”
- The adjustment factor is hospital-specific and will be determined based on the ratio of aggregate payments for “excess readmissions” of patients with CHF, AMI, or PNE, to aggregate payments for all discharges.

Readmission Example

Scenario: A HF patient is admitted to the hospital and discharged to a home health (HH) agency.
- The patient and caregiver receive appropriate education in the hospital. Discharge instructions include daily weights.
- The receiving HH agency receives thorough discharge information and orders for continued treatment, including daily weights.
- The HH agency has no HF protocol and does not check the patient’s daily weights log. The patient is readmitted within 30 days to the same or other hospital in acute exacerbation of heart failure.

Result: Readmission is counted for the index hospital.
Transfers Are Excluded

- Transfers are excluded, as they are considered multiple contiguous hospitalizations in a single episode of acute care.
- The readmission for transferred patients is assigned to the hospital that ultimately discharges the patient to a non-acute care setting, e.g., home or SNF.

Transfers Are Excluded—Example

- **Scenario:** A patient is admitted for Acute MI, then transferred to another acute care hospital on patient/family request.
- **Result:** Transfer to the other acute care hospital does not count as a readmission and is not counted against the index hospital.

CMS’ Community-Based Care Transitions Program (CCTP)

- Rolling applications process began April 2011
- $500,000,000 allocated to this program
- Five-year initiative; two-year contracts
- Applicants must be a partnership between a hospital and a community-based organization (CBO)
- “Preference” is given to CBOs that are also Administration on Aging grantees
- Grantees will be paid on a per-case basis
Implement In-hospital and Post-discharge Interventions

- Ensure patients are clinically ready for discharge
- Reduce infection risk
- Reconcile medications
- Improve communication with community providers responsible for post-discharge care
- Improve transitions of care along the continuum
- Ensure patients understand their care plans
- Provide post-hospital support to patients without a post-acute care provider

National Coordinating Center
http://www.cfmc.org/caretransitions/toolkit.htm
The Business Case for Reducing Readmissions:
Avoid the CMS Penalty

Your choice.

Words of Change

“It is not necessary to change. Survival is not mandatory.”

—W. Edwards Deming

Resources

- Partnership for Patients (Improving Care Transitions)
- CMS Acute Inpatient PPS—FY 2012 IPPS Final Rule
  - [https://www.cms.gov/AcuteInpatientPPS/FR2012/list.asp](https://www.cms.gov/AcuteInpatientPPS/FR2012/list.asp)
- Payment Adjustment Calculator—The Advisory Board Company
  - By subscription only—link accessed 12.10.11

For More Information

Mindy Kendall, MS
Clinical Project Manager, Care Transitions,
HSAG of California, Inc.
700 North Brand Blvd., Suite 370
Glendale, CA 91203
818-265-4644 office
818-434-0898 cell
mkendall@hsag.com
The Business Case for Reducing Readmissions: Avoid the CMS Penalty

We convene providers, practitioners, and patients to build and share knowledge, spread best practices, and achieve rapid, wide-scale improvements in patient care; increases in population health; and decreases in health care costs for all Americans.

www.hsag.com

This material was prepared by Health Services Advisory Group of California, Inc., the Medicare Quality Improvement Organization for California, under contract with the Centers for Medicare & Medicaid Services (CMS), an agency of the U.S. Department of Health and Human Services. The contents presented do not necessarily reflect CMS policy. Publication No. CA-10SOW-8.0-120911-01

Health Services Advisory Group of California, Inc. –6–