

PITTSBURGH TRIBUNE-REVIEW

High readmissions for some patients to cost federal money

By Andrew Conte

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Hospitals with a high rate of Medicare patients who have to be readmitted for treatment of heart attacks, heart failure and pneumonia will have their federal funding cut under a new rule announced on Monday.

The Centers for Medicare & Medicaid Services said it will cut payments beginning on Oct. 1, 2012, to hospitals whose readmissions within 30 days of discharge for patients with those conditions exceed expected rates. The expected rates are calculated by CMS based on patient conditions, volume and other factors.

"The concern is hospitals with higher readmission rates may not be adequately preparing their patients to leave the hospital," said Dr. Keith Kanel, chief medical officer at the **Pittsburgh Regional Health Initiative**, a consortium of medical, business and civic leaders looking to cut waste and improve quality in health care. "They want to compel hospitals to do the right thing."

The Tribune-Review --- in the first of its "Code Green: Bleeding Dollars" series this year -- reported in March that Pennsylvania hospitals charged more than \$1.25 billion in 2009 to treat patients who were readmitted for complications or infections that might have been avoided.

UPMC's Presbyterian and Shadyside hospitals led the state with a combined 806 readmissions and charges totaling more than \$67 million, according to the Trib's analysis of the latest data from the Pennsylvania Health Care Cost Containment Council.

"We are committed to reducing readmissions when being readmitted is not the best answer for the patient," Tami Minnier, UPMC's chief quality officer, told the Trib yesterday. "The new rule validates the importance of this effort on a national scale."

The rule targeting readmissions is part of a larger effort by CMS to encourage hospitals to provide better care while cutting the rapid growth in health care costs, the agency said.

About half of the hospitals in the United States are at risk of payment reductions because of excess readmissions for the three targeted conditions, according to a CMS analysis of the rule based on data from 2006 to 2009.

Among all regions nationwide, the Mid-Atlantic has the highest percentage of hospitals - about two-thirds of them -- at risk of payment reduction because of their readmission rates. The Mid-Atlantic region includes Pennsylvania.

Despite measures designed to lower costs, the agency agreed to raise total Medicare payment rates to about 3,400 acute care hospitals affected by the rule. CMS expects to pay an increase of \$1.13 billion, or 1.1 percent, in federal fiscal year 2012 beginning Oct. 1 compared to the current fiscal year.

Medicare payments to about 420 long-term care hospitals would go up by \$126 million, or 2.5 percent, in fiscal 2012.

"The final rule continues a payment approach that encourages hospitals to adopt practices that reduce errors and prevent patients from acquiring new illnesses or injuries during a hospital stay," CMS administrator Donald M. Berwick said in a statement. "This approach is part of a comprehensive strategy being implemented across Medicare's payment systems that is intended to reduce overall costs by improving how care is delivered."

The CMS rule is not connected to the debt ceiling vote in Congress yesterday that could trigger automatic cuts in Medicare payments after 2013 if lawmakers and President Obama do not reach spending cuts worth at least \$1.2 trillion.

The Trib investigation found that hospitals have not had a financial incentive to cut readmissions because they've been paid when patients come back. Even simple solutions that can reduce readmissions, such as spending more time educating patients on how to care for themselves after discharge, cost hospitals revenue. The probe also found some hospital readmissions are unavoidable.

Pennsylvania hospitals reported 24,197 readmissions in 2009 for people who came back within 30 days because of a complication or infection, the Trib analysis showed.

The true cost of most readmissions remains a secret even to the public officials charged with monitoring waste because hospitals are not required to say how much money they receive for treatments, and insurers do not have to say how much they pay because that is considered proprietary business information, the newspaper reported.

The state Health Care Cost Containment Council estimates Pennsylvania hospitals received about 26 cents for every dollar charged in 2009. That means readmissions for complications or infections that year totaled about \$327 million.

To read the Trib's "Code Green: Bleeding Dollars" series on waste in national health care costs, go to www.bleedingdollars.com.

Andrew Conte can be reached at andrewconte@tribweb.com or 412-320-7835.

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