

Response to committee questions from 2.16.2016

In response to committee questions asked during her presentation on February 16, of Becky Hultberg, ASHNHA provided the following:

I wanted to follow up with some additional information on readmissions. The information I gave the committee was partially accurate, but I had gotten a few things confused. I think this will help clarify. Specifically, a readmission is for any cause within 30 days, but it does not include a planned hospitalization.

Here are a few links to information about the Colorado RCCO program.

<https://www.colorado.gov/pacific/hcpf/accountable-care-collaborative>

<http://www.cohealthinfo.com/glossary/regional-care-collaborative-organization-rcco/>

Becky

Hospital Readmission Reduction Program (HRRP)

A hospital readmission occurs when a patient is admitted to a hospital within a specified time period after being discharged from an earlier (initial) hospitalization. For Medicare, this time period is defined as 30 days, and includes hospital readmissions to any hospital, not just the hospital at which the patient was originally hospitalized.

Medicare uses an “all-cause” definition of readmission, meaning that hospital stays within 30 days of a discharge from an initial hospitalization are considered readmissions, regardless of the reason for the readmission. This all-cause definition is used in calculating both the national average readmission rate and each hospital’s specific readmission rate. Starting in 2014, CMS began making an exception for *planned* hospitalizations (such as a scheduled coronary angioplasty) within the 30-day window; these are no longer counted as readmissions.

The current focus in the HRRP is on readmissions occurring after *initial* hospitalizations for selected conditions—namely, heart attack, heart failure, pneumonia, chronic obstructive pulmonary disease (COPD), and elective hip or knee replacement. CMS also collects hospitals’ overall readmission rates (regardless of initial diagnoses), but these overall rates are not currently used in the HRRP to calculate readmissions penalties.

The HRRP was established by a provision in the Affordable Care Act (ACA) requiring Medicare to reduce payments to hospitals that have relatively high readmission rates for patients in traditional Medicare. It started in 2013 as a permanent component of Medicare's inpatient hospital payment system (i.e., not a temporary demonstration project), and applies to most acute care hospitals. Hospitals exempt from the HRRP include psychiatric, rehabilitation, long term care, children's, cancer, critical access hospitals, and all hospitals in Maryland.

Under the HRRP, hospitals with readmission rates that exceed the national average are penalized by a reduction in payments across *all* of their Medicare admissions—not just those which resulted in readmissions. Before comparing a hospital's readmission rate to the national average, CMS adjusts for certain demographic characteristics of both the patients being readmitted and each hospital's patient population (such as age and illness severity). After these adjustments, CMS calculates a rate of "excess" readmissions, which links directly to the hospital's readmission penalty—the greater each hospital's rate of excess readmissions, the higher its penalty.

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