

Pay May Be Bundled for Hospital Readmissions

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WASHINGTON — Concerned about frequent rehospitalizations and readmissions to skilled nursing facilities, the Medicare Payment Advisory Commission recently debated whether to recommend that payments for the hospital and postacute care be bundled together.

Analysis of data from 2004 to 2006 showed that 63% of skilled nursing facility (SNF) patients were admitted to a hospital, then discharged back to an SNF; 31% had two or more SNF-hospital-SNF cycles, MedPAC staff member Carol Carter reported at a recent meeting of the commission.

A previous report by the Health and Human Services Department's Office of Inspector General found that patients who had three or more such cycles had a lower quality of care, said Ms. Carter, who added that the OIG estimated the cost to Medicare of frequent hospital readmissions from SNFs at \$3.5 billion in 2007.

The MedPAC analysis also found that patients who had repeat hospitalizations and readmissions to SNFs were more like-

ly to be dual-eligible for Medicare and Medicaid and more likely to be sicker than other patients. Of the readmitted patients, 51% were dual-eligible, compared with 33% of those who did not have repeat visits. Patients who had four or more hospital-SNF stay cycles during the 2-year period were also more likely to be classified as clinically complex than were nonrepeat patients, Ms. Carter said.

Of repeat patients, 74% were hospitalized for what were classified as "potentially avoidable" conditions, such as heart failure, respiratory infections, and urinary tract infections, she said.

Repeat hospital-SNF visits were much higher for patients in freestanding SNFs and in for-profit SNFs, Ms. Carter said.

She suggested that it was probably not possible—or desirable—to eliminate all hospital readmissions. But she recommended aligning payment incentives between the SNFs and hospitals, saying that each entity could, under the current system, be rewarded for admissions to their facilities. She also said that SNFs can often convert patients from lower-paying Medicaid to higher-paying Medicare after a long hospital stay.

Ms. Carter suggested that the Centers for Medicare and Medicaid Services start publicly reporting rehospitalization and readmission rates, and that the agency consider using potentially avoidable rehospitalizations as a pay-for-performance measure.

Finally, she recommended bundling payments for the hospital and the SNF, following the same path that MedPAC has recommended for hospitals in an attempt to hold inpatient and outpatient providers accountable for readmissions.

Some commissioners questioned whether "potentially avoidable" hospitalizations had been validated as a performance measure, noting that in some cases, an SNF might just have a bad case mix.

Commissioner Peter Butler, executive vice president and chief operating officer of Rush University Medical Center in Chicago, disagreed that hospitals had a financial incentive to seek out the readmissions. "For the most part, hospitals don't want these patients," he said, noting that they were often medically complex and rarely profitable.

Dr. Thomas Dean, chief of staff at Avera Wescota Memorial Medical Center in

Wessington Springs, S.D., said he agreed with Mr. Butler that these patients were rarely desirable and were generally not profitable.

Commissioner Michael Chernew said that the payment incentives were "perverse" and that they might induce "churning" of patients from the nursing home to the hospital and back. But Mr. Chernew, a professor in the department of health care policy at Harvard Medical School, Boston, said that holding SNFs and hospitals accountable for readmissions might not be the optimal route to change.

Larry Lane, a vice president at Genesis HealthCare, a for-profit SNF and assisted living company, said that the commission should not "demonize" for-profit ownership. Speaking during the public section of the meeting, Mr. Lane said that 15%-18% of his company's hospitalizations are within 3 days of an SNF admission, suggesting that those patients are being prematurely discharged from the hospital.

Mr. Lane also warned against a "stampede" toward bundling.

MedPAC did not say when it would again take up the issue of rehospitalized SNF patients. ■

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