Hospital Impact

Hospital readmission penalties: Seize the opportunity

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Hospital executives have known for quite some time that the Centers for Medicare & Medicaid Services is targeting readmission rates as a source of cost reduction. One in five Medicare patients is readmitted to the hospital within 30 days of discharge, costing an estimated $17.5 billion annual year.

All hospitals now are subject to losing a portion of their Medicare reimbursement if they do not meet standards for 30 day readmission rates. The severity of the penalties range from 1 percent to 3 percent over the next three years and can be very significant.

There are effective, technology-driven systems that can be established to improve quality, enhance patient satisfaction, lower cost and eliminate the penalties associated with poor readmission rate performance.

**Early Reports:** A recent report from *Kaiser Health News* using CMS data shows how hospitals are performing in the early stages of this program. Medicare evaluated readmission rates at 3,367 of the nation's hospitals and will impose penalties on 2,211. The analysis shows 278 hospitals will receive this year's maximum penalty of 1 percent. On the other side of the spectrum, 50 hospitals will receive the minimum penalty of 0.01 percent.

Despite the lead time to prepare for these changes, this data suggests that hospitals are ill prepared to meet the goals of this program, which is to improve quality of life for "at risk" populations while lowering cost.

**Evaluating the opportunity:** It has been proven repeatedly that high quality results in lower costs. The opportunity exists for healthcare providers to implement programs that will improve the quality of life of at risk populations. No one really enjoys being in the hospital, so reducing unnecessary readmissions not only improves quality but it enhances patient satisfaction as well.
Meeting the current criteria offered by CMS also maintains the financial status of the hospital at optimal levels by avoiding penalties. Perhaps the old adage is appropriate here: “If you don't have time to do something right the first time, when will you have time to do it over?”

**Implementation strategies:** Hospitals can implement strategies that identify target audiences and provide clinical and emotional interventions that lower the risk of readmission rates. An important part of this process is to leverage available technology to identify patients, assess risk, provide interventions and monitor effectiveness all in "real time" with an easily accessible web-based process. This provides a valuable process for care coordinators to positively impact quality of care.

Another key component is the ability to stay connected real time with discharged patients. Please refer to the best practice checklist for readmission management included below for a more comprehensive list of characteristics of successful programs

**Guard Against Complacency:** If your current readmission rates are not in the lower quartile of the standards, why be concerned? The spread in readmission rates between the bottom quartile and top quartile is relatively small. Hospitals that are in the bottom quartile can leapfrog to the top quartile with only a 20 percent improvement over current performance.

Therefore, hospitals that now appear to be safe from penalties based on current readmission rates could easily fall into the penalty zone if they are standing still while others improve their results.

**Readmission Management "Best Practice" Checklist**

- Seamless integration with current hospital operations
- Provision of critical information to patient care coordinators
- Identification of at risk population and enrolls them into a specific plan of intervention
- Advanced analytics that calculate the likelihood of readmission allowing for early intervention in the high risk population
- Web-based dashboard reporting system that provides a monitor for the effectiveness of clinical interventions
- "Real-time access to all data, interventions and communications
- Available technology to stay connected with discharged patients
- Improvement of the patient's quality of life and the hospital's bottom line

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