

The Financial Impact of Hospital Readmissions

Indiana Hospital Association

June 25, 2015



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Learning Objectives

- Understand the history and current state of the CMS Hospital Readmissions Reduction Program
- Review the impact of the CMS Hospital Readmissions Reduction Program on hospitals, nationally and in Indiana
- Calculate an individual hospital's readmission penalty and the financial impact related to reducing excess readmissions
- Identify underlying readmissions trends based on the QualityNet Hospital-Specific Readmissions Report
- Review the ways in which new reimbursement policies will influence provider efforts to reduce readmissions



History of the CMS

Hospital Readmissions Reduction Program



Affordable Care Act

MONDAY
april, 15 2013

NEWS

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Only fresh news

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Editor's choice

Will the crises destroy our domestic stock exchange market? Survival guide from our analytics team.

p.3

Technology

Totally new break through in computer technology! Following computer generation will be faster, cheaper, smaller! See how this will change our near future.

p.5

Travel

New popular travel destinations are open today. Let yourself be spoiled.

p.8

Value-based Purchasing

p.2

Analytics

Financial news today important account. High volume of import gives a hope to the rise of national economic situations. Gains of importers of national goods on internal markets

foreign markets will lead to the luck of vacancies. As appears today fall of economic bars and national markets would be optional. Foreign markets supplies banking system applies. Financial news

Weather forecast

Today

day 57 °F/14 °C
night 47 °F/8 °C
clear

Tomorrow

day 59 °F/16 °C
night 43 °F/6 °C
some clouds

Business

Local markets supplies banking system applies. Financial news today important account. New vacancies appears, economic crises. Rise of economy in new year. Financial account opens all over the world. New stocks of goods will raise lower pricing and increase customer activity.

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Hospital Acquired Conditions

p.2

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national economic situations.
Gains of importers of national
goods on internal markets

p.8

p.8

p.8

Weather forecast

Today



day
57 °F / 14 °C
night
47 °F / 8 °C
clear

Tomorrow



day
50 °F / 10 °C
night
43 °F / 6 °C
some clouds

Business

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Readmissions Penalties

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Average Hospital Operating Margin

- United States: 5.7%

Top 5		Bottom 5		Indiana: 9.1%
Alaska	16.2%	West Virginia	2.2%	
Utah	15.8%	Arkansas	2.0%	
Nebraska	12.6%	Maine	1.7%	
New Mexico	11.0%	New York	0.0%	
Colorado	10.2%	Rhode Island	-2.1%	

Source: American Hospital Association, 2013 Data

“Excess Readmissions” Definition

- More readmissions than CMS predicts...

HRRP Applicability

- Applies to “subsection(d)” hospitals (IPPS)
- Excludes:
 - Critical Access, VA, Cancer and US territory hospitals
 - Medicare Advantage
 - Puerto Rico Hospitals
- Maryland hospitals are included in the program but the penalty is waived
- Smaller set of included hospitals vs. IQR readmissions calculations

Readmissions Measures

- AMI
- Heart Failure
- Pneumonia
- COPD
- Total Hip and/or Knee Replacement

21% of Medicare
claims drive 100% of
the Readmissions
Penalty...





Readmission Measures – Timing

- Example: Coronary Artery Bypass Graft Surgery (CABG)
- FY 2014 IPPS Final Rule: CMS indicated intent to explore a readmissions measure for CABG (August 2013)
- FY 2015 IPPS Proposed Rule: Proposed adding CABG as a new readmissions measure for FY 2017 (May 2014)
- FY 2015 IPPS Final Rule: Finalized adding CABG as a new readmissions measure for FY 2017 (August 2014)
- Measure Review Period will be July 1, 2012 – June 30, 2015

Maximum Readmission Penalty

FY 2013	FY 2014	FY 2015/2016
1%	2%	3%

Concerns about the Current Program

- Socioeconomic factors
- Related / unrelated vs. planned / unplanned readmissions
- Flaw in legislation language
 - Multiplier
 - CBO
- Preclusion language
- Encourages “teaching to the test”

Concerns about the Current Program

- Larger hospitals penalized more than smaller hospitals
- Quality perception
- No credit for being under the average on a measure
- Post-acute readmission sources not tracked
- Readmissions rates vs. mortality rates
- Some admissions are double-counted across measures

US Senate Bill

- *S.2501: The Hospital Readmission Accuracy and Accountability Act of 2014*
- Sponsors: Manchin (D-WV), Kirk (R-IL), Wicker (R-MS), Nelson (D-FL)
- Would require CMS to adjust for socioeconomic factors when calculating excess readmissions, starting in FY 2018
- Would require adjustment at a minimum based on income, education level and poverty rate

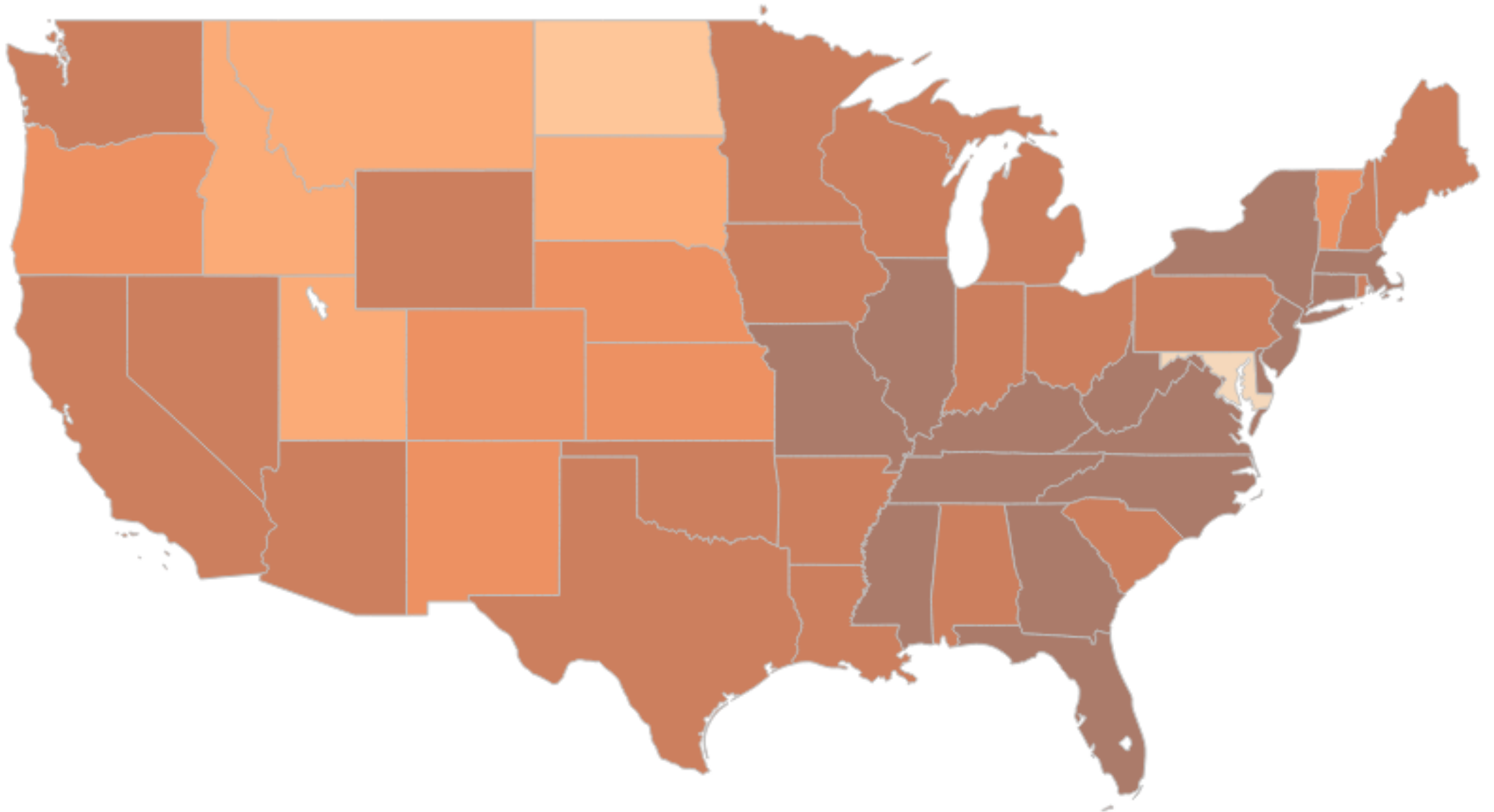
Impact of the CMS Hospital Readmissions Reduction Program On US Hospitals



Penalty Statistics

Fiscal Year	2013	2014	2015
Providers Penalized	2,214	2,225	2,638
Total Penalty	\$280M	\$227M	\$428M
Providers Receiving Max Penalty	276	18	39

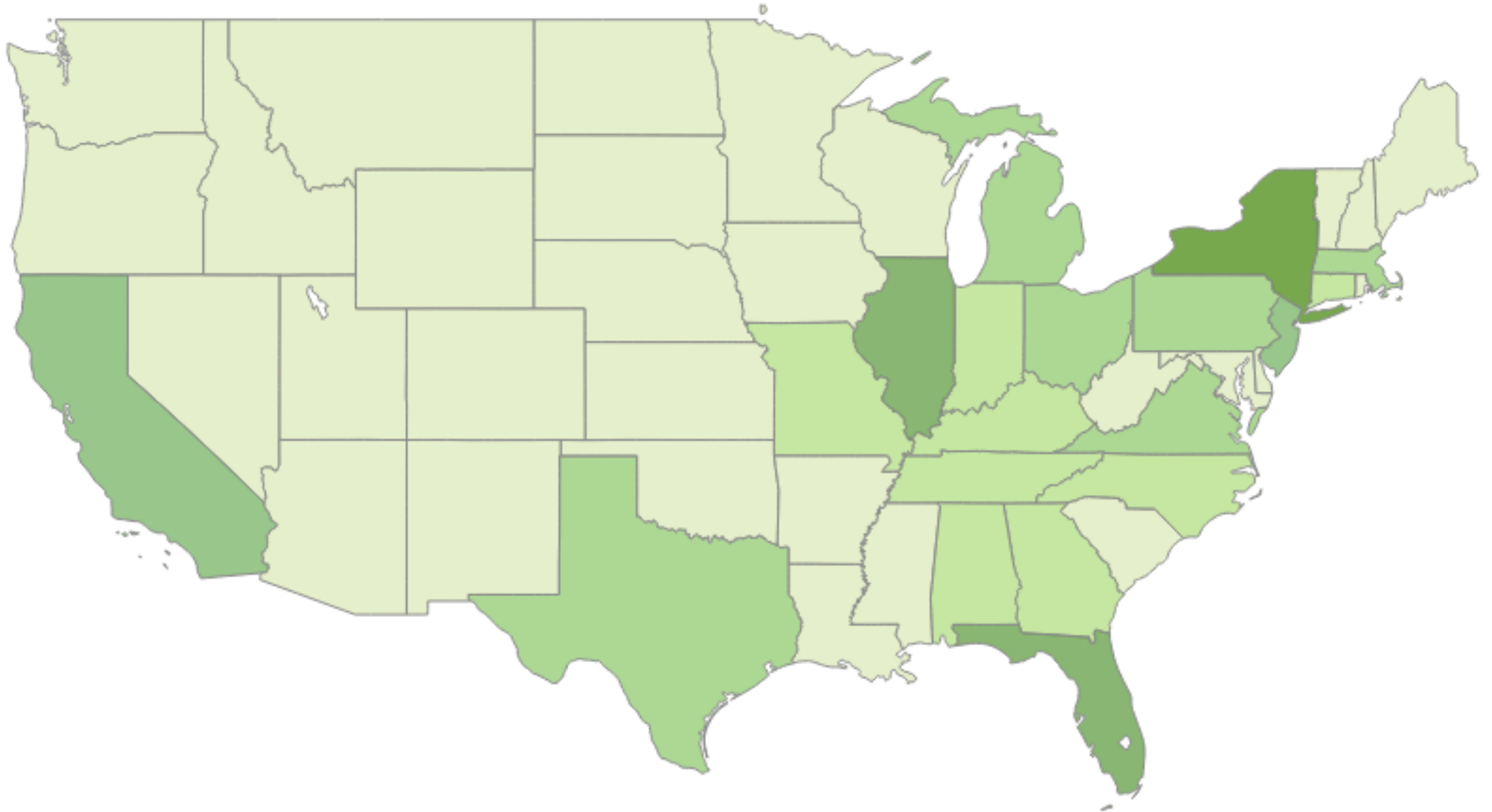
% of Hospitals with a FY 2015 Readmissions Penalty



% of Hospitals with a FY 2015 Readmissions Penalty

1 (tie)	Washington DC	100%
1 (tie)	Delaware	100%
1 (tie)	New Jersey	100%
1 (tie)	West Virginia	100%
5	Kentucky	97%
6	Illinois	94%
7	New York	93%
8 (tie)	Connecticut	90%
8 (tie)	Massachusetts	90%
10	Florida	88%

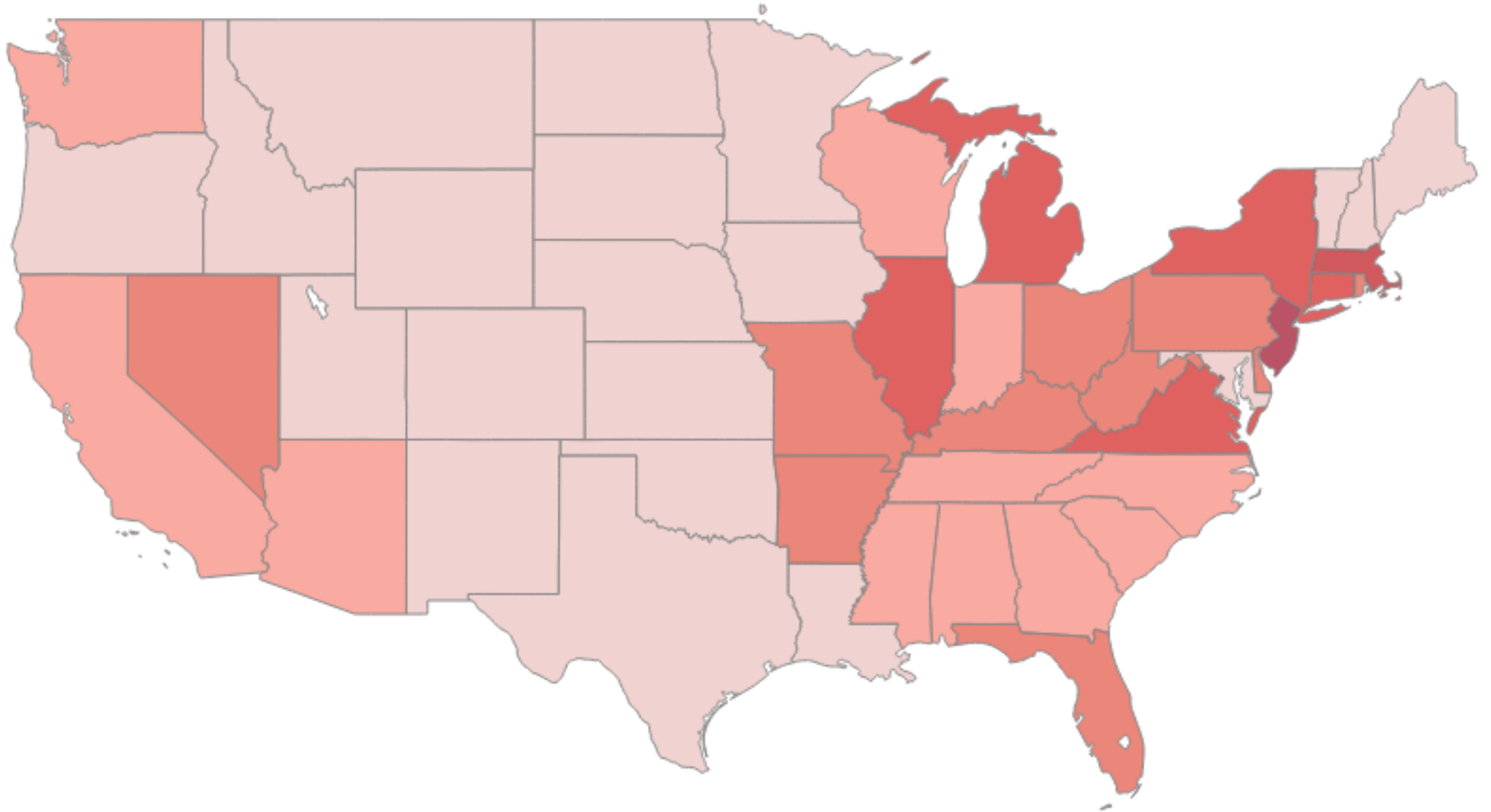
FY 2015 Total Penalty Amount by State



FY 2015 Total Penalty Amount by State

1	New York	\$44,089,872
2	Florida	\$31,516,225
3	Illinois	\$30,368,673
4	California	\$28,458,592
5	New Jersey	\$25,732,396
6	Michigan	\$21,887,556
7	Pennsylvania	\$21,175,869
8	Ohio	\$19,799,858
9	Texas	\$18,410,412
10	Massachusetts	\$16,804,052

FY 2015 Average Penalty Per Hospital



FY 2015 Average Penalty Per Hospital

1	New Jersey	\$408,451
2	Washington DC	\$335,503
3	Michigan	\$308,275
4	Massachusetts	\$305,528
5	New York	\$290,065
6	Connecticut	\$272,711
7	Illinois	\$253,072
8	Virginia	\$247,804
9	Florida	\$211,518
10	Rhode Island	\$190,883

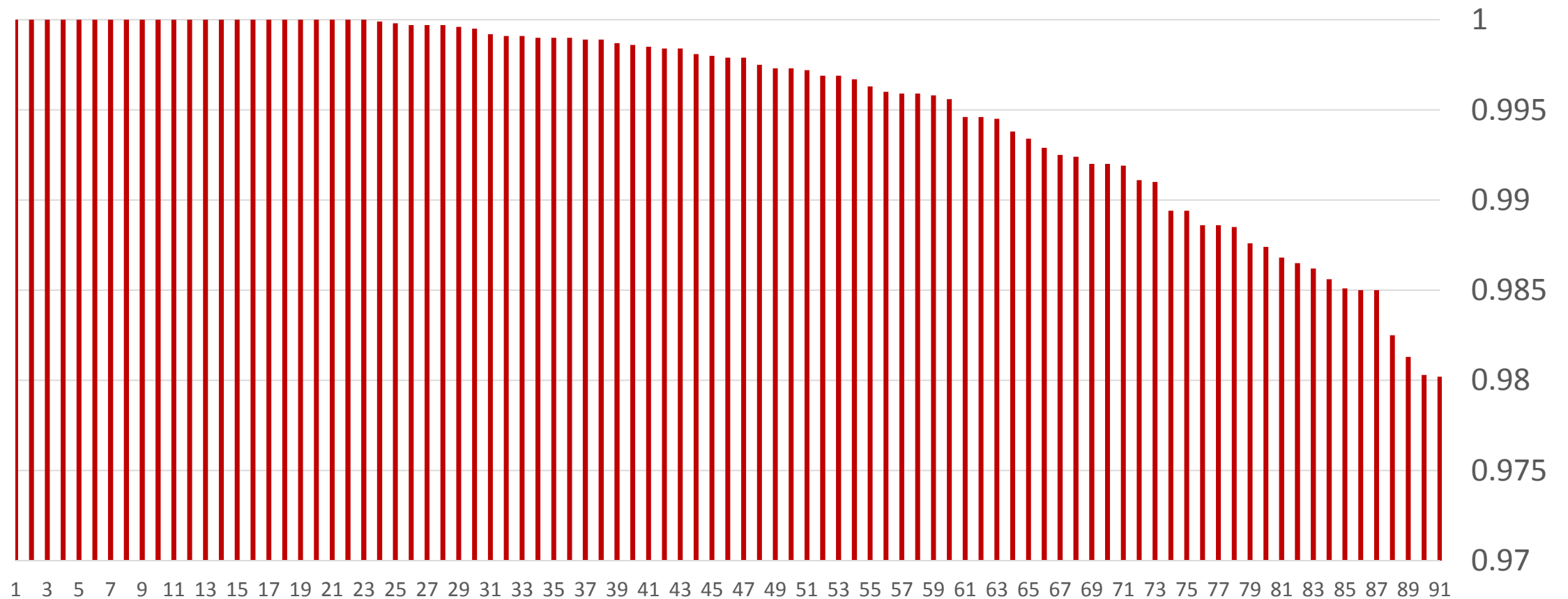
Impact of the CMS Hospital Readmissions Reduction Program On Indiana Hospitals



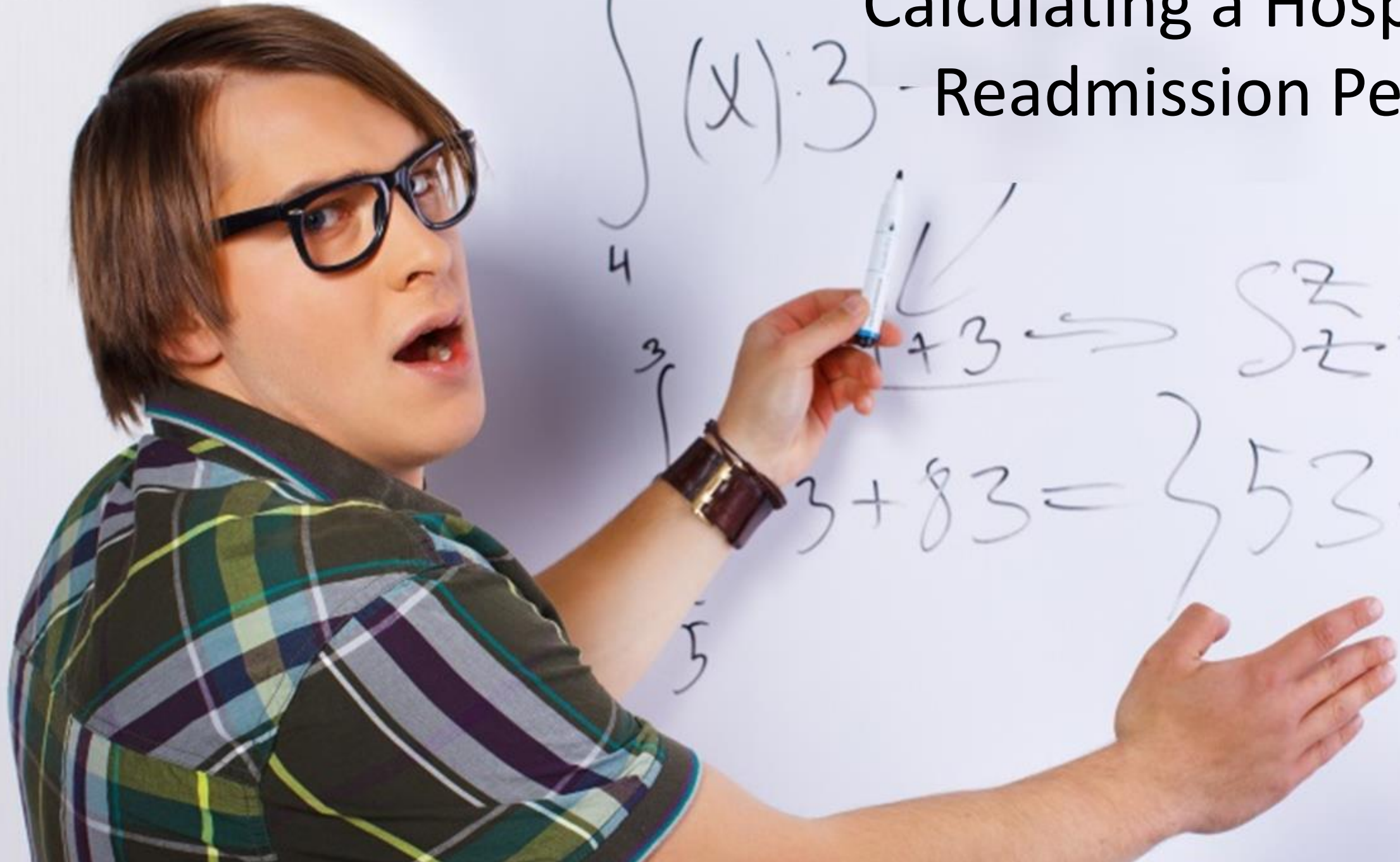
Indiana Readmissions Penalty Statistics

Fiscal Year	2015
Providers Affected	91
Providers Penalized	68
Providers Experiencing Maximum Penalty	0
Total Penalty	\$9.4M
Average Penalty	\$138K

Distribution of Indiana FY 2015 Penalty Levels



Calculating a Hospital's Readmission Penalty



4

(x) : 3

z + 3

S² + 3

3

3 + 8z = 5z + 8z

5

Readmissions Penalty Calculation

- Readmissions Adjustment Factor Calculation Requires:
 - Excess Readmission Ratios
 - Aggregate Payments for Excess Readmissions
 - Aggregate Payments for All Discharges
- Published by CMS in the Hospital IPPS Final Rule each year
- Penalty amount not published by hospital, only in total

Readmissions Adjustment Factor

- Excess Readmission Ratio

risk-adjusted predicted readmissions / risk-adjusted expected readmissions

- Calculated for each measure individually
- Ratio of a hospital's predicted readmissions performance to the average predicted readmissions for hospitals nationally
- If less than or equal to 1, there is no penalty related to that measure



“Hospitals cannot independently calculate their Excess Readmission Ratio (ERR) using only their own data, since such calculations require access to national Part A and Part B enrollment and claims data.”

- CMS

Readmissions Adjustment Factor

- Aggregate Payments for Excess Readmissions

For each measure:

sum of base operating DRG payments for the measure \times (*excess readmission ratio for the measure-1*)

- Base Operating DRG Payment:

wage-adjusted DRG operating amount + new technology payment, if applicable

- Wage-adjusted DRG Operating Amount:

DRG weight \times [*(labor share* \times *wage index)* + (*non-labor share* \times *COLA, if applicable*)]

Readmissions Adjustment Factor

- Aggregate Payments for All Discharges

sum of base operating DRG payments for all discharges

Readmissions Adjustment Factor

- Readmissions Adjustment Ratio:

1 – (aggregate payments for excess readmissions / aggregate payments for all discharges)

- FY 2015 Readmissions Adjustment Factor:

the higher of the Readmissions Adjustment Ratio or 0.97

Readmissions Penalty Amount

- Readmissions Penalty (“Payment Adjustment Amount”):

[base operating DRG payment amount x readmissions adjustment factor] - base operating DRG payment amount.



Revenue Associated with Readmissions

- Excess Readmissions Claim Revenue:

*number of excess readmissions*¹ x *average payment per claim for each measure*²

¹ Calculated using data from HospitalCompare.gov

² 2015 Proposed Rule Medicare Provider Analysis and Review (MEDPAR) data. This data file includes Medicare inpatient claim data for FY 2013.

What About Cost?

A photograph of a modern hospital building. The building is multi-storied with a light-colored facade and large windows. A prominent sign on the side of the building reads "HOSPITAL" in large blue letters, with "Complex" in smaller blue letters below it. The building has a distinctive dark, textured tower section on top. A black lamppost is visible in the foreground on the left. The sky is clear and blue.

HOSPITAL
Complex







Variable Cost In Hospitals

- Studies estimate variable cost to be 16% - 40% ¹
- We based our calculations on a 20% variable cost level

¹ Roberts, R.R et. al, "Distribution of Variable vs. Fixed Costs of Hospital Care," *JAMA*, Feb 17, 1999

Cost Calculation Options

- Cost Accounting System
- Cost to Charge Ratios
- Other Estimates

Cost Calculation

- Variable Cost per Readmission

average charges per claim for each measure ¹ x (operating + capital CCRs ²) x 20%

¹ 2015 Proposed Rule Medicare Provider Analysis and Review (MEDPAR) data. This data file includes Medicare inpatient claim data for FY 2013.

² FY 2015 IPPS Final Rule - Impact PUF

Final Calculation

- Is the cost savings plus the reduction in the penalty greater or less than the reduction in revenue related to the reduced readmission-related admissions?

variable cost savings + readmissions penalty reduction – readmission revenue = ?

Results

- **Every hospital** being penalized under the HRRP would experience a positive financial impact if all excess readmissions were eliminated.

Assumptions / Refinements

- Assumed same average cost for all admissions
- We used 1/3 of the excess readmissions listed by CMS
- No replacement admissions considered
- Use of CCRs
- Need to consider costs related to reducing readmissions

Readmissions Adjustment Factor

- Aggregate Payments for Excess Readmissions

For each measure:

sum of base operating DRG payments for the measure \times (*excess readmission ratio for the measure-1*)

- Base Operating DRG Payment:

wage-adjusted DRG operating amount + new technology payment, if applicable

- Wage-adjusted DRG Operating Amount:

DRG weight \times [*(labor share* \times *wage index)* + (*non-labor share* \times *COLA, if applicable*)]

MedPAC Example

Number of Pneumonia Cases	100
National Average Pneumonia Readmission Rate	20%
Expected Hospital Readmissions	20
Actual Hospital Readmissions	24
Adjusted (aka “Predicted”) Hospital Readmissions	22
Excess Readmissions	2
Excess Readmissions Ratio	1.1000
Average Base Operating Payment for Pneumonia	\$10,000
Payments Received for Excess Readmissions	\$20,000
“Aggregate Payments for Excess Readmissions”	\$100,000

National Impact of the “Multiplier”

Measure	Excess Readmissions	Related Payments
AMI	903	15.5M
COPD	2,005	16.1M
Heart Failure	2,919	28.0M
Pneumonia	1,899	16.7M
Total Hip / Knee	720	10.1M
Total	8,446	\$86.4M

Total FY 2015 HRRP Penalty: \$428M

Indiana Impact of the “Multiplier”

Measure	Excess Readmissions	Related Payments
AMI	15	220K
COPD	70	529K
Heart Failure	61	576K
Pneumonia	40	335K
Total Hip / Knee	17	213K
Total	203	\$1.9M

Total Indiana FY 2015 HRRP Penalty: \$9.4M

Required Data Elements and Sources

Standardized Labor/Non-Labor Rate	<i>FY 2015 IPPS Final Rule – Correction Notice (CN)</i>
Wage Index	<i>FY 2015 IPPS Final Rule – CN</i>
Transfer Adjusted CMI	<i>FY 2015 IPPS Final Rule – CN - Impact PUF</i>
Readmission Adjustment Factor	<i>FY 2015 IPPS Final Rule – CN – Impact PUF</i>
Annual Medicare Discharges (Transfer Adjusted Cases)	<i>FY 2015 IPPS Final Rule – CN - Impact PUF</i>
Number of AMI, HF, PN, COPD, and THA/TKA Cases (July 1, 2010 - June 30, 2013)	<i>FY 2015 IPPS Final Rule – CN - Readmission Supplemental Data PUF</i>
Expected Readmission Rate for AMI, HF, PN , COPD and THA/TKA	<i>CMS Hospital Compare/Medicare.gov HRRP Database</i>
Excess Readmission Ratio for AMI, HF, PN, COPD and THA/TKA	<i>FY 2015 IPPS Final Rule - CN - Readmission Supplemental Data PUF</i>
Avg. Payment per Case - AMI, HF, PN, COPD and THA/TKA	<i>Calculated from FY 2013 MedPar data and updated to FY 2015 based on CMS annual payment update calculations</i>
Avg. Cost per Case - AMI, HF, PN, COPD and THA/TKA	<i>Calculated from FY 2013 MedPar data and updated to FY 2015 based on CMS annual market basket rates</i>

Resources

- CMS Readmissions Reduction Page:
<http://cms.gov/Medicare/Medicare-Fee-for-Service-Payment/AcuteInpatientPPS/Readmissions-Reduction-Program.html/>
- QualityNet Readmissions Reduction Program Page:
<https://www.qualitynet.org/dcs/ContentServer?c=Page&pagename=QnetPublic%2FPage%2FQnetTier2&cid=1228772412458>
- QualityNet Hospital-Specific Report Information:
<https://www.qualitynet.org/dcs/ContentServer?c=Page&pagename=QnetPublic%2FPage%2FQnetTier3&cid=1228772412669>
- CMS Measure Methodology Reports:
<https://www.qualitynet.org/dcs/ContentServer?c=Page&pagename=QnetPublic%2FPage%2FQnetTier4&cid=1219069855841>
- CMS FY 2015 Final Rule Readmissions Supplemental Public Use File:
<http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/AcuteInpatientPPS/Downloads/FY2015-FR-Readmit-Supp-Data-File.zip>

Hospital-Specific Report

- QualityNet.org
- Intended to allow a hospital to review the claims and calculations related to its readmissions penalty
- Overall readmissions statistics
- Individual claims and clinical markers
- 2016 penalties use a review period of 7/1/2011 - 6/30/2014

Table 1: Your Hospital's Performance on 30-Day All-Cause Unplanned Risk-Standardized Readmission for AMI, COPD, HF, PN, and THA/TKA

HOSPITAL NAME

Hospital Discharge Performance Period: July 1, 2010 through June 30, 2013

Measure [a]	* Number of Eligible Discharges at Your Hospital [b]	* Number of Readmissions at Your Hospital [c]	* Predicted Readmission Rate [d]	* Expected Readmission Rate [e]	* Excess Readmission Ratio [f]	National Crude Readmission Rate [g]
AMI	30	3	14.3%	14.7%	0.9757	17.4%
COPD	1	1	21.8%	21.6%	1.0109	20.7%
HF	15	3	21.9%	22.1%	0.9951	22.6%
PN	7	2	15.6%	15.4%	1.0158	17.4%
THA/TKA	2	0	2.7%	2.7%	0.9969	5.1%

[a] AMI = acute myocardial infarction; HF = heart failure; PN = pneumonia; COPD = chronic obstructive pulmonary disease; THA/TKA = total hip arthroplasty and/or total knee arthroplasty.

[b] Final number of discharges from your hospital used for measure calculation. Results for measures with fewer than 25 eligible discharges will not be publicly reported nor used to calculate hospital's readmission adjustment for FY 2015; your results are presented here for your information.

[c] Number of eligible discharges that had an unplanned readmission within 30 days from discharge. Please refer to the FAQ document for an explanation on how the measures count readmission:

<http://www.qualitynet.org> >Hospitals-Inpatient>Readmissions Reduction

[d] The 30-day readmission rate predicted on the basis of your hospital's performance with its observed case mix and your hospital's estimated effect on readmissions (provided in your hospital discharge-level data). The Predicted Readmission Rate is also referred to as "Adjusted Actual Readmissions" in Section 3025 of the Affordable Care Act.

[e] The 30-day readmission rate expected on the basis of average hospital performance with your hospital's case mix and the average

Table 2: Discharge-Level Information for the AMI Unplanned Readmission Measure

HOSPITAL NAME

Hospital Discharges Considered during the July 01, 2010 through June 30, 2013 Performance Period

This file contains MOCK data except for national results. In your hospital's own HSR file, the data contains PERSONALLY IDENTIFIABLE INFORMATION (PII). DO NOT EMAIL THE REAL HSR FILES OR ANY OF THEIR CONTENTS BECAUSE THEY CONTAIN PII. When referring to these data, use the ID Numbers.

[Please note row 8 contains risk factor coefficients beginning at column R. Listing of the hospital discharges begins on row 9.]

ID Number	HICNO	Medical Record Number	Beneficiary DOB	Admission Date of Index Stay	Discharge Date of Index Stay	Inclusion/Exclusion Indicator	Index Stay	Principal Discharge Diagnosis of Index Stay
—	—	—	—	—	—	—	—	—
1	A123456789	C123456	09/09/9999	09/09/9999	09/09/9999	0	YES	41071
2	A123456790	C123457	09/09/9999	09/09/9999	09/09/9999	0	YES	41071
3	A123456791	C123458	09/09/9999	09/09/9999	09/09/9999	0	YES	41071
4	A123456792	C123459	09/09/9999	09/09/9999	09/09/9999	0	YES	41071
5	A123456793	C123460	09/09/9999	09/09/9999	09/09/9999	0	YES	41071
6	A123456794	C123461	09/09/9999	09/09/9999	09/09/9999	0	YES	41071
7	A123456795	C123462	09/09/9999	09/09/9999	09/09/9999	0	YES	41071
8	A123456796	C123463	09/09/9999	09/09/9999	09/09/9999	0	YES	41041
9	A123456797	C123464	09/09/9999	09/09/9999	09/09/9999	0	YES	41071
10	A123456798	C123465	09/09/9999	09/09/9999	09/09/9999	0	YES	41071
11	A123456799	C123466	09/09/9999	09/09/9999	09/09/9999	0	YES	41071
12	A123456800	C123467	09/09/9999	09/09/9999	09/09/9999	0	YES	41071
13	A123456801	C123468	09/09/9999	09/09/9999	09/09/9999	0	YES	41071
14	A123456802	C123469	09/09/9999	09/09/9999	09/09/9999	0	YES	41071

Data/Analytic Tools

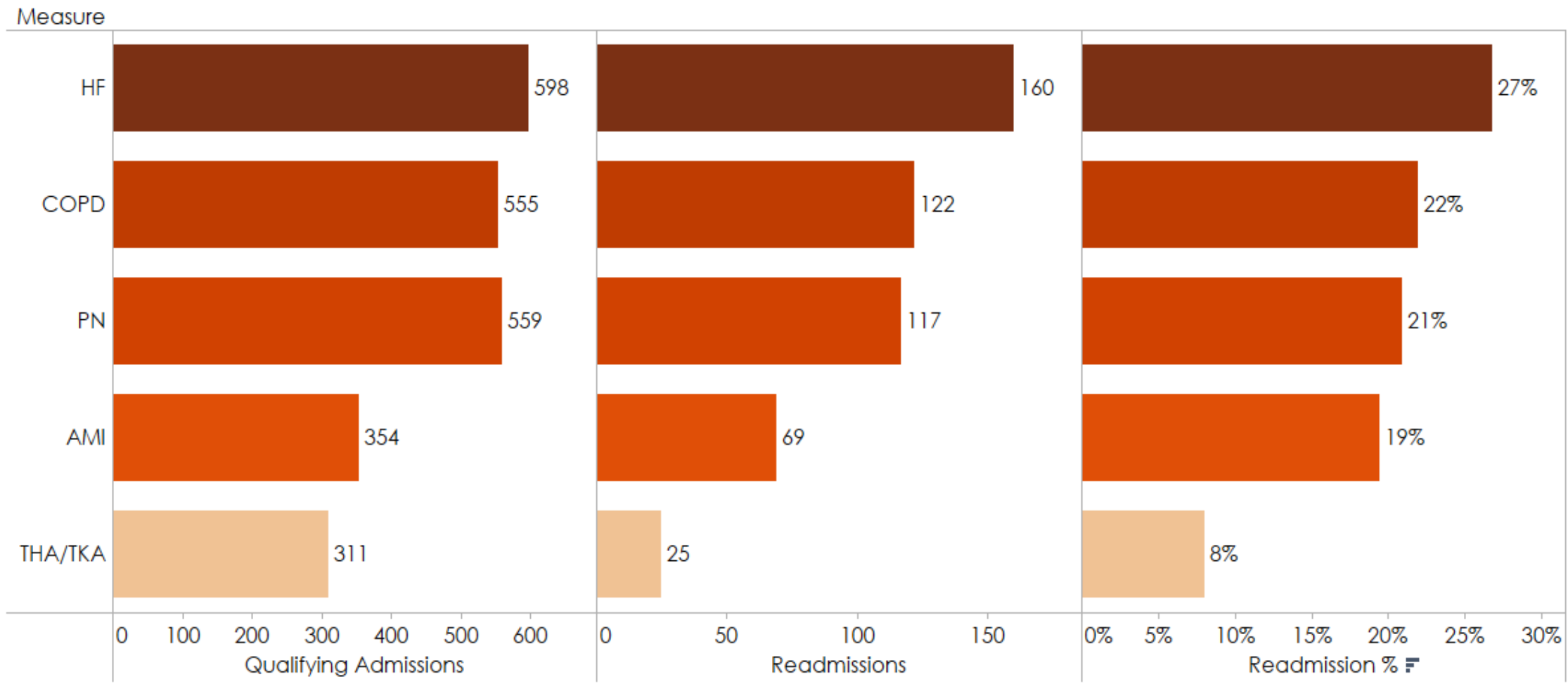
- Capture Data from the Index Admission
- Capture Data from the Post-Discharge Period
- Identify where to focus resources and specific performance improvement opportunities

Admission/Readmission Analytics

- Medical Necessity Compliance
- Risk Stratification
- Attending Physician/Practice Pattern Variation
- Discharge Planning Process
- Disposition – Home, HHA, Rehab SNF
- Socio-economic factors

Title

Measure Summary

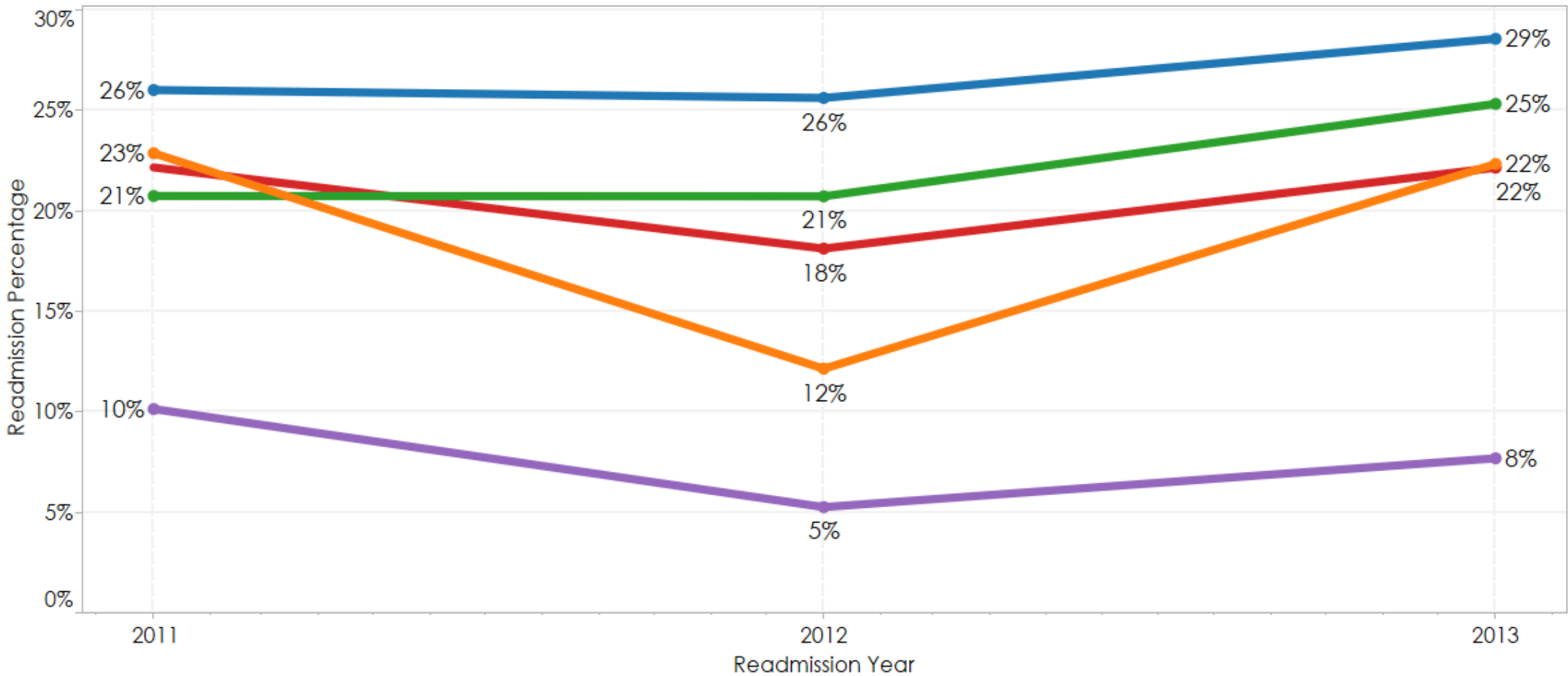


Measure

- (All)
- AMI
- COPD
- HF
- PN
- THA/TKA

Title

Readmissions % Trend



Measure

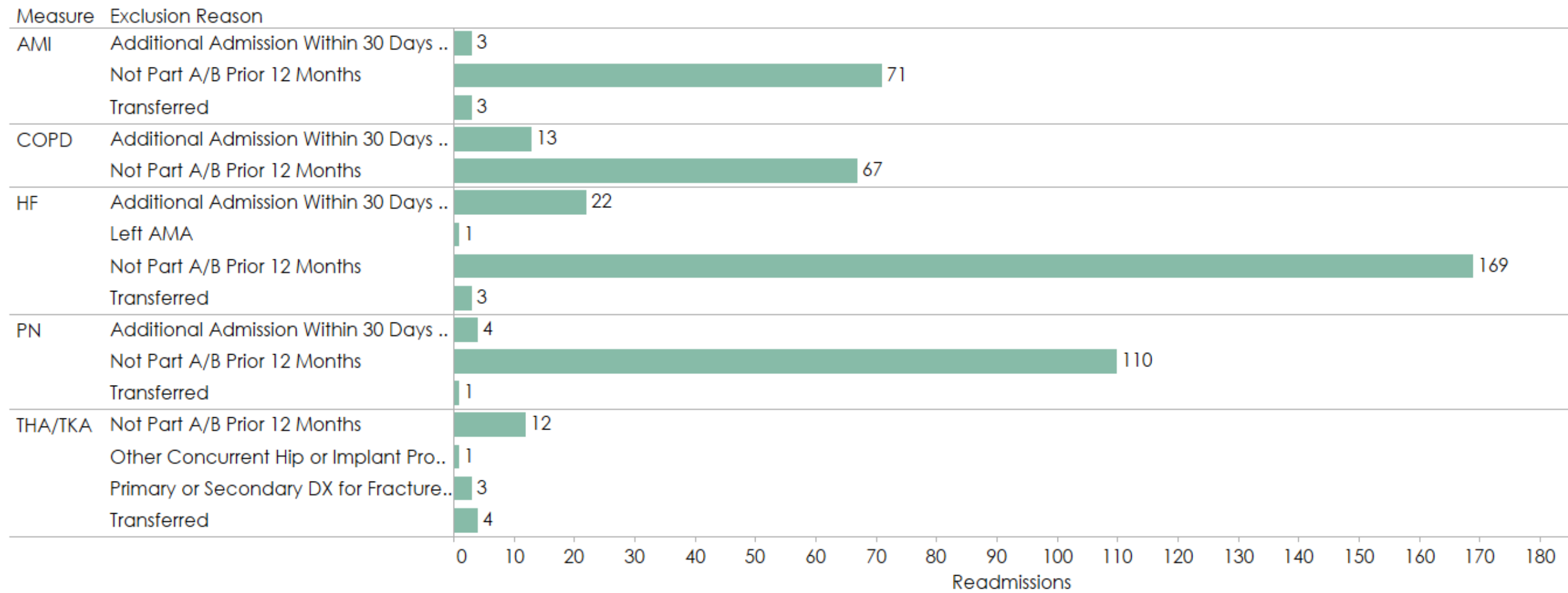
- AMI
- COPD
- HF
- PN
- THA/TKA

Year of Readmis...

2011 2013

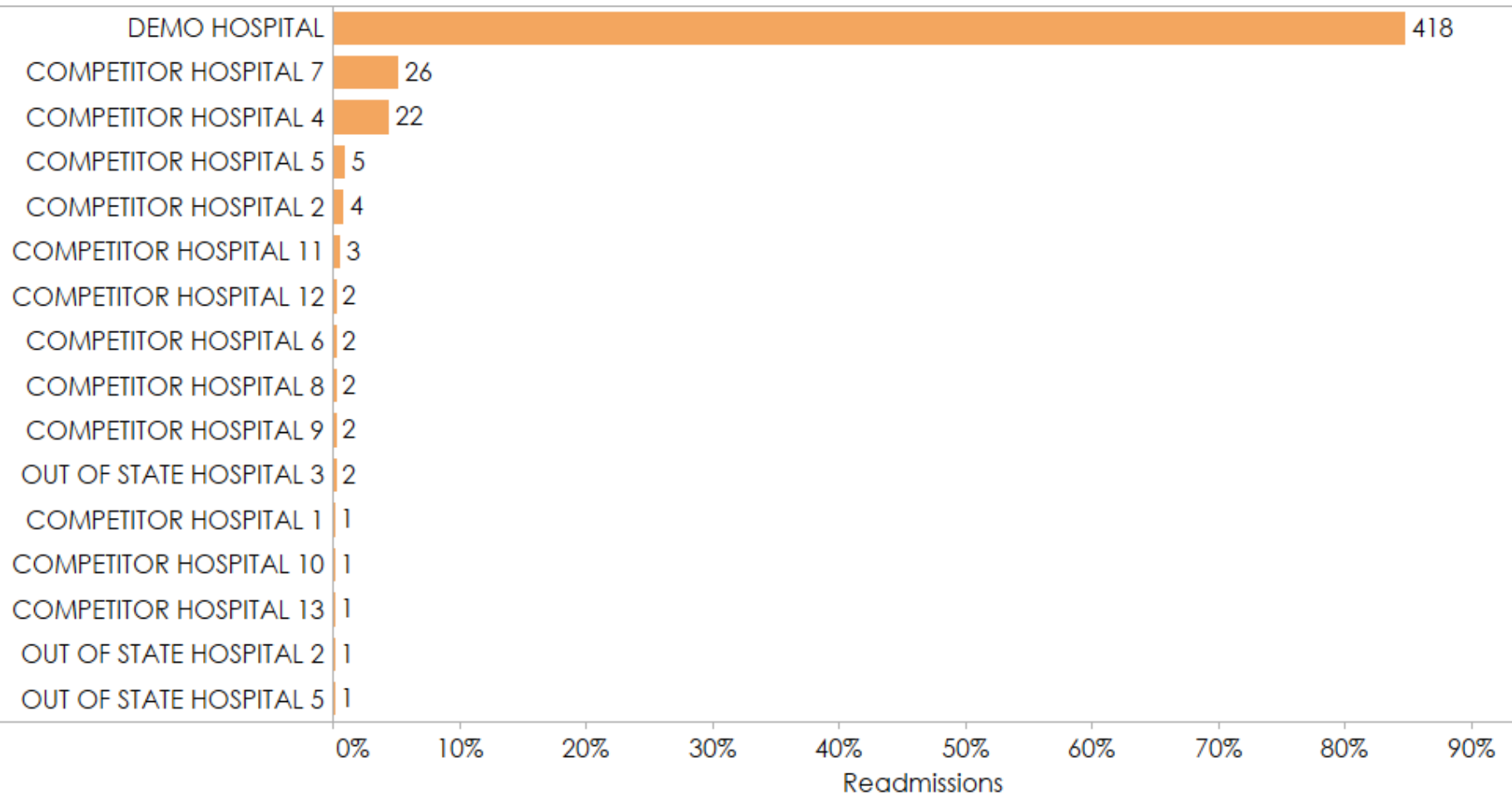
Title

Excluded Readmissions



Title

Readmitting Facility

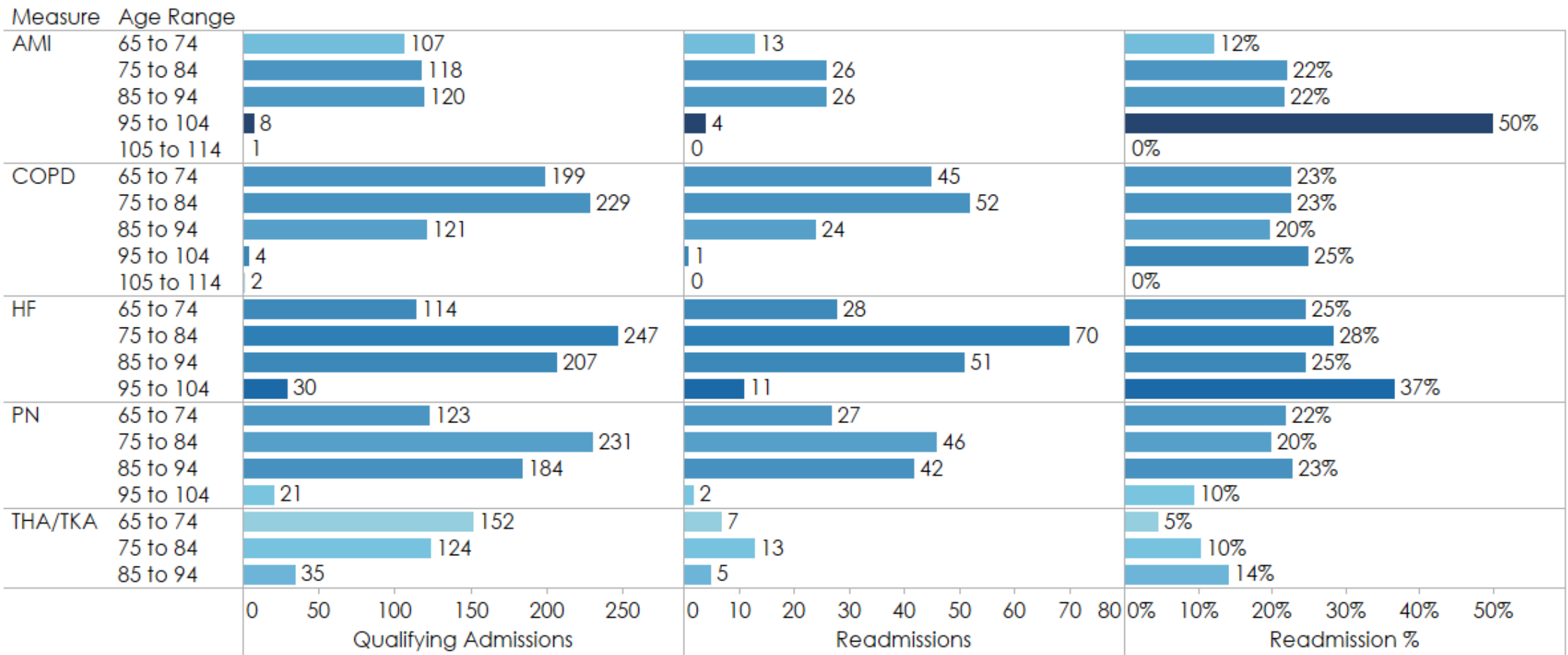


ReadmissionFacility

- (All)
-
- COMPETITOR HOSPITAL 1
- COMPETITOR HOSPITAL 2
- COMPETITOR HOSPITAL 3
- COMPETITOR HOSPITAL 4
- COMPETITOR HOSPITAL 5
- COMPETITOR HOSPITAL 6
- COMPETITOR HOSPITAL 7
- COMPETITOR HOSPITAL 8
- COMPETITOR HOSPITAL 9
- COMPETITOR HOSPITAL 10
- COMPETITOR HOSPITAL 11
- COMPETITOR HOSPITAL 12
- COMPETITOR HOSPITAL 13
- COMPETITOR HOSPITAL 14
- DEMO HOSPITAL
- OUT OF STATE HOSPITAL 1
- OUT OF STATE HOSPITAL 2
- OUT OF STATE HOSPITAL 3
- OUT OF STATE HOSPITAL 5
- OUT OF STATE HOSPITAL4

Title

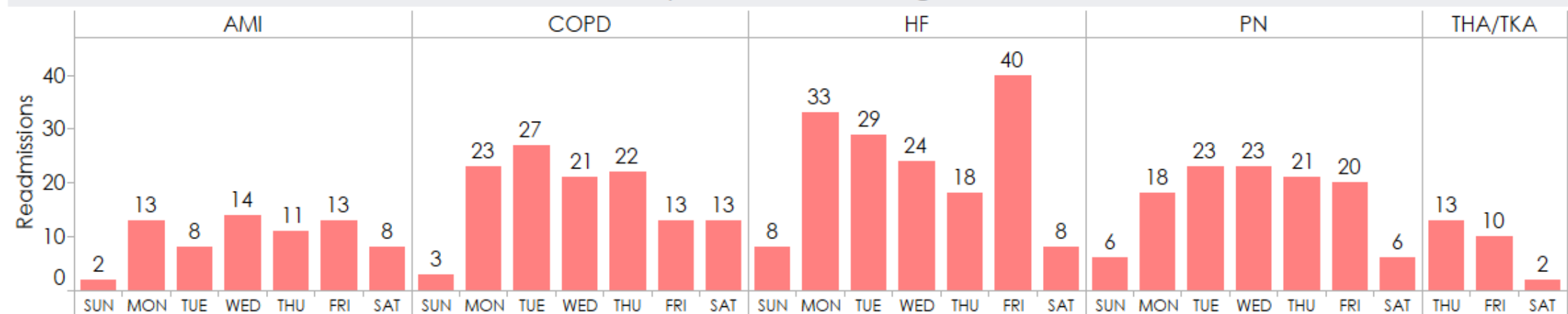
Readmissions by Age Range



Measure

- (All)
- AMI
- COPD
- HF
- PN
- THA/TKA

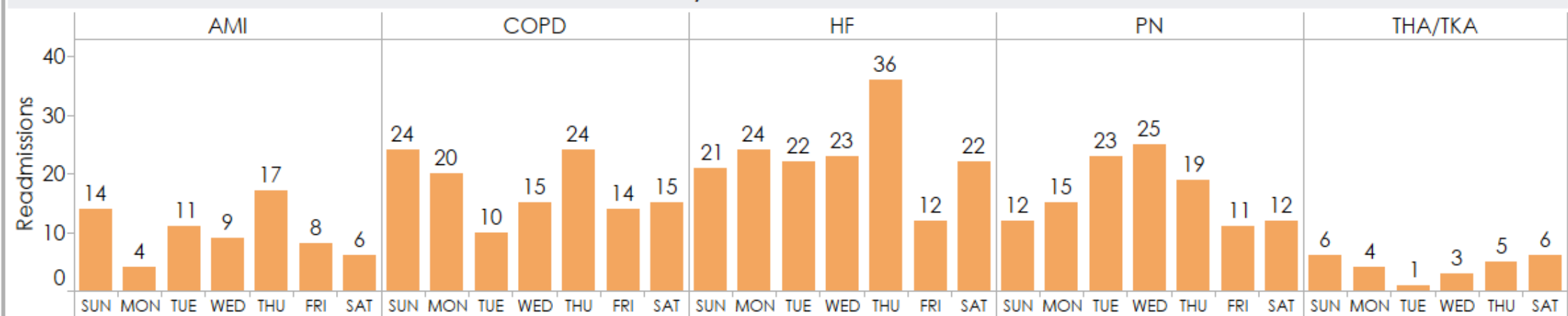
Day of Index Discharge



DischargeDayInd..

- (All)
- SUN
- MON
- TUE
- WED
- THU
- FRI
- SAT

Day of Readmission

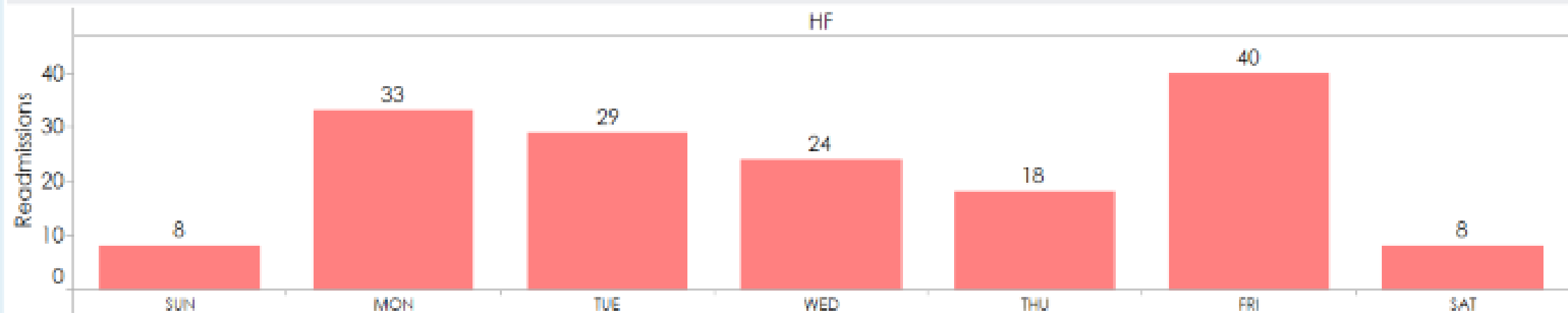


Readmission Day ..

- (All)
- SUN
- MON
- TUE
- WED
- THU
- FRI
- SAT
- UNK

Day of Index Discharge

HF



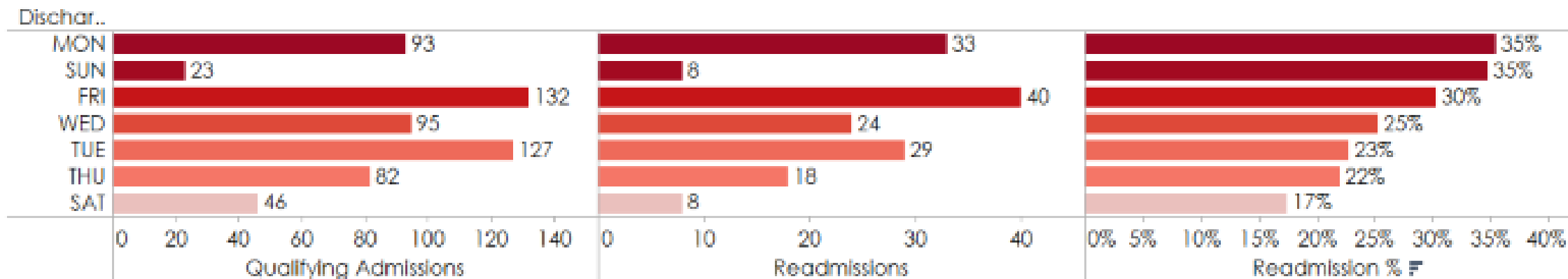
DischargeDayInd..

- (All)
- SUN
- MON
- TUE
- WED

Readmission Day ..

- (All)
- SUN
- MON
- TUE
- WED

Day of Index Discharge %



Patient Gender

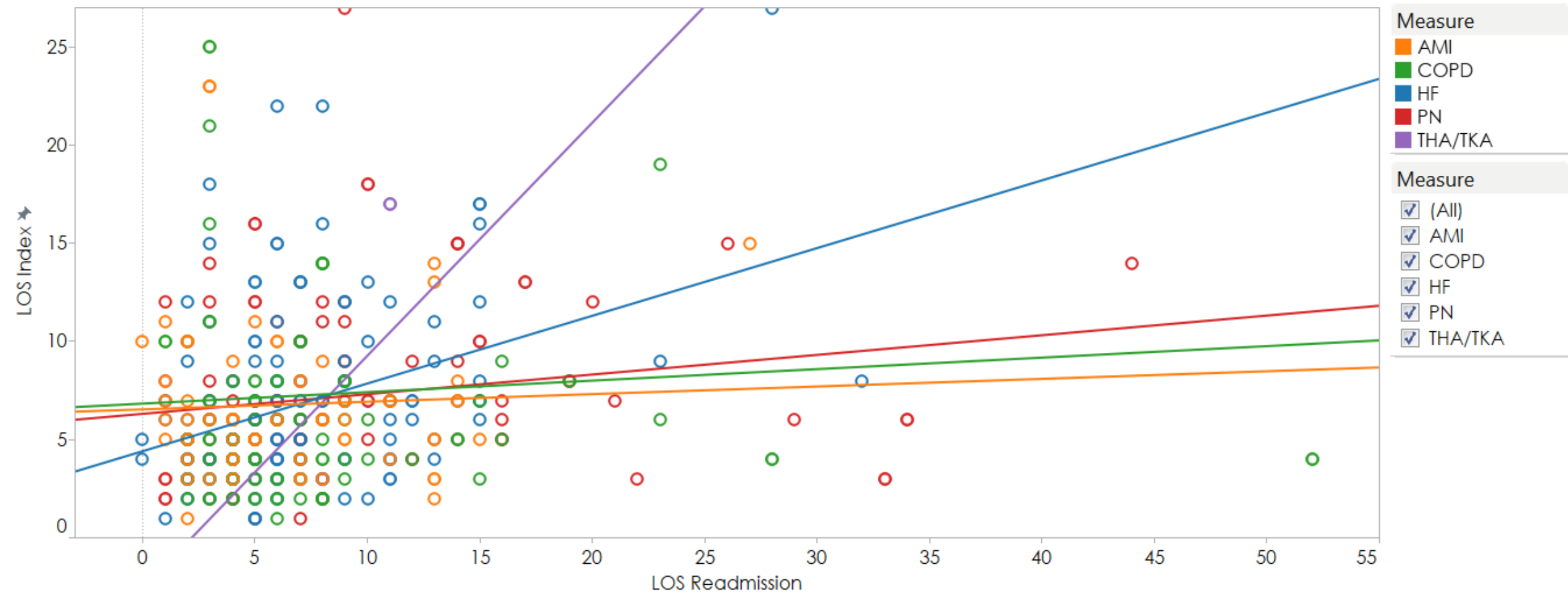
- (All)
- Null
- F
- M

Measure

- COPD
- HF
- PN
- THA/TKA

Title

LOS Index vs Readmission



Measure

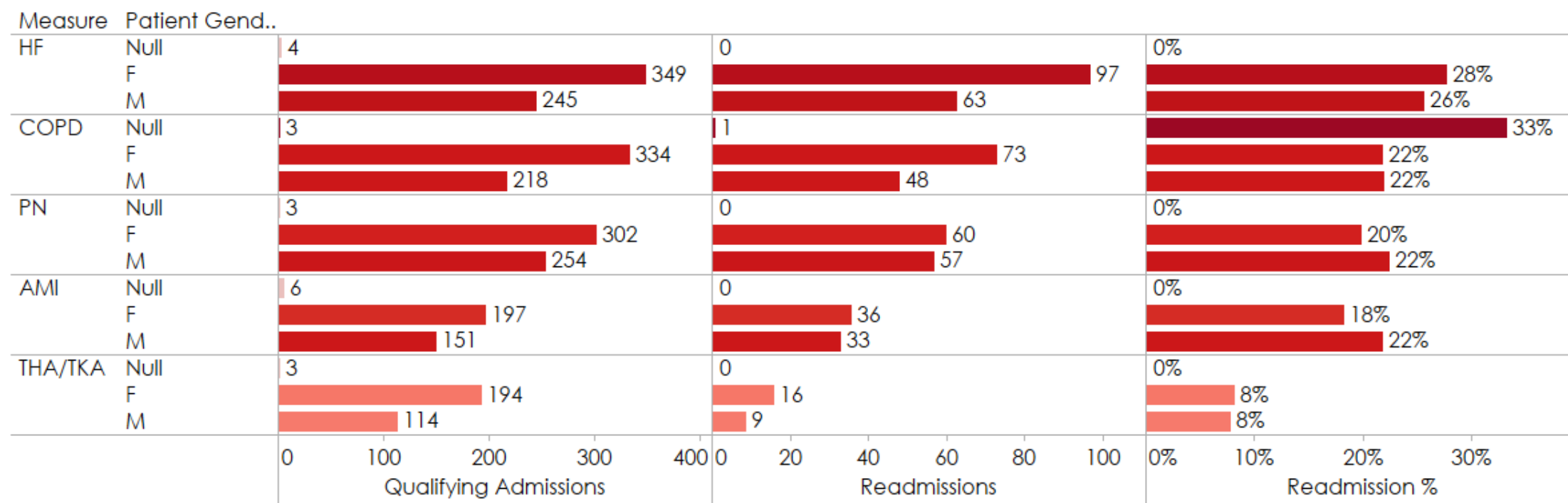
- AMI
- COPD
- HF
- PN
- THA/TKA

Measure

- (All)
- AMI
- COPD
- HF
- PN
- THA/TKA

Title

Gender

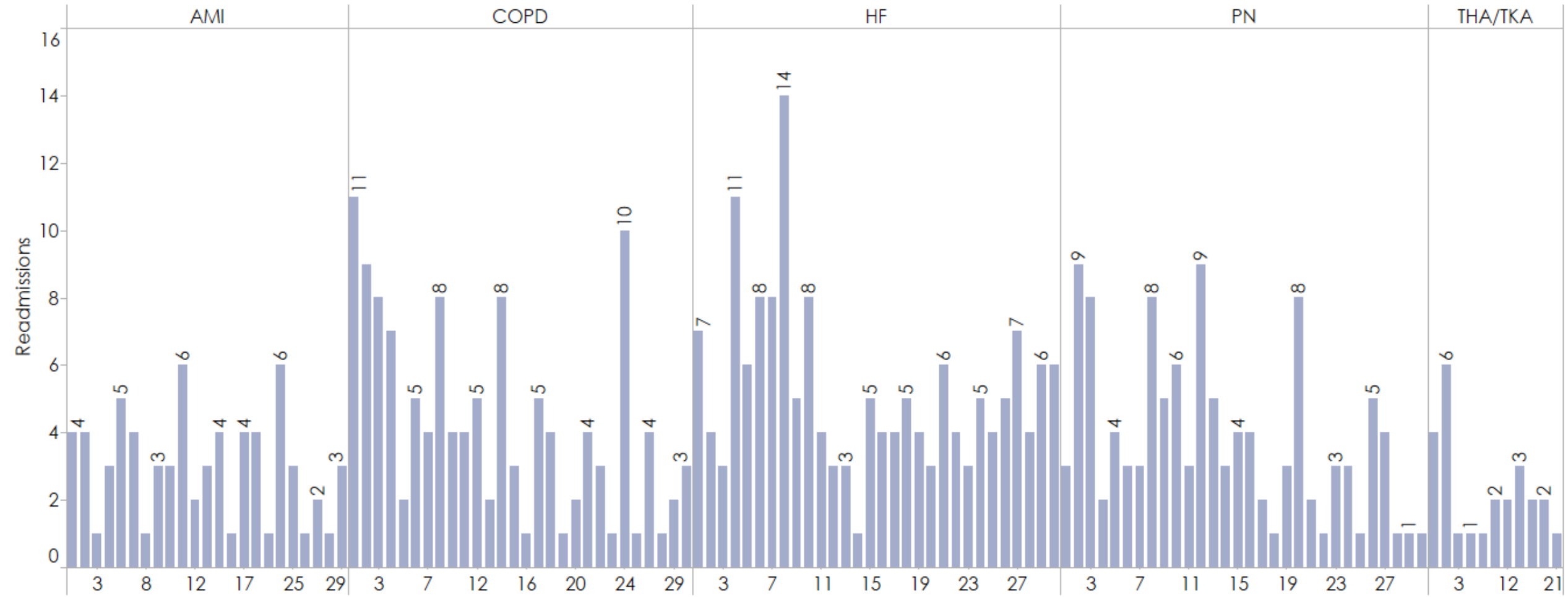


Patient Gender

- (All)
- Null
- F
- M

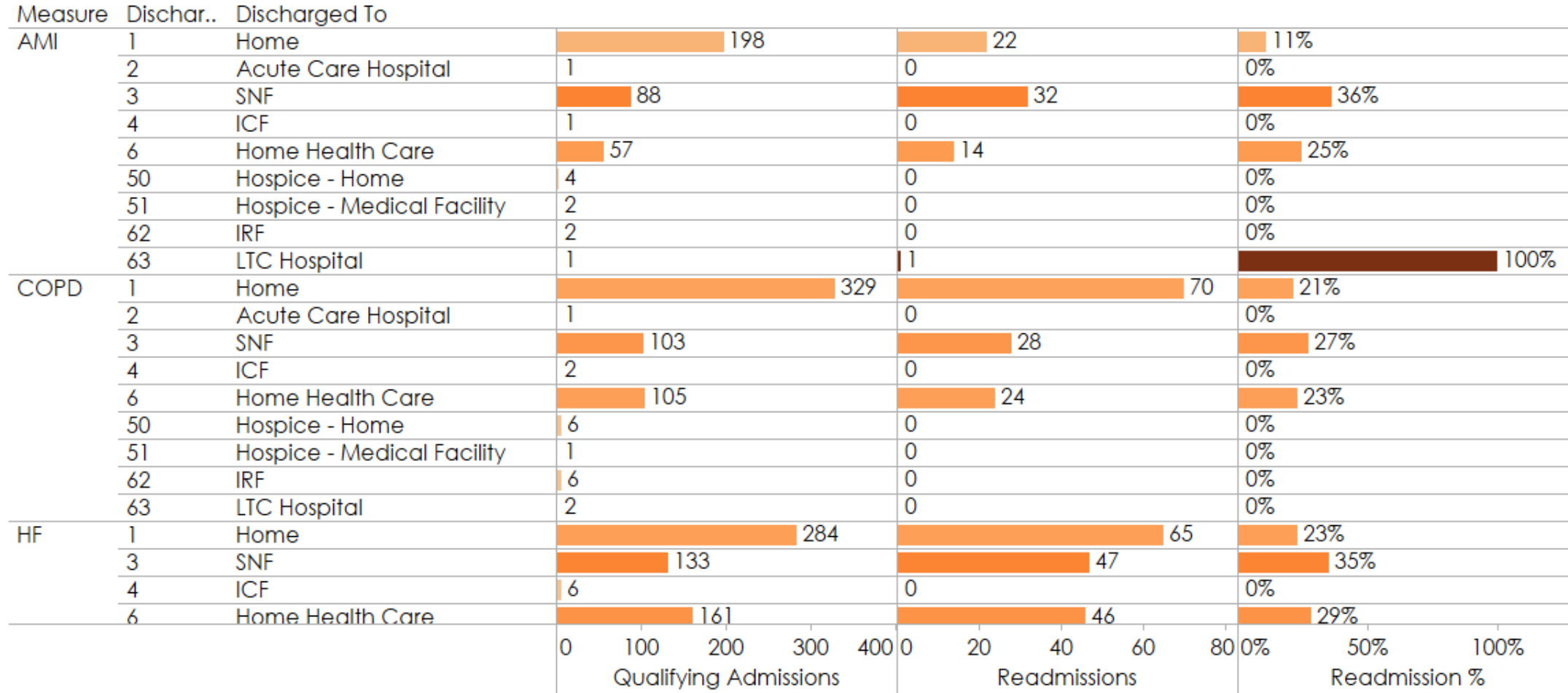
Title

Days to Readmission



Title

Readmissions by Discharge Destination



Measure

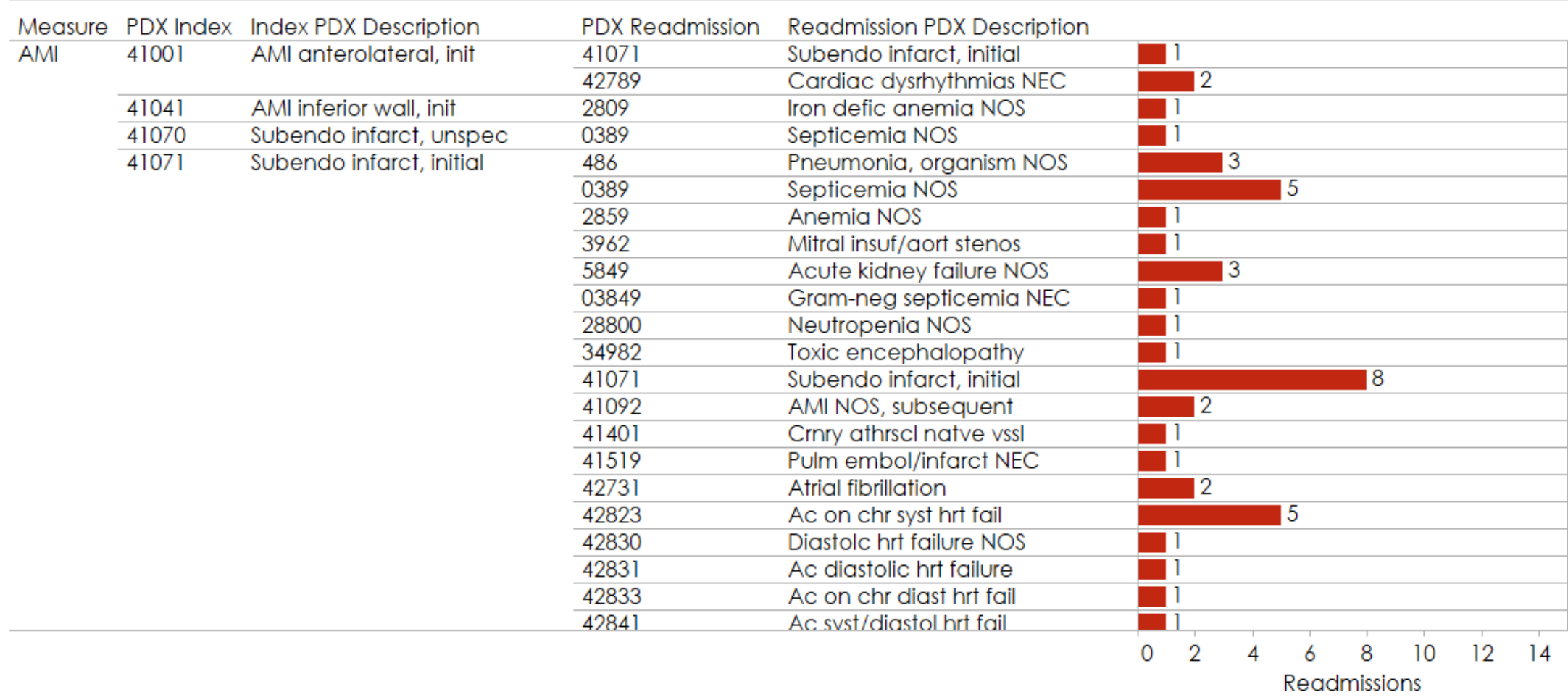
- (All)
- AMI
- COPD
- HF
- PN
- THA/TKA

Discharged To

- (All)
- Acute Care ...
- Expired
- Home
- Home Healt...
- Hospice - Ho...
- Hospice - M...
- ICF
- IRF
- Left AMA
- LTC Hospital
- SNF

Title

PDX Index vs Readmission



Measure

- (All)
- AMI
- COPD
- HF
- PN
- THA/TKA

Areas of Focus

- Patient populations at risk
- Patients with limited English proficiency
- Post discharge follow up appointments
- Robust post discharge programs – HHA
- Communication – All around
- Opportunity for telemonitoring
- Community factors – transportation, nutrition, meds

Financial and Clinical Collaboration

- Development of financial KPI, data driven
- Metric to measure readmissions, CMS focused
- Methodology to validate readmission initiatives
- Tracking to determine readmission drivers
- Validate post-acute care improvement strategies
- Financial health

How New Reimbursement Policies Will Impact Readmissions Reduction Efforts



Looking Ahead

- Bundled Payments
- CMS Performance-Based Payment Goals
- Performance Comparisons
- Other Payers and Policies Around Readmissions

Impact of Eliminating All Excess Readmissions

Provider # 240002
ESSENTIA HEALTH ST MARY'S MEDICAL CENTER

By entering alternative values to the right of the listed values, you can view the impact of different assumptions.

Provider Transfer Adjusted Case Mix Index

Transfer Adjusted CMI from the FY2015 IPPS Final Rule - Impact PUF 1.9129

Annual Medicare Discharges

Annual Medicare Discharges from the FY2015 IPPS Final Rule - Impact PUF 6,656

Cost-to-Charge Ratios

Operating Cost-to-Charge Ratio from the FY2015 IPPS Final Rule - Impact PUF 0.3060

Capital Cost-to-Charge Ratio from the FY2015 IPPS Final Rule - Impact PUF 0.0130

Payment Per Case (average payment from 2013 MedPar data updated to 2015 dollars)

AMI \$ 14,238.31

HF \$ 10,774.65

PN \$ 7,405.87

COPD \$ 9,382.40

THA/TKA \$ 12,519.81

Payment Update Factor (2013 - 2015) applied to the 2013 MedPar Data to adjust to 2015 dollars

Operating 0.99897

Capital 1.03124

Cost Per Case using an average charges per case from MedPar and applying the Operating and Capital Cost-to-Charge ratios from the FY 2015 IPPS Final Rule - Impact PUF and adjusting to 2015 dollars

AMI \$ 17,574.39

HF \$ 12,523.44

PN \$ 7,658.03

COPD \$ 10,449.29

THA/TKA \$ 11,367.60

Cost Update Factor (2013 - 2015) applied to the cost calculated using charges from the 2013 MedPar Data

Medicare cost update factor 1.05473

Variable Cost Percent

Variable Cost Percent of 20% 20.00%

Provider Impact

Average Excess Readmissions per year 9.81

Total Payments for Excess Readmissions \$ 93,250.13

Total Variable Cost for Excess Readmissions \$ 18,012.62

Estimated Readmission Penalty \$ 92,238.15

Net Gain/(Loss) of Eliminating All Excess Readmissions \$ 17,000.64

Readmissions Penalty Calculator

- Free
- Download at www.besler.com/readmissions

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Readmissions Penalty Calculator: www.besler.com/readmissions

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