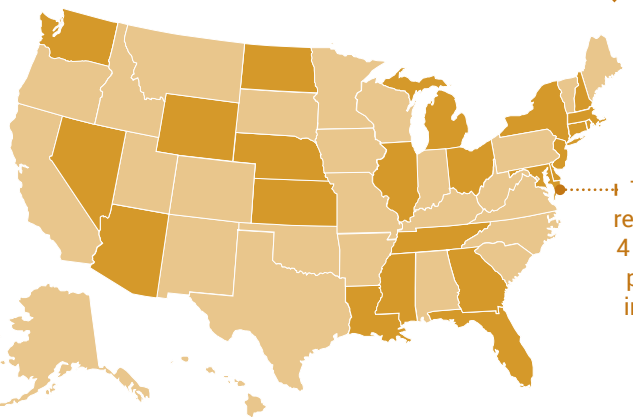


# AVOIDABLE HOSPITAL USE AND COSTS OF CARE

Inefficient or wasteful health care, along with high costs, are among the chief problems burdening our health care system. To measure inefficiency, this scorecard dimension focuses on rates of potentially avoidable and expensive hospital care. It also looks at two cost measures: the average cost of an individual employer-based health insurance premium and average annual spending per Medicare beneficiary. Many studies have found that higher spending is not systemically associated with better outcomes. The Affordable Care Act encourages changes to the way we deliver and pay for care and encourages new models, like accountable care organizations and bundled payment arrangements.

## THE GREATEST IMPROVEMENT: IN 23 STATES

there were reductions of 2 percentage points or more between 2010 and 2012 in rates of hospital readmissions among Medicare beneficiaries receiving postacute care in nursing homes.



The biggest reduction—of 4 percentage points—was in Maryland.



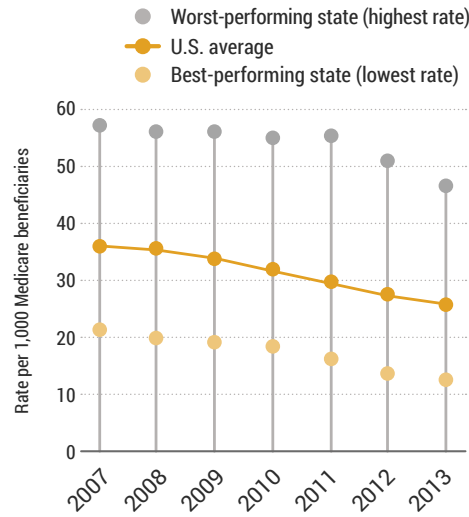
Louisiana, Massachusetts, and Tennessee IMPROVED ON THE GREATEST NUMBER OF INDICATORS

5 OF 9

## KEY FINDINGS

### Hospitalizations for ambulatory care sensitive conditions

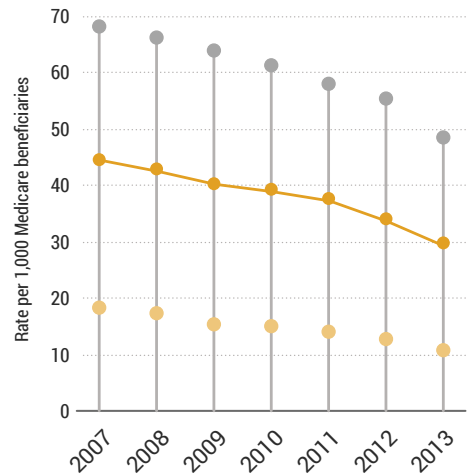
Among Medicare beneficiaries ages 65 to 74, hospital admissions for ambulatory care-sensitive conditions—that is, conditions that can be managed outside the hospital, like hypertension—fell **2 percent** from 2007 to 2008 and then an average **6 percent** annually between 2008 and 2013.



The worst-performing states improved the most for this indicator in 2013. The rate fell **16 percent** in Oklahoma and **14 percent** in West Virginia; rates varied about threefold across states.

### 30-day hospital readmissions

The hospital readmission rate for Medicare beneficiaries fell by **10.5 percent** in 2012 and **10.8 percent** in 2013, after declining an average **3.8 percent** annually between 2007 and 2011. In October 2012, the Medicare program began financially penalizing hospitals with high rates of readmissions, motivating hospitals to reduce readmissions to avoid these penalties.<sup>6</sup>



Data: Ambulatory-care sensitive hospitalizations & 30-day readmissions: Medicare claims via Feb. 2015 CMS Geographic Variation Public Use File.

## 2015 RANKING

- 1 Hawaii
- 2 Oregon
- 3 Idaho
- 4 Washington
- 5 Colorado
- 5 Montana
- 5 Utah
- 8 Minnesota
- 8 South Dakota
- 10 Alaska
- 10 Arizona
- 10 New Mexico
- 13 Vermont
- 14 California
- 14 Nebraska
- 14 Wisconsin
- 14 Wyoming
- 18 Iowa
- 18 Nevada
- 18 New Hampshire
- 21 Maine
- 22 North Dakota
- 22 Rhode Island
- 24 Delaware
- 24 South Carolina
- 26 New York
- 26 North Carolina
- 28 Connecticut
- 28 Georgia
- 28 Virginia
- 31 Kansas
- 31 Massachusetts
- 33 Florida
- 33 Pennsylvania
- 33 Texas
- 36 Indiana
- 36 New Jersey
- 38 Arkansas
- 38 Michigan
- 38 Missouri
- 38 Ohio
- 42 Maryland
- 42 Tennessee
- 44 Illinois
- 45 District of Columbia
- 46 Alabama
- 46 Oklahoma
- 48 West Virginia
- 49 Kentucky
- 50 Louisiana
- 51 Mississippi

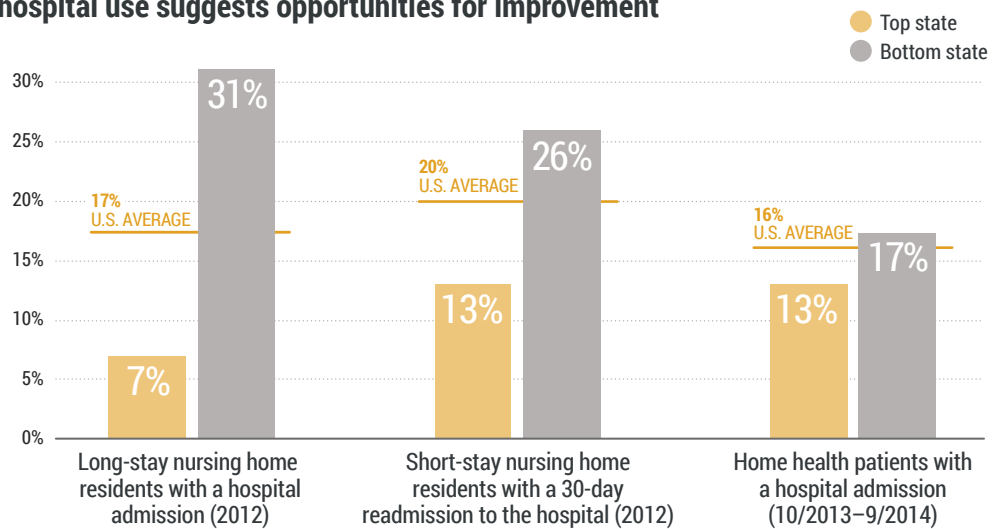


# AVOIDABLE HOSPITAL USE

Long-term care for elderly Americans is often funded by state Medicaid programs, while their hospital stays and postacute care are paid for by Medicare. Postacute care in either patients' homes or institutions, like skilled nursing facilities, is the greatest source of Medicare spending variation.<sup>7</sup> Hospital admissions or readmissions from these settings can often be avoided with good transitional care and proactive patient monitoring and intervention.<sup>8</sup>

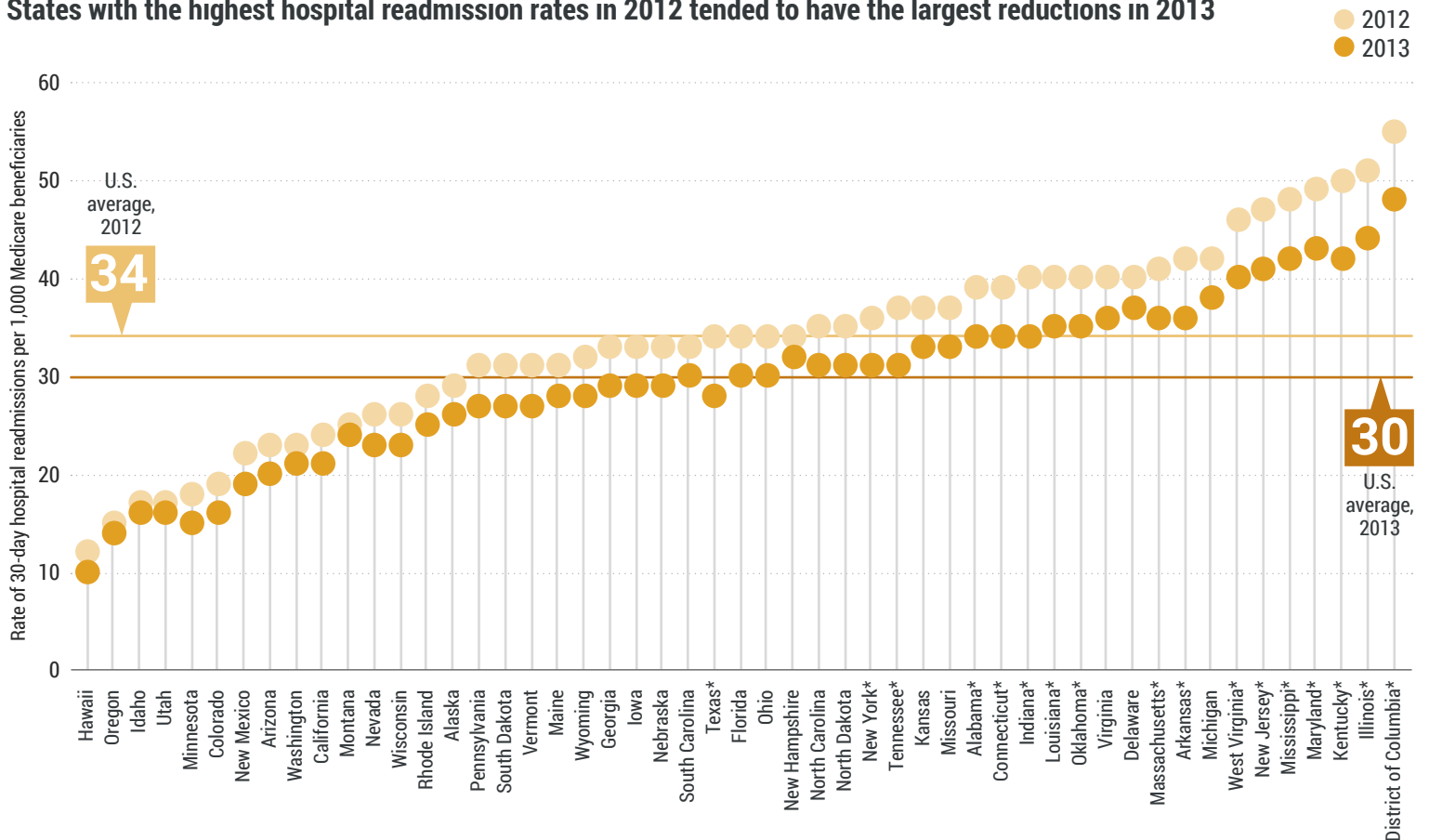
► There was considerable variation among states in hospital admission and readmission rates among nursing home residents and home health patients.

## Wide state variation on indicators of potentially avoidable hospital use suggests opportunities for improvement



Data: Nursing home admissions/readmissions: V. Mor, Brown University, analysis of 2012 Medicare enrollment data, Medicare Provider and Analysis Review (MedPAR), and Minimum Data Set (MDS) data; Home health admissions: authors' analysis of CMS Medicare claims data from CMS Home Health Compare.

## States with the highest hospital readmission rates in 2012 tended to have the largest reductions in 2013



Notes: States are arranged in order (lowest to highest) of their readmission rate in 2012.

\*Denotes states with at least -.5 standard deviation change (5 readmissions per 1,000) between 2012 and 2013.

Data: Medicare claims via Feb. 2015 CMS Geographic Variation Public Use File.



## CHANGE IN STATE HEALTH SYSTEM PERFORMANCE BY INDICATOR

Number of states that:

● Improved

● Little or no change

● Worsened

Indicator	Improved	Little or no change	Worsened
Short-stay nursing home residents with a 30-day readmission to the hospital	23	28	0
Medicare 30-day hospital readmissions, per 1,000 beneficiaries	17	34	0
Home health patients with a hospital admission	10	35	6
Medicare admissions for ACS conditions, age 75 and older	8	43	0
Potentially avoidable emergency department visits among Medicare beneficiaries	7	44	0
Medicare admissions for ACS conditions, ages 65–74	6	45	0
Long-stay nursing home residents with a hospital admission	6	45	0
Hospital admissions for pediatric asthma, per 100,000 children	3	45	3
Health insurance premium for employer-sponsored single-person plans	2	18	31
Total Medicare (Parts A & B) reimbursements per enrollee	51	0	0

Notes: This exhibit measures indicator change over the two most recent years of data available. See Appendix A1 for baseline and current data years for each indicator. Trend data are not available for all indicators. Improvement or worsening refers to a change between the baseline and current time periods of at least 0.5 standard deviations. The "little or no change" category includes the number of states with changes of less than 0.5 standard deviations, as well as states with no change or without sufficient data to assess change over time. ACS=ambulatory care-sensitive.

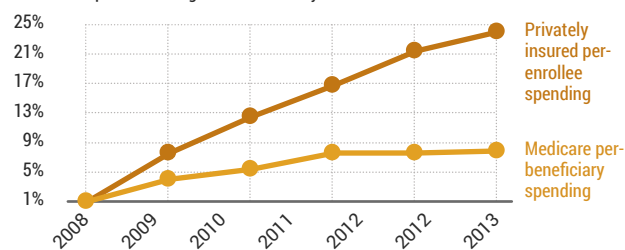


## COST OF CARE

▶ National per-beneficiary Medicare spending grew by **7.8 percent** between 2008 and 2013, representing average annual growth of **1.9 percent**. In contrast, among people with private health insurance, spending grew more rapidly during the same period: by 23.9 percent, or average annual growth of 5.5 percent.<sup>9</sup>

### Trend in national health expenditures

Cumulative percent change from baseline year



Data: CMS Office of the Actuary, National Health Expenditure Historical Tables, 2013; Table 21.

### State change: Medicare spending and employer-sponsored health insurance premiums

Number of states and D.C. with

- Less than or equal to 8% growth, 2008–2013
- 9% to 14% growth, 2008–2013
- 15% to 29% growth, 2008–2013
- 30% or higher growth, 2008–2013

#### Medicare spending per beneficiary



#### Single-person employer-sponsored insurance premium



Notes: State change reflects 2008 to 2013; 2014 data on ESI premiums used in Scorecard rankings are excluded for comparability to Medicare data. Medicare spending estimates exclude prescription drug costs and reflect only the age 65+ Medicare fee-for-service population. For measuring trend, Medicare spending and insurance premiums are unadjusted.

Data: Medicare spending: Medicare claims via Feb. 2015 CMS Geographic Variation Public Use File; Insurance premiums: 2008–2013 Medical Expenditure Panel Survey.

▶ Per-person Medicare spending growth between 2008 and 2013 was 8 percent or less in **31 states** and higher than 15 percent in only North Dakota and South Dakota.

▶ Average health insurance premiums for employer-sponsored individual plans increased in **every state** between 2008 and 2013, with growth ranging from 16 percent in Arkansas to 39 percent in South Dakota, North Dakota, Ohio, and Alaska.

## FUTURE IMPLICATIONS

If all states performed as well as the top-performing state:

Medicare beneficiaries would have over



**1.4 million**

fewer emergency room visits for care that could be provided outside the emergency room.



Children between 2 and 17 would endure about

**85,000**

fewer asthma-related hospital admissions.