Advising the Congress on Medicare issues

Readmissions: MedPAC's recommendations for Medicare policy

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Traditional Medicare rewards volume over quality

- No financial incentive to work cooperatively to manage patients' care over time
  - Providers paid in silos
  - Does not penalize for poor quality or reward good quality
- Adverse implications of the status quo
  - Quality of care unacceptable
  - Medicare and beneficiaries spend more than is needed
  - Strain on trust fund, economy

Recommendation #1

Medicare should:

- Confidentially report readmission rates and resource use around hospitalization episodes to hospitals and physicians.
- Beginning in the third year, providers' relative resource use should be publicly disclosed.

Recommendation #2

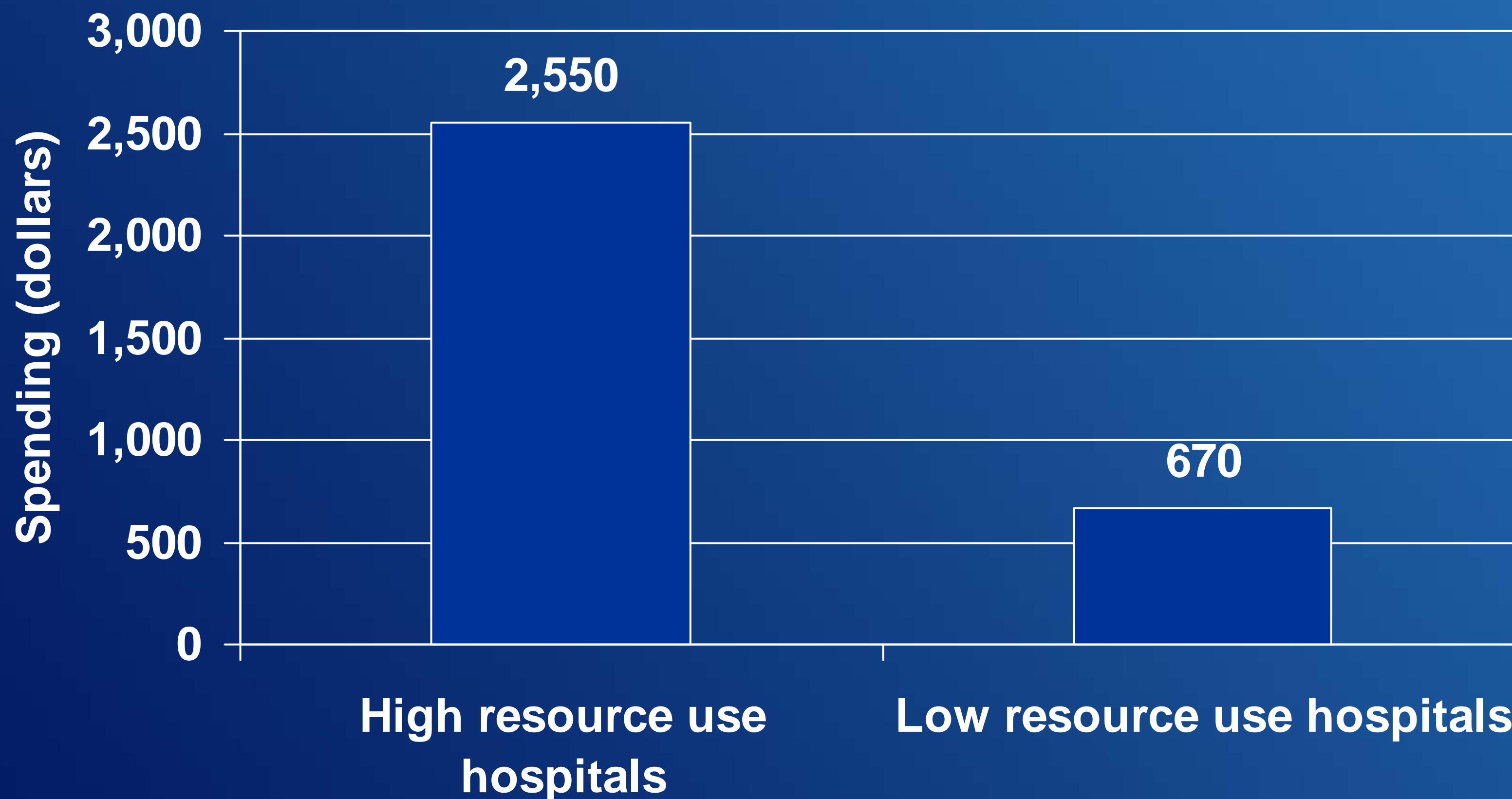
Medicare should

- Reduce payments to hospitals with relatively high readmission rates for select conditions
- Allow shared accountability (i.e., gainsharing) between physicians and hospitals.

Preventable readmissions

- Preventable readmissions occur – variety of strategies to reduce their likelihood
  - Reconcile medications
  - Use "teach back" technique to educate patients about self-care
  - Make appointment prior to discharge for follow-up care in the community
  - Call patient at home to check-in
  - Provide care partners timely and complete discharge notes
  - Provide safer care during the admission

Average spending on readmissions in 30-day COPD hospitalization episodes



Source: MedPAC analysis of 2005 Medicare claims data.

Goals of the payment change

- Changing payment for readmissions should encourage hospitals to
  - Improve quality of care
  - Provide more patient-centered care
  - Coordinate care across providers
    - Chips away at the silos

Design issues in a readmission policy

- Timeframe in defining readmissions
- All readmissions or just the potentially preventable? Same hospital or across hospitals?
- Benchmark performance level that triggers the penalty? Magnitude of the penalty?
- Hold other providers (e.g., SNFs, home health agencies) also accountable?