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HOSPITALS FACE BIG MEDICARE FIGHT UNDER HEALTH REFORM

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Oct. 1, 2011: Hospitals face new Medicare penalties if the government finds they re-admit a large number of patients soon after they are discharged.

But a new study shows hospitals have made little progress in stopping re-admissions for Medicare patients. The study shows hospitals face an uphill battle fighting these new government fines because it found one in six Medicare patients still has to be hospitalized shortly after they are discharged.

"Nationally, there was relatively little change in 30-day re-admission rates from 2004 to 2009, regardless of the cause of the initial hospitalization," says a statement from the authors of the study at the Dartmouth Atlas Project, which is funded by the Robert Wood Johnson Foundation. The study is based on an examination of the records of 10.7 million hospital discharges for Medicare patients.

The researchers added that hospitals have made "little progress over a five-year period in reducing these hospital re-admissions and improving care coordination for Medicare patients." The new study provides information that shows just how complicated it will be for the government to assess fines against hospitals under health reform's push to make them more effective and efficient.

The study researchers note in a press release that the Centers for Medicare & Medicaid Services (CMS) estimates "the cost of avoidable re-admissions at more than \$17 billion a year."

To curtail those costs, Medicare, which covers an estimated 45 million patients, plans to reduce payouts for re-admissions under health reform. Beginning in October 2012, hospitals must pay a penalty equal to 1% of their total Medicare billings if they re-admit an excessive number of patients. That penalty rises to 2% in 2014 and 3% in 2015.

But the report says that about 15%, or one in six, Medicare patients end up having to be re-hospitalized within just one month after being discharged. Surgery re-admission rates were unchanged, too, at 12.7% in both 2004 and 2009, while re-admission rates for medical conditions rose slightly to 16.1% in 2009 from 15.9% five years before.

And the researchers say they "found striking variation in 30-day re-admission rates across regions and academic medical centers." The study finds that "re-admission rates for some conditions have increased nationally and for many regions and hospitals, including some of America's most elite academic medical centers," the statement adds.

The study also says that more than 50% of Medicare patients discharged from hospitals don't see a primary-care doctor within two weeks of being discharged. It also indicates that hospitals in certain areas of the country that experience "general



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patterns of high use" were "the same places with high re-admission rates, an indication that some communities are more likely than others to rely on the hospital as a site of care across the board."

"The report highlights widespread and systematic failures in coordinating care for patients after they leave the hospital," said David C. Goodman, MD, MS, lead author and co-principal investigator for the Dartmouth Atlas Project, in a statement. "Irrespective of the cause, unnecessary hospital re-admissions lead to more tests and treatments, more time away from home and family, and higher health-care costs."