

CNSNews.com

Obama Seeks to Reduce Costs by Limiting Medicare Reimbursements for Hospital Readmissions

Wednesday, May 20, 2009

By Fred Lucas, Staff Writer

(CNSNews.com) - In a cost-saving measure tied to the proposed expansion of health care, the Obama administration is seeking to reduce hospital readmission rates by rewarding or penalizing hospitals through Medicare payments.

Proponents say this will force hospitals to do a better job of follow-up care, follow a more responsible discharge policy and promote better preventive measures. Opponents of the plan think it would, along with other proposed measures, result in the rationing of health care.

Almost one-in-five hospitalizations of Medicare beneficiaries results from readmissions of patients who were discharged from the hospital in the last 30 days, according to the White House.

"Sometimes the readmission could not have been prevented, but many of these readmissions are avoidable with better discharge planning and follow-up care," said a White House fact sheet.

"To improve this situation, hospitals will receive bundled payments that cover not just hospitalization, but care for 30 days after the hospitalization. Hospitals with high rates of readmission will be paid less [through Medicare] if patients are readmitted to the hospital within the same 30-day period."

The hospital plan is part of the fiscal year 2010 budget and would save an estimated \$25 billion over the next 10 years, according to the White House.

However, House Minority Leader John Boehner (R-Ohio) thinks this is just more government interference in people's lives and the doctor-patient relationship.

"It's hard for bureaucrats to judge whether readmission to a hospital is appropriate or inappropriate," Boehner told CNSNews.com during a press conference last week. "This suggestion that they are going to punish hospitals for this when they may not be at fault -- it's just a symptom of a bigger problem that government here in Washington thinks they have all the answers for everything that is wrong with their health care."

"The fact is Americans like their health care plans," said Boehner. "They would like to have less government. They would like to have more access for more Americans. We're not going to get there with some government-run option."

According to a [New England Journal of Medicine study](#) of nearly 12 million Medicare patients, almost one-in-five Medicare recipients discharged from the hospital will be readmitted within 30 days. More than one-third of those patients were re-hospitalized in 90 days.

Further, the study shows, more than two-thirds of patients discharged with a medical condition and more than half discharged after surgery returned to the hospital or died within a year.

Sen. Tom Carper (D-Del.), a member of the Senate Finance Committee, which is helping to craft health care reform, said cutting readmissions would be a key cost-saving measure.

"It's easy to find ways to spend money to help reform health care," Carper told CNSNews.com on Tuesday. "One of the enduring challenges to us is to find ways to save money. I'm convinced reducing readmission rates is one way to save money."

The Obama administration's larger goal is to establish a government-run health insurance system that would compete with private sector health insurance companies.

Already, the administration-backed economic recovery bill included provisions to establish a centrally linked system that will contain the medical data of every American by 2014 and establishes a "comparative effectiveness" council to determine the most cost-effective treatments. Critics have said the comparative effectiveness council could also lead to rationing as a way to cut costs.

Most hospital readmissions are not under the control of the hospital, said Edward Hannon, CEO of McDowell Hospital in Marion, North Carolina, and chairman of the American Hospital Association (AHA) Small or Rural Hospital Governing Council.

"Most are the result of a complex series of conversations, circumstances, and medical decisions that involve hospitals, physicians and other providers who manage patients' care, as well as patients and their families," Hannon told the House Small Business Committee in March.

"Let me give you an example of the factors that come into play when a rural hospital readmits a patient," Hannon said. "An elderly patient was admitted for a small bowel obstruction. Her surgery was successful and her physician recommended a skilled-nursing facility (SNF) for post-acute care. However, as is very common in small, rural areas, she is fiercely independent and refused to go to the SNF. As a result, her condition worsened, and she had to be readmitted. We persisted in working with her and she eventually did agree to skilled care, but only after two more admissions for the same diagnosis."

Already, the Centers for Medicare and Medicaid Services (CMS) is conducting a study at local hospitals in 14 communities -- across the Northeast, the South and Midwest -- to determine reasons at the local level for readmissions to hospitals, and what can be done at the local level.

"This situation can be changed by approaching health care quality from a community-wide perspective, and focusing on how all of the members of an area's health care team can better work together in the best interests of their share patient population," CMS Acting Administrator Charlene Frizzera said in a statement.

However, the industry is concerned that all readmissions will be lumped together in determining the rate of

payment through Medicare. Some hospital readmissions are planned in order to follow up with the patient to provide better care, according to the American Hospital Association (AHA). The AHA wants the government to separate planned and unplanned readmission rates.

“Hospital leaders and clinicians who care for patients recognize that some readmissions can be prevented,” a May 15 [AHA statement](#) to the Senate Finance Committee said. “But there are a number of factors beyond the hospital’s control that affect whether a patient is readmitted, including the natural course of the disease, the limited availability of post-acute and ambulatory health care services, high levels of poverty among some hospitals’ patients, and a lack of community-based social services.”

“These factors substantially affect a hospital’s performance on readmission measures,” the statement said. “If these factors are not accounted for, they will lead to payment penalties, inequities and other serious consequences – intended and unintended – for hospitals, particularly safety-net hospitals.”

Carper said lawmakers would take all the concerns of hospitals into consideration.

“That’s a reasonable concern and we have to be careful with the way we craft it so that we don’t end up with the unintended consequences that some of the hospitals fear,” he said.

[Like this story? Then sign up to receive our free daily E-Brief newsletter](#)

All original CNSNews.com material, copyright 1998-2009 Cybercast News Service.