Alliance for Home Health Quality and Innovation

Hospital Readmissions and Admissions

Working Paper #4

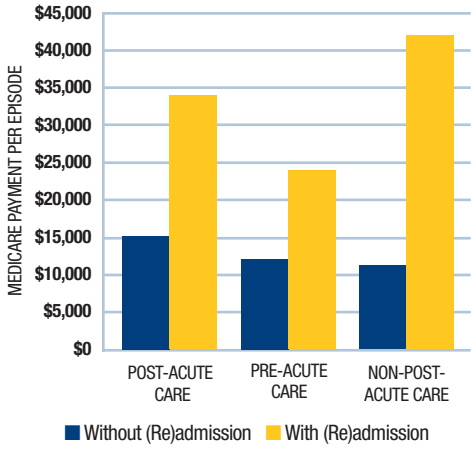
The Alliance for Home Health Quality and Innovation commissioned Dobson DaVanzo & Associates to study how the Medicare home health benefit can better meet beneficiary needs and improve the quality and efficiency of care provided within the U.S. health care system. The results of the Clinically Appropriate and Cost-Effective Placement (CACEP) Project will be released throughout 2012, culminating in the release of the final report in Fall 2012.

Working Paper 4 of the Clinically Appropriate and Cost Effective Placement (CACEP) project is an analysis of hospital readmissions. The paper examines the hospital readmission frequency and associated Medicare episode payments across three episode types: post-acute, pre-acute and non-post-acute care (community-based). All hospital readmissions are analyzed within the context of patients' chronic conditions and demographic characteristics, as well as the impact of hospitalizations on patient pathways, pointing the way toward the eventual development of risk-adjusted readmission measures.

KEY TAKEAWAY: Hospital readmissions increase Medicare episode payments by at least 100 percent.

Average Payment Per Episode

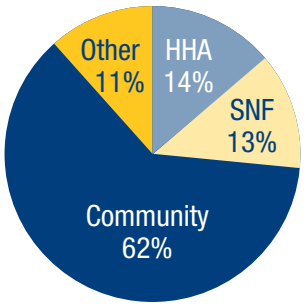
(Re)admissions vs. No (Re)admissions



What Does This Mean for Home Health Care?

- There is great opportunity for home health to provide clinically appropriate care management to patients to improve continuity of care and reduce avoidable readmissions across all episode types.
- Some pre-acute and post-acute care patients who reside in the community and are at high risk of rehospitalization may benefit from better ongoing care management, including home health care services.
- Among non-post-acute care (community-based) patients living with low-severity primary chronic conditions, Medicare could achieve significant savings by preventing avoidable hospitalizations.
- If home health providers can treat patients longer and provide chronic disease management services, there may be opportunity to keep non-post-acute care patients from ever entering the hospital.

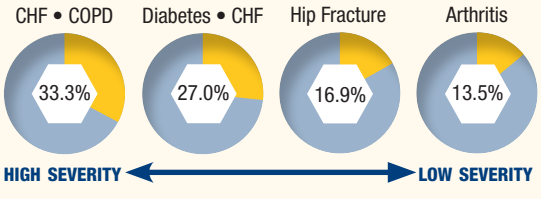
Distribution of Episodes with Readmissions by Antecedent Setting



Percent of Total Post-Acute Readmissions

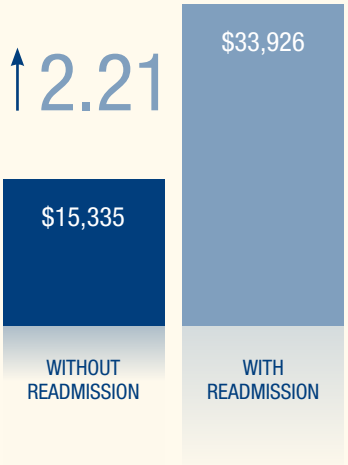
Post-Acute Care Episodes

Patients with more severe primary chronic conditions tend to have more readmissions



Percentage of episodes with readmission

Medicare episode payments more than DOUBLE when an episode contains at least one readmission



22.4%

Percentage of episodes across all settings that contain at least one hospital readmission

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