

Study Snapshot:

Reducing Medicare Readmissions in New York's Hospitals

July 2015

key findings

- Medicare readmissions for targeted conditions combined fell by 1.3 percentage points while readmissions for Medicare patients with other conditions fell by nearly 1 percentage point.
- In comparing Medicare 30-day readmissions for targeted conditions to privately insured patients with the same conditions, the researchers found that Medicare readmission reductions were greater for heart failure and pneumonia but smaller for heart attacks.
- Medicare patients showed relatively high admissions to observation services within 30 days of discharge following heart attack.
- Readmissions outside the 30-day period were generally falling, suggesting that any delays in care are not likely associated with avoiding HRRP penalties.

The Question

How are hospitals responding to Medicare's Hospital Readmissions Reduction Program?

Under the Hospital Readmissions Reduction Program (HRRP), an initiative of the Affordable Care Act (ACA) introduced in October 2012, hospitals are financially penalized for higher-than-average thirty-day readmission rates for Medicare patients with a select set of high-volume conditions. In a HCFO-funded study,¹ Kathleen Carey, Ph.D., and colleagues from Boston University's School of Public Health explored intended and unintended consequences of the HRRP on New York State hospitals. Using data from before and after implementation of the HRRP (2008 and 2012, respectively), the researchers compared changes in thirty-day readmissions of Medicare patients admitted with heart attack, heart failure, and pneumonia to those of Medicare patients with other conditions as well as to privately insured patients treated for the targeted conditions. The researchers also examined the possibility that hospitals strategically avoided the readmissions penalty—a would-be unintended consequence of the program that could offset some of the intended savings to Medicare. The full results of the study are available in *Health Affairs*.

The Implications

Consistent with Medicare goals, findings suggest that the HRRP is reducing thirty-day readmissions for targeted conditions and allay concerns about hospitals' possible strategic responses to avoid HRRP penalties.

The study findings show an overall decline in thirty-day Medicare readmission rates following the introduction of the program. In addition to a reduction in Medicare readmissions for the three targeted conditions—heart attack, heart failure, and pneumonia—the study found a smaller yet still substantial reduction in readmission rates for Medicare patients with other conditions, suggesting the possibility of modest spillover effects to other Medicare patients. The changes in readmission rates for privately insured patients, however, were not significant. Finally, the researchers did not find evidence that hospitals were responding to the program strategically by treating Medicare patients in such a way that would allow them to circumvent the HRRP penalties. Ultimately, the researchers provide early evidence that the HRRP is affecting New York State hospitals as intended by the ACA. The results underscore the promising role that a reduction in unnecessary hospital readmissions can play in bringing about savings to the Medicare program. Carey concludes with a reminder that a broader set of issues surrounding HRRP, including physicians' role in avoiding preventable readmissions, should continue to be analyzed so as to better inform any policy expansions or modifications to the program.

Contact Us

For more information on the results of this grant, contact Kathleen Carey, Ph.D., at kcarey@bu.edu.

¹ The Robert Wood Johnson Foundation's Changes in Health Care Financing and Organization (HCFO) initiative supports timely and policy-relevant health services research on health care policy, financing, and organizational issues.

**If you would like to learn more about other HCFO-funded work, please contact:
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