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Center for Policy and Research

AHIP's Center for Policy and Research conducts and publishes original research and provides analysis and commentary on the research of others. It seeks to demonstrate the value proposition of private health insurance plans, and educate the policy community and news media about key products and market segments that are of interest to policymakers.

Medicare Advantage Chronic Special Needs Plan Boosted Primary Care, Reduced Hospital Use Among Diabetes Patients
January 2012—*Health Affairs* (Abstract; PDF; Full Text; Press Release)
This case study examines the model of care used by Medicare's largest Chronic Special Needs Plan (C-SNP), Care Improvement Plus, and compares utilization rates among its diabetes patients with those of other beneficiaries enrolled in fee-for-service Medicare in the same five states. This C-SNP plan emphasizes direct contacts with patients to help identify gaps in care and promote primary and preventive health care. The comparative analysis indicates that people with diabetes in the special-needs plan—particularly nonwhite beneficiaries—had lower rates of hospitalization and readmission than their peers in fee-for-service Medicare.

Key Department Issues

- Affordable Care Act
- Rising Health Care Cost
- Health Care Quality
- Product and Market Issues

Events

What are Health Plans Doing about Readmissions? Reducing Them!

- Readmissions Trending Down
  - Both MA and FFS, 2011 and 2012
  - Readmissions Per Discharge Down a Little
  - Readmissions Per Enrollee Down a Lot
- Overall Admission Rates Down a Lot
  - (Discharges NOT Exogenous!)
- Risk Per Admitted Patient Going Up
  - (Risk Scores NOT Exogenous!)
- MA Plans may be reducing Readmission “Cascades”

Why Readmissions?

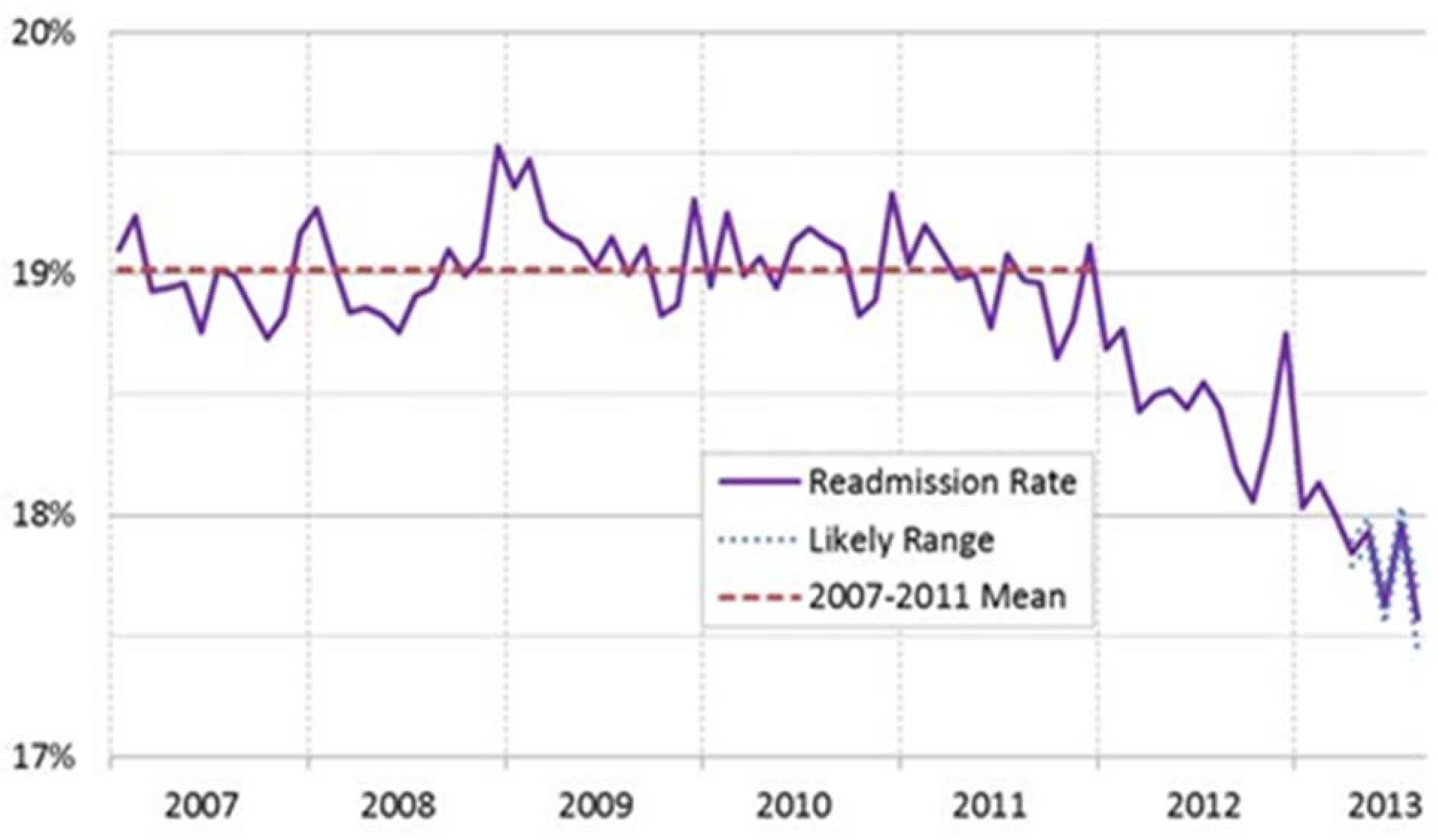
- Community Problem – Indicator of Health System's "Patient Centeredness"
- Randomized Trials Indicate that Transitional Care Programs Can Reduce Readmission Rates
  - Coleman (2006), Naylor (2004)
- Medicare Readmission Rates in FFS Seemed Too High
  - Unchanged or even Increased over two decades since Anderson and Steinberg (NEJM 1984)
  - Jencks (NEJM 2009)
    - Conclusion: Hospital readmissions among Medicare FFS beneficiaries are prevalent and costly.
    - 19.6% readmission rate within 30 days, $17 billion estimated cost, half of 30-day readmissions with no physician service in interim, 90% of readmissions estimated to be unplanned.

Then What Happened?

- CMS started measuring and publishing readmission rates by hospital
- Studies of Medicare Advantage (MA) vs. FFS
  - Lemieux/Sennett (AJMC, Feb 2012)
  - Analysis of AHRQ H-CUP state hospital data (AHIP, 2011)
  - C-SNP subgroup (Health Affairs, Jan 2012)
- CMS/ACA Hospital Penalties for Above Expected FFS Readmission Rates
- Readmissions Included in MA Quality Measures
- Readmissions Included in Alternative Quality Contracts

Are We Making Progress?

- Early indications that FFS Readmission Rates are starting to decline
  - "30-day, all-cause readmission rate is estimated to have dropped in the last half of 2012, to 17.8 percent, after averaging 19 percent for the past five years" -- Jon Blum testimony, Feb 2013
  - "0.7 percentage point decline in risk adjusted all-condition potentially preventable readmissions from 2009 to 2011" – MedPAC staff, March 2013
  - "meaningful decline“ in 2012 – Gerhardt et al. MMRR, 2013



Source: White House Council of Economic Advisors, Trends in health care cost growth and the role of the Affordable Care Act (November 2013)

Trends in Medicare Fee-for-Service Readmission Rates

20%
19%
18%
17%

5.6%
5.5%
5.4%
5.3%
5.2%
5.1%

2004 2005 2006 2007 2008 2009 2010 2011

Per Admission (left scale)
Per Beneficiary (right scale)

Source: AHIP Center for Policy and Research. Same-Quarter readmissions. Data from Medicare's 5 percent sample and 100 percent fee-for-service claims and administrative files (2005 – 2011).

Preliminary New Data from California

	2009	2010	2011	09-11
FFS				
Readmissions per Discharge	19.1%	19.0%	18.7%	-2%
Discharges per 1,000 Enrollees	255	251	242	-5%
Readmissions per 1,000 Enrollees	48.6	47.8	45.3	-7%
Average Risk Score Inpatient Hosp Dx	1.93	1.97	2.00	+4%
MA				
Readmissions per Discharge	15.7%	15.7%	15.1%	-4%
Discharges per 1,000 Enrollees	190	186	170	-11%
Readmissions per 1,000 Enrollees	29.9	29.2	25.5	-15%
Average Risk Score Inpatient Hosp Dx	1.92	2.00	2.04	+6%

MA Plans have Greater Comparative Reductions for Pts with Multiple Readmits

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	2009	2010	2011
30-Day Readmission Rate, MA vs. FFS	-18%	-17%	-20%
Contribution By Readmissions Per Patient			
1 Readmission	-9%	-8%	-10%
2 Readmissions	-18%	-17%	-20%
3 Readmissions	-24%	-26%	-33%
4 Readmissions	-34%	-30%	-39%
5 Readmissions	-47%	-44%	-37%
6 Readmissions	-54%	-48%	-44%
7 or more Readmissions	-33%	-50%	-43%

Selected DRGs

	2009	2010	2011
	Percentage Difference MA vs. FFS		
Overall	-18%	-17%	-20%
SEPTICEMIA OR SEVERE SEPSIS W/O MV 96+ HOURS W/O MCC	-6%	-5%	-12%
SEPTICEMIA OR SEVERE SEPSIS W/O MV 96+ HOURS W MCC	-13%	-16%	-22%
HEART FAILURE & SHOCK W MCC	-4%	-1%	-3%
HEART FAILURE & SHOCK W CC	-2%	-3%	-8%
HEART FAILURE & SHOCK W/O CC/MCC	-7%	-12%	-14%
SIMPLE PNEUMONIA & PLEURISY W CC	-5%	-10%	-8%
SIMPLE PNEUMONIA & PLEURISY W MCC	-9%	-9%	-14%
CHRONIC OBSTRUCTIVE PULMONARY DISEASE W MCC	-7%	-14%	-11%
CHRONIC OBSTRUCTIVE PULMONARY DISEASE W CC	-1%	-11%	-18%
PSYCHOSES	-14%	-16%	-17%
REHABILITATION W CC/MCC	-4%	-8%	-9%
REHABILITATION W/O CC/MCC	-8%	-11%	-8%

DRGs for Rehab and Psychoses: Exogenous or Endogenous?

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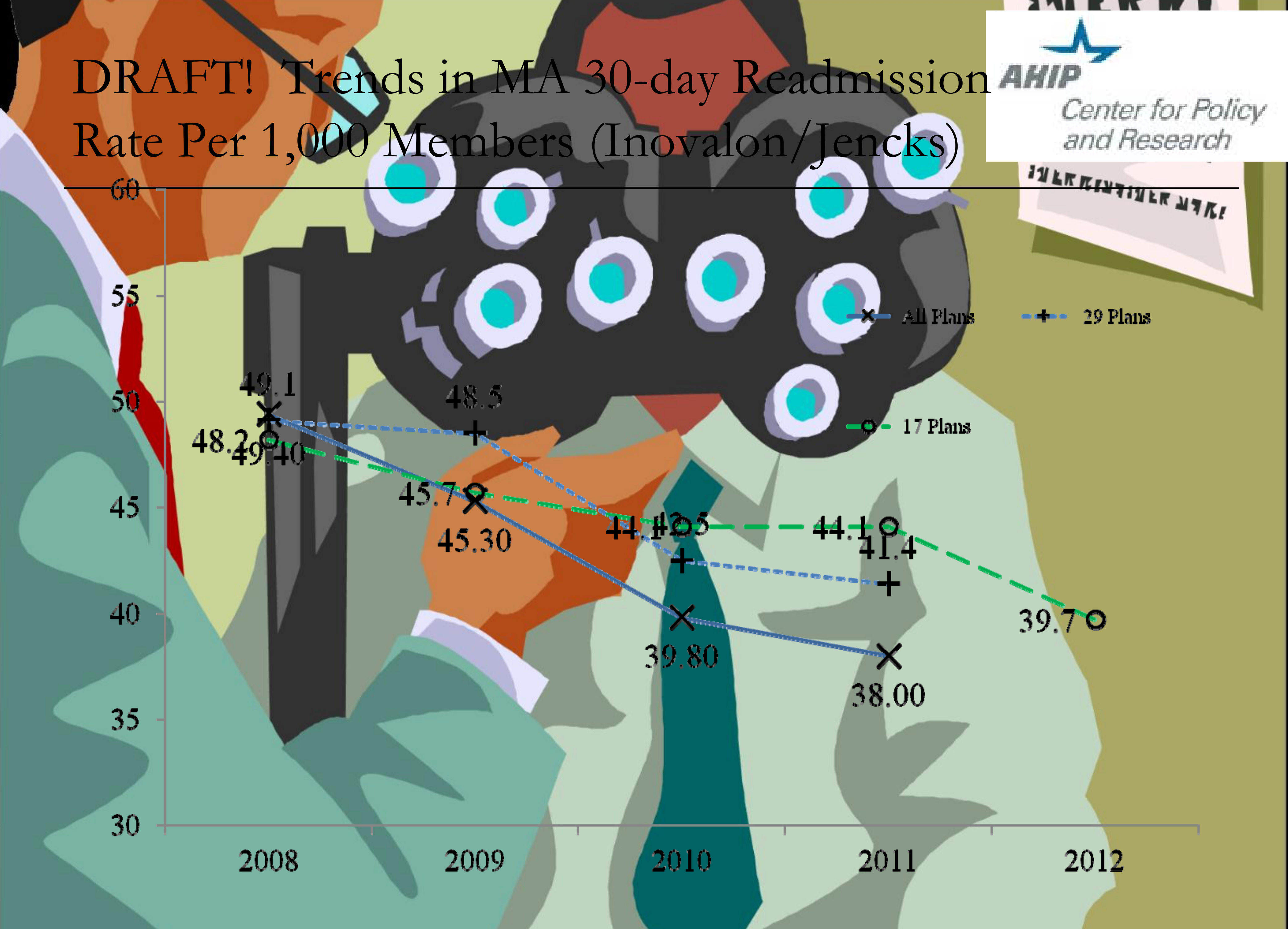
	2009	2010	2011
Readmit Rate – All DRGs			
FFS	19.1%	19.0%	18.7%
MA	15.7%	15.7%	15.1%
Difference	-18%	-17%	-20%
Readmit Rate No Rehab			
FFS	17.0%	17.0%	16.8%
MA	15.0%	15.1%	14.4%
Difference	-12%	-12%	-14%
Readmit Rate no Psychoses			
FFS	19.0%	18.9%	18.6%
MA	15.7%	15.7%	15.0%
Difference	-17%	-17%	-19%
Readmit Rate no Psychoses and no Rehab			
FFS	16.9%	16.9%	16.6%
MA	15.0%	15.0%	14.4%
Difference	-11%	-11%	-14%

Admission Categories Do NOT Explain Trends

Share of Admissions

	2009	2010	2011
	MA		
REHABILITATION W CC/MCC	0.73%	0.70%	0.73%
REHABILITATION W/O CC/MCC	0.28%	0.24%	0.23%
PSYCHOSES	0.33%	0.34%	0.35%
	FFS		
REHABILITATION W CC/MCC	2.13%	2.07%	2.09%
REHABILITATION W/O CC/MCC	0.71%	0.64%	0.59%
PSYCHOSES	0.81%	0.83%	0.88%



DRAFT! Trends in MA 30-day Readmission Rate Per 1,000 Members (Inovalon/Jencks)
AHIP
Center for Policy and Research
All Plans
29 Plans
17 Plans
60
55
50
45
40
35
30
2008
2009
2010
2011
2012
49.1
48.2
49.40
48.5
45.7
45.30
39.80
44.1
41.4
38.00
39.7

Why are These Trends So Important?

Medicare Spending Growth is Decelerating, on an Overall Basis and Per Enrollee

Medicare Spending Net of Offsetting Receipts from CBO's November Monthly Budget Reviews

	Adjusted for Payment Timing Shifts			
	2009-2010	2010-2011	2011-2012	2012-2013
Growth in Net Medicare Spending	5.0%	4.0%	3.3%	2.3%
Enrollment Growth	2.0%	2.9%	3.5%	3.2%
Growth in Spending Per Enrollee	2.9%	1.1%	-0.2%	-0.9%

KFF Employer Survey, Growth in Premiums (Single)

Year	KFF Survey
2000	12.5%
2001	8.8%
2002	14.7%
2003	9.7%
2004	9.2%
2005	8.9%
2006	5.4%
2007	5.6%
2008	5.0%
2009	2.6%
2010	4.7%
2011	7.5%
2012	3.4%
2013	4.8%

KFF Survey — Trend?

HCCI Average Annual Growth in Inpatient Hospital Utilization (-) and Prices (+)

6.2%
5.7%
4.7%

0.0%
0.0%
0.0%

-2.3%
-4.3%
-4.0%
-5.0%
-4.5%
-5.9%

2010
2011
2012

Surgery
Medical

What About the Excuses?

The 30-day Window: Not the Issue

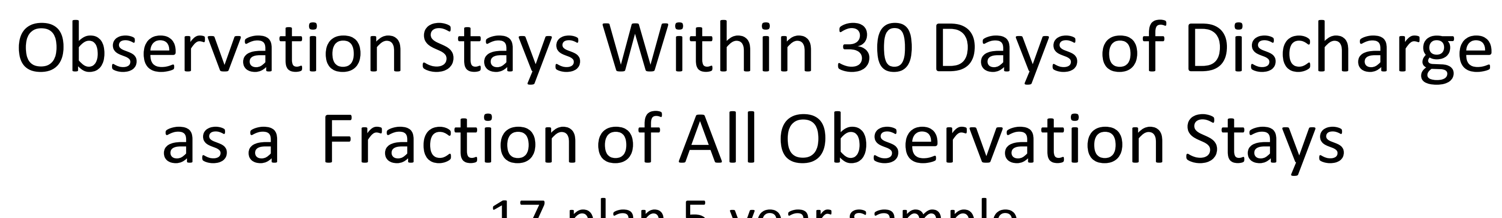
- A preliminary analysis of first readmissions in 29 plans with 4 continuous years of data suggests that reduction in 30-day readmissions is not accompanied by increase in later readmissions. If anything, later readmissions also decrease.

	2008	2009	2010	2011
1-30 days	13.27%	13.28%	12.90%	12.85%
31-60 days	6.36%	6.32%	6.12%	6.22%
61-90 days	4.37%	4.34%	4.18%	4.22%

Observation stays: Probably Not the Issue

- The number of observation stays has been rising. There has been concern that hospitals might selectively put patients discharged in the last 30-days into observation status instead of admitting.
- If that happened, observation stays would increase faster among patients discharged in the last 30 days than among those not recently discharged.
- Preliminary analysis suggests that this has not happened.

DRAFT! Preliminary Data from Jencks/Inovalon



17-plan 5-year sample

OBSERVATION STAYS WITHIN 30 DAYS OF DISCHARGE PER 1000 MEMBERS

7.0
6.5
6.0
5.5
5.0
4.5
4.0
3.5

2012
2011
2010
2009
2008

observation within 30 days of discharge = 9.35% of total observation stays
$R^2 = 0.9656$

35 40 45 50 55 60 65 70

TOTAL OBSERVATION STAYS PER 1000 MEMBERS

DRAFT! Preliminary Data from Jencks/Inovalon

Observation Stays (26 MA plans)

Year	Observation stays per 1000 members	Discharges followed by observation stays within 30 days of discharge per 1000 members	Ratio
2008	32.84	3.05	9.3%
2009	37.02	3.66	9.9%
2010	41.13	3.91	9.5%
2011	48.27	4.35	9.0%
2012	51.15	4.44	8.7%

DRAFT! Trends in MA 30-day Readmission Rate Per 1,000 Members (Inovalon/Jencks)

60
55
50
45
40
35
30

All Plans
29 Plans
17 Plans

49.1
48.5
48.2
49.40
45.7
45.30
44.1
42.5
44.1
41.4
39.80
38.00
39.7

2008
2009
2010
2011
2012