

An Incentive-Based Approach to Reducing Rehospitalizations

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National Medicare-Medicaid Summit
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The AHCA/NCAL Quality Initiative



American Health Care Association



National Center for Assisted Living



The QUALITY INITIATIVE

- ✓ **Safely reduce hospital readmissions** within 30 days during a SNF stay
 - 15% by March 2015
- ✓ **Increase staff stability**/reduce turnover of nursing staff
 - 15% by March 2015
- ✓ **Increase customer satisfaction**
 - 90% willing to recommend their facility by March 2015
- ✓ **Safely reduce off-label use of antipsychotics**
 - 15% by December 2012



The QUALITY INITIATIVE

The Goals

- 1 SAFELY REDUCE HOSPITAL READMISSIONS
- 2 IMPROVE STAFF STABILITY
- 3 INCREASE CUSTOMER SATISFACTION
- 4 SAFELY REDUCE THE OFF-LABEL USE OF ANTIPSYCHOTICS

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SAFELY REDUCE HOSPITAL READMISSIONS

TARGET:

By March 2, 2015, safely reduce hospital readmissions by 15%.



Safely Reducing Hospital Readmissions

How We're Getting it Done

✓ Offering Resources

- qualityinitiative.ahcancal.org
- INTERACT II
- LTC Trend TrackerSM
- AHCA/NCAL Quality Awards
- Advancing Excellence

✓ Tracking Our Progress

- Using available data
- Seeking access to additional data sources
- AHCA Quality Cabinet



The Current Situation



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The Numbers

- ✓ **1 in 5 patients** return to the hospital within 30 days after a discharge each year.
- ✓ Hospital readmissions cost Medicare over **\$17 billion** in 2010.
- ✓ Skilled nursing care centers average **22% readmission rate** to a hospital per year.
- ✓ That's **440,000 patients** annually.
- ✓ The average cost of a hospital readmission from a SNF is **\$10,000 per patient.**

Hospitals Facing a Pay Cut

- ✓ Beginning in FY 2012, CMS ranked hospitals based on 30-day readmission rate for the top three diagnoses causing the majority of readmissions:
 - heart attack
 - heart failure
 - pneumonia.
- ✓ Hospitals in bottom quartile (nationally) from the prior year will have a % of total Medicare payments withheld:
 - 2013: up to 1%
 - 2014: up to 2%
 - 2015: up to 3%



AHCA's Solution:
The Guaranteed
Savings and Quality
Care Act



American Health Care Association

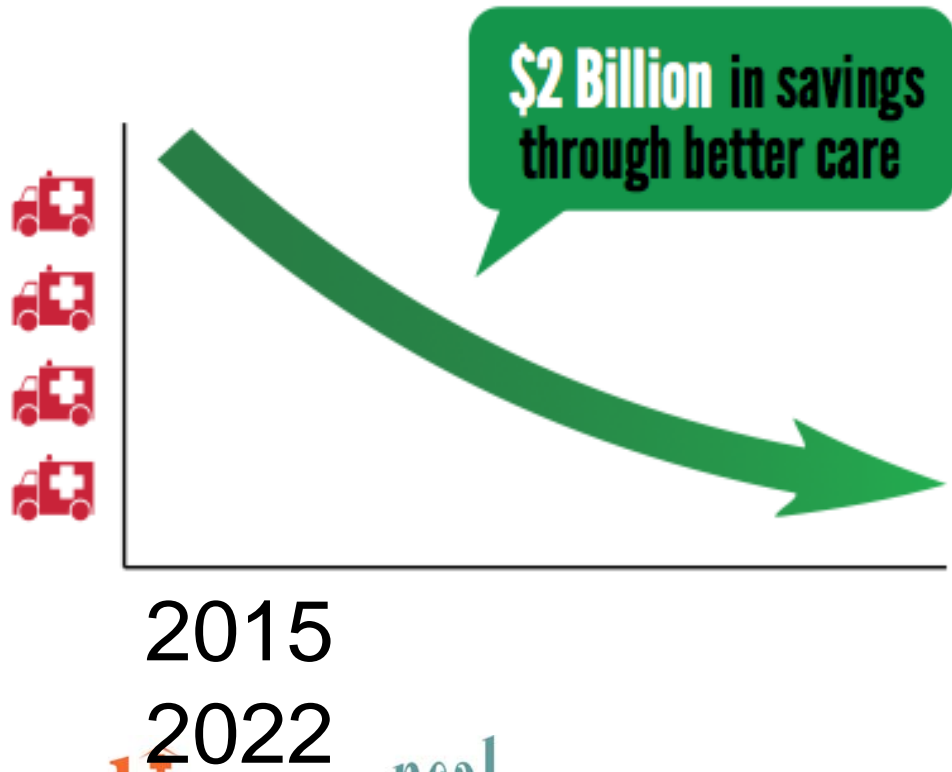


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How It Works

- ✓ The Secretary of HHS establishes a baseline for the SNF 30-day readmission rate and calculates the costs associated with those readmissions
- ✓ The Secretary then sets a targeted readmissions reduction goal for SNFs necessary to achieve \$2 billion in savings from 2015-2022.
- ✓ Skilled nursing care centers will then work to reduce hospital readmissions by at least the targeted amount.

How It Works



- ✓ If the savings target is not achieved, then SNFs' reimbursement will be reduced to make up for the shortfall in expected Medicare savings.
- ✓ If SNFs meet the \$2 billion in required savings, then SNFs and the American taxpayer would share any additional savings through lowered readmissions.

The Benefits

- ✓ **Better for the Taxpayer**
 - Saves costs to Medicare and the American taxpayer
- ✓ **Better for Providers**
 - Aligns post-acute care providers with hospitals
 - Helps SNFs improve quality of care and patient satisfaction
- ✓ **Better for the Patient**
 - Less disruption with care
 - Post-acute care patients: return home sooner
 - Long-stay residents: live longer, fuller lives without the risk of acquiring additional illnesses

Incentive vs. Penalty

- ✓ President's proposal takes \$2 billion out of SNFs
- ✓ AHCA's proposal incentivizes SNFs to improve quality care

PRESIDENT'S PROPOSAL

TAKES \$2B
OUT OF SNFs
VIA 3% FINE

AHCA'S PROPOSAL

SAVES \$2B
FROM
REDUCING
HOSPITAL
VOLUME

BOTH
SCORE
\$2B
OVER
10
YRS

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