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CMS Hospital Readmission Demonstration Project Set to Begin

On April 13, 2009, CMS announced fourteen communities around the country will participate in a demonstration project that will evaluate hospital readmission rates for Medicare beneficiaries. The demonstration stems from growing concerns over the increased Medicare costs associated with hospital readmissions. A study published April 2, 2009, in the New England Journal of Medicine estimates that unplanned hospital readmissions in 2004 cost Medicare $17.4 billion dollars of the total $102.6 billion in hospital payments made for the year. According to the study, 20% of Medicare patients were rehospitalized within 30 days of discharge and 34% were readmitted within 90 days. The most frequent medical conditions requiring rehospitalization included heart failure, pneumonia, COPD, psychoses and GI problems. The most common surgical procedures that required readmission were cardiac stent placement, major hip or knee surgery, vascular surgery and major bowel surgery.

The fourteen communities tapped for the "Care Transitions Project" that will run through 2011 includes: Evansville, Indiana; Lansing, Michigan; Atlanta, Georgia; Providence, Rhode Island; Omaha, Nebraska; Denver, Colorado; Western Pennsylvania; Baton Rouge, Louisiana; Tuscaloosa, Alabama; Upper Capitol Region New York; Southwestern New Jersey; Harlingen, Texas; Whatcom County, Washington and Miami Florida. CMS has stated the overarching policy driving the demonstration is to improve healthcare processes by engaging caregivers and all providers from a community-wide perspective to prevent patients from being readmitted to hospitals. For CMS the goal of the program is not to impose a one-size-fits-all approach to prevent readmissions, but to instead allow communities to work together to determine local approaches that best meet their patient needs in conjunction with available resources. CMS hopes that sustainable and replicable strategies will emerge that can be applied across the nation to create seamless transitions for patients moving from the hospital to home, skilled nursing care or home health care. Each of the fourteen communities will be led by their respective Quality Improvement Organization ("QIO") who will be refining and reviewing the various delivery system strategies. Specifically, the QIOs have been tasked with partnering with the communities to: evaluate hospital and community-wide strategies, assess interventions that target specific diseases, and target specific interventions for the most frequent causes of readmission.

Monitoring the Readmission Demonstration will be important for providers as the project indicates a major step forward in CMS' movement towards a quality-based payment model which aligns well with the current value-based purchasing initiatives already under way. Policy makers set on

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Office Locations
Indiana Offices
One American Square
Suite 2000
Indianapolis, IN 46282
(317) 633-4884
Contact: Neal A. Cooper

8402 Harcourt Road
Suite 820
Indianapolis, IN 46260
(317) 871-6222
Contact: Stephan C. Masoncup

Kentucky Office
614 West Main Street
Suite 4000
Louisville, KY 40202
(502) 568-1890
Contact: Rene R. Savarise

Michigan Offices
Columbia Center, Suite 315
201 West Big Beaver Road
Troy, MI 48084
(248) 740-7505
Contact: Joan L. Lowes

2369 Woodlake Drive, Suite 280
Okemos, MI 48864
(517) 703-0921
Contact: Brian F. Bauer

Wisconsin Office
111 East Kilbourn Avenue
Suite 1300
Milwaukee, WI 53202
(414) 721-0442
Contact: Lori A. Wink

Contact Us
hallrender@hallrender.com

getting control of healthcare costs will likely be watching the results of this project closely, including the Obama Administration which has made fraud, abuse and waste in Medicare a top priority in the health reform discussions. Further, MEDPAC is already lobbying to lower payments for hospitals with high readmission rates.

Hospitals should become familiar with policies and strategies being used in this and other demonstration projects as future reimbursement will certainly be tied to new quality indicators such as rehospitalization rates. Hospitals and providers should consider revisiting their current discharge coordination efforts and resource allocation in an effort to minimize rehospitalizations. Patient education at the point of discharge should be viewed as a critical event and part of the complete care planning process. As part of the discharge analysis, hospitals and providers should review the current discharge planning policies and processes affecting targeted service lines. A multi-disciplinary approach is advisable with input from social workers, nurses, therapists, case managers, doctors, nurse practitioners, administrators and even local health departments and family members so that a "best practice" approach can be instituted to prevent unplanned rehospitalizations.

If you have any questions about this or other Medicare initiatives or demonstration projects or would like to discuss compliance or care strategies for your organization, please contact Neal Cooper, ncooper@hallrender.com, 317.977.1455 or Mark Douglas, mdouglas@hallrender.com, 317.977.1485.

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