SOCIOECONOMIC FACTORS IN READMISSIONS

Senator Joe Manchin (D-West Virginia) and Representative Jim Renacci (R-Ohio) have introduced the “Establishing Beneficiary Equity in the Hospital Readmission Program Act of 2015” (S. 688 and H.R. 1343). The bills are an initial step toward acknowledging and adjusting for socioeconomic factors in the calculation of hospitals’ financial penalties under the Medicare Hospital Readmissions Reduction Program.

The Medicare Hospital Readmissions Reduction Program imposes financial penalties on hospitals when their 30-day readmission rates for certain conditions are deemed to be “excessive” when compared to the Centers for Medicare & Medicaid Services’ “expected” level of readmissions. Missouri’s hospitals are committed to reducing preventable and unnecessary readmissions, but CMS’ standards need refinement. Experience to date with the Hospital Readmissions Reduction Program indicates that hospitals with a disproportionate share of patients with lower socioeconomic status are more likely to incur a financial penalty for excess readmissions and also to incur a larger penalty.

Research indicates that socioeconomic and community factors outside the control of the hospital are correlated with the likelihood of a hospital readmission within 30 days. Patients of lower socioeconomic status face gaps in access to community resources that help prevent readmissions, such as primary care, mental health services, physical therapy, easy access to medications and food that meets the patient’s prescribed diet and other rehabilitative services. This is especially true in states such as Missouri that continue to have extremely restrictive Medicaid eligibility standards for most low-income adult populations.

Missouri is at the forefront of research on this topic. In the May 5, 2014, issue of *Health Affairs*, researchers from the Washington University School of Medicine, BJC Healthcare and the Missouri Hospital Association’s Hospital Industry Data Institute (HIDI) published research on the impact of socioeconomic status on hospital readmissions.

Among other components, S. 688 and H.R. 1343 authorize socioeconomic adjustments initially based on “dual eligible” Medicare/Medicaid patients and the Census Bureau education and/or income data. Beyond fiscal year 2017, adjustment methodologies would be determined by DHHS based on various analyses and recommendations. MHA’s HIDI is well-versed in the use of socioeconomic adjustments for the CMS readmissions method. We look forward to working with Congress and CMS to achieve a more refined risk-adjustment approach.

The Missouri Hospital Association encourages the Missouri congressional delegation to promote congressional and/or regulatory action to refine hospital readmission standards to reflect differences in patients’ socioeconomic status.