Reducing the hospitalization rate for Medicare beneficiaries receiving home health care

Evan Christman

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Overview

- Causes of hospitalization for home health beneficiaries
- Efforts to reduce hospitalizations in home health care
- Trends in hospitalization with important implications for policy
- Key design decisions for a policy to reduce hospitalizations in home health care

Rationale for a policy to reduce hospitalizations in home health care

- Current payment system pays for more service, not more quality
- Avoiding hospitalization is a primary goal of home health care
- Opportunity to reduce both readmissions and admissions
- Hospitalization rate in home health care has not declined since 2004 – about 30 percent
- Align incentives with other provider types

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Many causes of hospitalization for home health care are potentially preventable

- Top reported conditions for hospitalization from include ambulatory-care sensitive conditions in 2010: respiratory infection, urinary tract infection, and heart failure

- Some studies also cite problems with home care services provided (e.g., poor assessment, inadequate plans of care)

- CMS efforts to lower hospitalization rates through demonstrations have had mixed or limited impact

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Examples of care practices to reduce hospitalizations in home health care

- Advanced practice nurses
- Patient coaches to improve beneficiary engagement
- Front-loading visits at the beginning of a stay
- Improved medication management protocols
- Disease management
- Telehealth
- Others

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Measuring hospitalizations in home health care

- Uses claims for tracking hospitalizations
- Includes hospitalizations that occur up to 30 days after home health
- Excludes some hospitalizations for unrelated or planned admissions
- Risk-adjusted using patient characteristics from OASIS

Variations in hospitalization rates suggest opportunity for improvement

Agency	Risk-adjusted hospitalization rate
All	28.3
10th percentile	20.3
90th percentile	37.4

- Hospitalization rates did not differ significantly between non-profit/for-profit or facility-based/freestanding agencies
- Rates for rural and urban agencies within a region were also similar in most areas

Lowest-performing agencies were smaller, had longer home health stays, and located in Southwest region

	Agencies in worst quartile of hospitalization	All other agencies
Hospitalization rate	39%	25%
Mean episodes per beneficiary (2009)	2.5	1.6
Average agency length of home health stay (in days)	90.2	61.4
Share of agency's stays provided to Medicaid patients	37%	33%
Share of agencies:		
Free-standing	88%	82%
For-profit	77	64
In rural areas	34	23
In Southwest region	81	27

Setting principles for a penalty policy for hospitalizations in home health care

- Size of the penalty
- Period of home health stay to include in the measure
- Clinical conditions to include/exclude
- Ensuring integrity of data

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Impact of an illustrative example of a hospitalization penalty for home health

- Illustrative penalty policy:
  - All agencies with above average hospitalization rates receive penalty
  - Maximum penalty of 5 percent for agencies with highest rates
- Illustrative hospitalization measure:
  - Claims-based
  - Covers full stay plus 30-day post-stay window
  - Limited set of exclusions for planned/unrelated admissions
  - Risk adjusted based on patient characteristics

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Impact of an illustrative example of a hospitalization penalty for home health

	Share of agencies paying the penalty	Average penalty
All	50%	2.1%
Ownership		
Government	50%	2.3%
For-profit	53%	2.4%
Non-profit	42%	1.7%
Provider type		
Free-standing	51%	2.2%
Facility-based	44%	1.9%
Rural	56%	2.7%
Urban	48%	2.0%

Source: MedPAC analysis of OASIS data and home health claims

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Discussion

- Broad variation in hospitalization rates indicate potential for improvement

- Rate has not declined in 8 years

- Other analysis based on Commissioner discussion

- Key decisions:
  - Amount of penalty
  - Period of stay to include
  - Treatment of planned/unrelated admissions
  - Data integrity of hospitalization measure

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