

Hospital Readmission Penalties an Opportunity for Post-acute Providers?

Nearly 90% of all acute care hospitals in New York State will soon be penalized by Medicare for preventable readmissions, making their relationships with nursing homes and home care agencies more important than ever.

Under the Affordable Care Act's [Hospital Readmissions Reduction Program](#), CMS is reducing payments to hospitals with excess readmissions, effective Mon., Oct. 1, 2012. According to a [Kaiser analysis](#), New York's hospitals will be penalized an average of 0.51% of their base Medicare reimbursement in Federal Fiscal Year (FFY) 2013. The maximum penalty rate of 1% in FFY 2013 increases to 2% in FFY 2014 and 3% the following year.

The penalties target readmissions for heart attacks, pneumonia and heart failure. CMS is using a risk adjustment methodology to calculate excess readmission ratios which adjusts for patient demographic characteristics, comorbidities and frailty. For FFY 2013, the ratio is based on 2008-11 discharges.

LeadingAge New York encourages its members to review data on readmission and death rates for these three conditions for their referring hospitals using [Medicare Hospital Compare](#). This information may open the door to creative partnerships between hospitals and post-acute care providers to reduce readmission rates for these conditions. In addition, EQUIP MDS analytics software users soon have access to a new report showing their current hospital readmission and hospitalization rates. For more information on EQUIP, contact Linda Spokane at lspokane@leadingageny.org.

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