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UNDERSTANDING THE HOSPITAL READMISSIONS REDUCTION PROGRAM

Readmission is defined as an admission to an IPPS acute care hospital within 30 days of a discharge from the same or another IPPS acute care hospital.

The Hospital Readmissions Reduction Program, mandated by the Affordable Care Act, requires the Centers for Medicare & Medicaid (CMS) to reduce payments to IPPS hospitals with excess readmissions. The first penalty affecting payment was for discharges beginning October 1, 2012.

Unlike the Value-based Purchasing (VBP) program, this is a penalty program and a hospital cannot get additional monies, only lose money as result of their performance. What is similar to the VBP program is that the penalty for the Readmission Reductions Program affects the base DRG for discharges. It also applies to the federal fiscal year, which starts October 1 and goes through September 30 of the following year. The penalties increase every year up to a maximum of 3% reached in FY2015.

Readmissions Measures

FY2013 & FY2014 *(added algorithm to exclude planned admissions)*

- 30 day Readmissions Acute Myocardial Infarction (AMI),
- 30 day Readmissions Heart Failure (HF)
- 30 day Readmissions Pneumonia (PN);

FY 2015 Additions

- 30 day Readmissions chronic obstructive pulmonary disease (COPD)
- 30 day Readmissions elective total hip arthroplasty (THA) and total knee arthroplasty (TKA)

FY 2016 No Additions

FY 2017 Additions

- 30 day Readmissions coronary artery bypass graft (CABG) surgery

These same measures are used for the inpatient quality reporting (IQR) program. However, because they are applied to a different set of hospitals, the results might vary slightly from the rates.

Eligibility/Performance Period

- Three years of discharge data
  - FY2013 July 1, 2008 to June 30, 2011
  - FY2014 July 1, 2009 to June 30, 2012
  - FY2015 July 1, 2010 to June 30, 2013
  - FY2016 July 1, 2011 to June 30, 2014
- Minimum of 25 cases

Calculation of Excess Readmissions Ratios

A hospital's excess readmission ratio for each condition is a measure of a hospital's readmission performance compared to the national average for the hospital's set of patients with that applicable condition.

The calculation uses the risk adjustment methodology endorsed by the National Quality Forum (NQF) for the readmissions measures to calculate the excess readmission ratios, which includes adjustment for factors that are clinically relevant including patient demographic characteristics, comorbidities, and patient frailty.

The Excess Readmission Ratio is calculated as the ratio of predicted readmissions to expected readmissions.

- Predicted admissions is the number of 30-day readmission predicted for your hospital on the basis of your hospital's performance with its observed case mix and your hospital's estimated effect on readmissions. This is presented as a rate per 100 discharges by dividing by the number of eligible discharges.
- Expected readmissions is the number of 30-day readmissions expected for your hospital on the basis of average hospital performance with your hospital's case mix and the average hospital effect.

If a hospital performs better than an average hospital that admitted similar patients, the ratio will be less than 1.0000. If a hospital performs worse than average, the ratio will be greater than 1.0000.

Payment - Readmissions Adjustment Factor

The Excess Readmission ratios for each condition are multiplied times the sum of base operating DRG payments for that condition; then added together. This aggregate payment for excess readmissions is divided by the aggregate payments for all discharges, then subtracted from 1 to get the Readmissions Adjustment Factor.

If the Readmissions Adjustment Factor is 1.000, there is no payment reduction. Any number between .9999 and .9700 would trigger a payment reduction.

The maximum penalties identified per year are:

FY2013	1%
FY2014	2%
FY2015	3%
Future years	3%

Locating Your Hospital's Readmissions Adjustment Factor

Step 1 Go to the CMS website

The Readmissions Adjustment Factor for your hospital is found in the CMS Readmissions Reduction program website:
http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/AcuteInpatientPPS/Readmissions-Reduction-Program.html

Step 2 Find the Zip file in the downloads

Once on the website, click on the link titled: "FY2015 IPPS Hospital Readmissions Reduction Program Supplemental Data File (Final Rule and Correction Notice) [ZIP, 8 MG].

Step 3 Open the Excel spreadsheet

This is a zip file that contains an excel spreadsheet, “FY 2015 Final Rule Readmissions PUF- Oct 2014 CN,” with the Readmissions adjustment factor, eligible discharges for each of the three conditions as well as the excess readmission ratios for all US hospitals.

This file is organized by hospital CCN (CMS Certification Number) so you will either need to have that information or access it from the link identified in the resource section.

Public Reporting

The results of the Readmissions Reduction Program will be posted on Hospital Compare. The following information will be publically reported:

- Number of eligible discharges
- Readmission rate
- Confidence intervals

Resources

RARE Campaign link
http://www.rarereadmissions.org/

QualityNet Readmission resources
http://www.qualitynet.org/dcs/ContentServer?cid=1219069855273&pagename=QnetPublic%2FPage%2FQnetTier3&c=Page

Hospital CCN numbers
https://data.medicare.gov/Hospital-Compare/Hospital-General-Information/v287-28n3

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