



## Local hospitals hit with readmission penalties

By Paul Sisson

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Under penalties mandated by the recent federal health care law, eight local hospitals are getting lower Medicare payments for having higher-than-expected readmission rates.

The Centers For Medicare & Medicaid Services issued a list of penalized hospital in late September that showed reductions in Medicare reimbursements for half of the 16 hospitals in San Diego County.

Nationwide, 2,217 hospitals, or 63.4 percent, received penalties for having too many readmissions. A readmission occurs when a patient is readmitted to a hospital less than 30 days after being sent home.

The penalties under the Affordable Care Act, which Congress passed in 2010, take effect for the first time this fall.

Under the readmission reduction program, a hospital can lose a maximum of 1 percent of its annual Medicare reimbursement if its readmission rate is judged too high. Nationwide 307 hospitals received the maximum 1 percent penalty, but no local hospitals were on that list. Locally, penalties ranged from 0.42 percent to 0.02 percent.

While the maximum penalty is currently capped at 1 percent, that number will increase over the next two years, causing local health care leaders to take notice, instituting programs aimed at stopping patients from returning to the hospital for a medical condition after being sent home.

“There is no longer a bright line at discharge. You can walk out of the hospital, but that doesn’t mean you walk out of our responsibility to get you the care that you need,” said Dr. James LaBelle, corporate vice president of quality, physician co-management and medical management for Scripps Health, which operates four hospitals in the region.

Two of those facilities felt the sting of the federal government’s new Medicare reimbursement reductions.

On the first day of October, Scripps Mercy Hospital began receiving 0.13 percent less in Medicare reimbursements for the patients it sees, according to a list of reductions. Scripps Memorial Encinitas will also see a reduction of 0.02 percent.

Scripps did not provide a dollar figure for the percentages, but other local health networks did.

Sharp Memorial Hospital in San Diego got the largest reduction, losing 0.41 percent of its reimbursement. The

health system estimates that will cost it about \$272,000 of its \$66.3 million reimbursement over the next year.

Grossmont Hospital — which is operated by Sharp under contract — received a reduction of 0.38 percent, or \$306,000. Grossmont serves more Medicare patients, so its penalty will cost more even though the percentage is lower.

UC San Diego Medical Center will lose \$287,000 over the next year, according to a hospital spokeswoman, a result of a 0.21 percent reimbursement reduction.

The Affordable Care Act mandates reduction of readmissions as a way of reducing the cost of health care. According to the Kaiser Family Foundation, nearly 2 million Medicare beneficiaries are readmitted within 30 days of release. Those readmissions cost Medicare an extra \$17.5 billion per year. Nationwide hospitals received readmission penalties totaling \$280 million.

The penalties look at readmission rates during a three-year period from July 1, 2008, to June 30, 2011.

Local hospitals have already gotten started on programs to reduce readmissions.

Palomar Health, which operates three hospitals in inland North County, received no penalty from Medicare this time around. Opal Reinbold, the system's chief quality officer, said special teams examined hospital data to make improvements where necessary.

"We feel this data validates their good work," Reinbold said in an email.

Many cited recent efforts to change what happens when patients are sent home after a hospital stay.

Daniel Gross, executive vice president for hospital operations at Sharp HealthCare, said the health system has worked to connect with patients after they leave, checking to make sure they have scheduled follow-up appointments with their doctors and that they are following discharge instructions on how to take prescribed medications.

"We feel optimistic that we will have an opportunity to make a difference in readmission rates," Gross said. "We think it's the right thing to do, and we see it as an opportunity."

UC San Diego and Scripps reported similar outreach efforts to reach beyond the hospital stay as a way of preventing readmissions.

LaBelle, the Scripps chief of staff, said the health system has specially designed "navigator" pilot programs at all of its hospitals. A navigator, he said, visits a patient within 72 hours of discharge and calls at least once per week to verify medications and follow-up appointments for as long as is necessary.

"Our commitment to the patient is how long they need it. It isn't just 30 days after discharge," LaBelle said.

A statement from UCSD cited "going home coaches" who perform similar roles.

"Sometimes patients go home with more than a dozens medications to track. To streamline this complex process, we have assigned pharmacists to high-risk patients to offer one-on-one coaching," UCSD's statement adds.

Some health care executives also noted that the federal government's methods for determining penalties have

holes.

Gross, the Sharp vice president, said it does not account for planned readmissions which are routine for certain types of care. The system, he said, can also count a patient admitted for a different problem as a readmission.

“The challenge is, methodologically, how does one exclude all of the planned admissions and readmissions for a different cause,” Gross said. “It is a data nightmare.”

Dr. LaBelle, the Scripps medical director, added that some have issues with how the government adjusts for the severity of illness.

But in the end, Labelle said none of those issues matter much. He said he believes all hospitals can, and should, do more to reduce readmissions.

“We know that there are opportunities at every single hospital across the entire country to improve the discharge process,” LaBelle said.

*An earlier version of this story listed the incorrect title for Dr. James LaBelle of Scripps Health. LaBelle will become chief medical officer for Scripps at the end of the year.*

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