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Washington Health Policy Week in Review

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Washington Health Policy Week in Review is a weekly newsletter that offers selected stories from the daily newsletter *CQ HealthBeat*.

August 15, 2016 Issue

[ations/newsletters/washington-health-policy-in-review/2016/aug/august-15-2016/cms-faces-continued-pushback-on-judging-care-of-poor-patients\)](#)

Lawmaker Eyes Lane Duck for Addressing Readmission Penalties

By Kerry Young, CQ Roll Call

August 10, 2016—A House Republican said he will try to get a law enacted this year addressing Medicare readmission penalties for hospitals that serve many poor patients, even with the November elections complicating efforts to clear any legislation.

"We need to push to get some of these issues cleaned up in lame duck," Rep. James B. Renacci of Ohio, told *CQ HealthBeat* in a Monday interview, referring to an anticipated post-election session. "Although I continue to hear that there will be very little done in lame duck, I am hoping that we can at least get some of these key issues accomplished."

Renacci has significant bipartisan support. A House Ways and Means package of Medicare policy changes largely incorporated his plan (HR 1343), which has 41 Democratic cosponsors and 44 Republican ones. The broader Ways and Means Medicare package (HR 5273) sailed through the House in June by voice vote.

Hospital groups with significant lobbying clout have been arguing that they may be penalized for circumstances beyond their control under the current system, because poor people have a greater chance of returning for care within 30 days of an initial stay. Patient struggles to make it to follow-up medical visits and even obtain food and shelter point to the need for adjustments, the hospital groups maintain.

The Ways and Means measure calls for moving toward a transitional benchmark for poverty in assessing penalties. This would be based on how many patients qualify for two major federal programs: Medicare for senior citizens and the disabled and Medicaid for people with low incomes. The bill also directs CMS to consider further research on the question of socioeconomic status and readmission penalties.

The financial stakes for hospitals are rising as the Centers for Medicare and Medicaid Services (CMS) fully implement the readmission penalty program, which was created by the 2010 health care. The penalties will save Medicare about \$528 million in fiscal 2017, an increase of \$108 million from the estimate for the current budget year, CMS said. The agency attributed the expected rise in penalties to a change in a measure of readmission cases linked to pneumonia and the addition of a measure for coronary bypass cases.

Renacci said his challenge in building support for his bill has been making it clear that the measure would refine the readmission penalty, and not undermine its goal of improving care. Hospitals don't want to be dinged for cases where patients couldn't buy needed medicines or make it to follow-up visits.

"It's okay to penalize hospitals that have readmissions due to infections or issues related to operation that may have occurred at that hospital," said Renacci, who was a health care executive before joining Congress.

There are concerns that adjusting the readmission penalty will result in different standards of care. Rep. Charles B. Rangel, D-N.Y. raised the issue at a May Ways and Means markup of the Medicare package. He argued that the challenge is to make sure that hospitals serving low-income communities should have the resources they need to prevent admissions of their patients, rather than rejigger the penalty. Still, Rangel agreed with a need to preserve the funding for medical centers serving the poor.

"I don't want these hospitals to be put out of business just because we don't provide the funds for them to do the right thing," said Rangel, who is a cosponsor of Renacci's bill.

CMS is continuing to look broadly at the question of whether to adjust measures of the quality of care for so-called socioeconomic status. It's an issue that's also been raised in connection with measures being developed in the field of post-acute care and the new simplified star ratings CMS posted for hospitals.

There are many policy experts who are skeptical of bids to readjust readmission penalties. Yale University researchers, including Harlan M. Krumholz, [reported this week](http://content.healthaffairs.org/content/35/8/1461.abstract) (<http://content.healthaffairs.org/content/35/8/1461.abstract>) in the journal *Health Affairs* the results of a study, in which they found socioeconomic status of patients didn't "change hospital results in meaningful ways" in terms of readmission.

In a Monday interview, Debra Ness, president of the nonprofit National Partnership for Women and Families, said many hospitals that serve poor communities have fared well in both the readmission assessments and in the new CMS star ratings. She sees this as evidence weakening the case for making socioeconomic adjustments. These might mask poor services at some hospitals with many patients who have low incomes, she said.

"You don't want to disguise those differences," Ness said. "You want to be able to see that they are there and then take action to reduce those disparities."

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