JAYNE KOSKINAS TED GIOVANIS | Foundation For Health and Policy

Via Overnight Delivery (Confirmation # 8759 2081 2712)

Centers for Medicare & Medicaid Services
Department of Health and Human Services
Attention: CMS–1599–P
Mail Stop C4–26–05
7500 Security Boulevard
Baltimore, MD 21244–1850

Re: CMS–1599–P; Comments on Readmission Provisions of Federal Fiscal Year 2014 Inpatient Prospective Payment System Proposed Rule

Dear Sir or Madam:

We are writing to comment on the provisions of the Federal Fiscal Year 2014 Inpatient Proposed Rule under "V. G. Hospital Readmission Reduction Program (§ 412.150)," 78 Fed. Reg. 24,786, 27,593-27,606 (May 10, 2013). More specifically, this comment addresses that ***the readmission penalty calculation should include an adjustment to neutralize the effect of hospitals having high levels of Medicaid and Supplemental Security Income (SSI) utilization (since these hospitals can be expected to have higher readmission rates) and also to reflect that low volume hospitals should not be favored by the readmission penalty formula as at present.***

The details of our comments follow.

Comment on the Readmission Penalty

The Readmission Method Should adjust for the effect of High Medicaid and Supplemental Security Income (SSI) utilization. The readmission method does not adjust for the Medicaid and Supplemental Security Income (SSI) utilization at the hospital. However, it is well documented that Medicaid and SSI patients have substantially higher readmission rates than other patients. It is clearly unfair and poor public policy, to penalize hospitals for higher readmission rates when the higher rates are due to serving an indigent population. The suggestion made by the Medicare Payment Advisory Commission, i.e., to adjust at the hospital level for Medicaid and SSI utilization, would make the readmission penalty fairer for the hospitals that serve high proportions of Medicaid and SSI patients.

The Readmission Method should be applied to Hospitals Regardless of their Low Volume. The method used to calculate the number of excess readmissions adjusts for the volumes of eligible patients served by the hospital, and weakens the incentive for low volume hospitals to reduce their readmission rates. While we understand the desire to not penalize hospitals for excess readmissions where the excess might be due to statistical variability, it is not reasonable to give a pass to hospitals that have consistently high readmission rates year after year just because they are low volume. In addition, shifting the hospital's actual readmission rate towards the national expected rate makes the results useless for patients wishing to compare hospitals.

The agency should include in the readmission adjustment an accommodation for high Medicaid/SSI utilization and should accurately reflect the actual performance on the readmission criteria for low volume hospitals.

We appreciate the opportunity to provide these comments to you. If any of these comments need clarification we would welcome the opportunity to provide such (410 531 1969).

Sincerely

Theodore Giovanis
President