

Reducing Hospital Readmissions

AHCA's Solution to Generate Medicare Savings



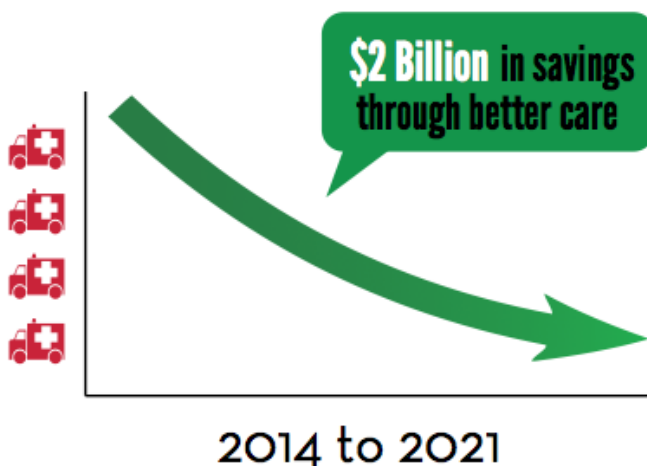
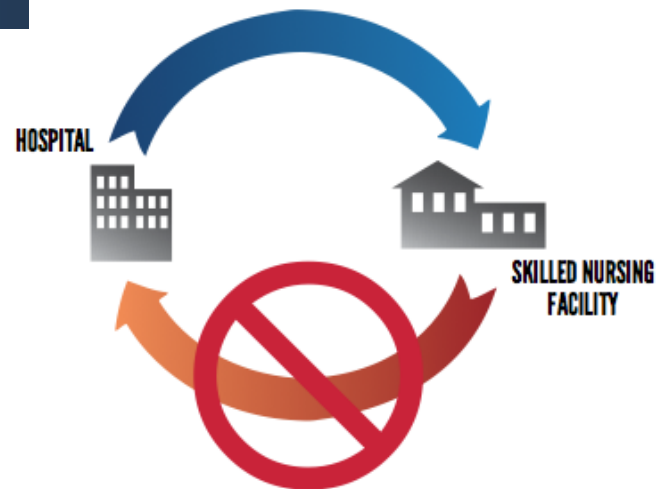
Long term and post-acute care centers are committed to providing quality care for every resident and patient we serve. Skilled nursing facilities (SNFs) want to be part of the solution to make government health programs more efficient, but have already shared in the sacrifice through several rounds of payment reductions that further threaten individuals' access to care. That's why AHCA has developed a plan that provides incentives for centers to reduce hospital readmissions in order to meet fiscal goals, but also helps skilled nursing providers continue to improve quality care.

THE CURRENT SITUATION

Hospital readmissions are not only a physical strain on patients, but a costly strain on the American taxpayer. One in five patients that are discharged from the hospital return within 30 days, costing Medicare \$17.4 billion in 2010. Almost one-fourth of these beneficiaries are SNF patients, receiving post-acute care (recuperative or rehabilitative services). SNFs want to help reduce this toll on the government. Numerous skilled nursing care centers are already making strides to reduce rehospitalizations by using tools specifically targeted toward the issue, hiring additional staff, and improving the flow of information with hospitals and physicians. AHCA wants to incentivize the entire sector to achieve \$2 billion in Medicare savings by 2021, and at the same time, better serve our patients.

AHCA's PLAN – HOW IT WORKS

1. After establishing a baseline for the SNF 30-day readmission rate and calculating costs associated with those readmissions, the Secretary of Health and Human Services would then set a targeted readmissions reduction goal for SNFs necessary to achieve \$2 billion in savings from 2014-2021.
2. Skilled nursing facilities will then work to reduce hospital readmissions by at least the targeted amount.
3. If the savings target is not achieved, then SNF market basket updates (cost of living adjustments) will be reduced to make up for the shortfall in expected Medicare savings.
4. If SNFs meet the \$2 billion in required savings, then SNFs and the American taxpayer would share any additional savings through lowered readmissions.



THE BENEFITS

- ✓ **Care Focused** – incentivizes SNF providers to improve quality and coordinate care
- ✓ **Cost Effective** – saved \$2 billion to Medicare in the next 10 years
- ✓ **Innovative** – generates savings through improvements rather than just slashing payments to providers
- ✓ **Equitable** – responsibly encourages SNFs across the country to share in the goal