The Impact of Medicare Readmission Reduction Policies on Patients, Primary Care Practices, and Hospitals

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Abstract
Objective: To evaluate the impact of Medicare's readmission reduction policies on patients, primary care practices, and hospitals.
Methods: I employed distinct methods to examine the effect of Medicare's readmission reduction policies on each of the three groups identified in my objective. For patients, I used 2007-2014 admission-level data from California, Florida, and New York to create triple differences models investigating whether the Hospital Readmissions Reduction Program led to spillover for Medicare Advantage patients. For primary care practices, I combined the 2017-2018 National Survey of Healthcare Organizations and Systems with 100% 2015-2016 Medicare claims data to assess the relationship between practices' readmission reduction activities and readmission rates for their patients using both mixed effects and linear regression models. For hospitals, I merged 2013-2018 Hospital Compare data and CMS's annual impact files for the same timeframe to estimate fixed effects models to examine whether hospitals facing potentially larger readmission payment penalties had fewer excess readmissions.
Results: Readmission rates for Medicare Advantage patients dropped by one percentage point for acute myocardial infarction ($P < .001$) and half a percentage point for heart failure ($P < .01$) after the implementation of the Hospital Readmissions
Reduction Program, indicating the presence of spillover. Primary care practices' number of readmission reduction activities was significantly associated ($P < .05$) with lower readmission rates. On average, practices experienced a 0.05 percentage point decrease in readmission rates for each additional activity. Hospitals facing larger potential readmission payment penalties did not have significantly fewer excess readmissions.
Conclusions: The Hospital Readmissions Reduction Program led to significant declines in readmission rates for Medicare Advantage patients, whom comprise a growing share of Medicare enrollees. Primary care practices might be able to lower readmission rates for their patients by engaging in large numbers of readmission reduction activities. Finally, while the financial incentives associated with the Hospital Readmissions Reduction Program may have acted as a triggering mechanism to signal hospitals on the need to reduce readmissions, I did not observe a direct relationship between the size of the incentive and performance on readmissions

Number of pages
125

Degree date
2020

School code
0153
Source
DAI-A 82/2(E), Dissertation Abstracts International

Place of publication
Ann Arbor

Country of publication
United States

ISBN
9798664731859

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University/institution
The University of North Carolina at Chapel Hill

Department
Health Policy and Management

University location
United States -- North Carolina

Degree
Ph.D.

Source type
Dissertations & Theses

Language
English

Document type
Dissertation/Thesis

Dissertation/thesis number
28027289

ProQuest document ID
2439617474

Document URL
http://libproxy.lib.unc.edu/login?url=https://www-proquest-com.libproxy.lib.unc.edu/dissertations-theses/impact-medicare-readmission-reduction-policies-on/docview/2439617474/se-2?accountid=14244