Avoidable Hospital Use and Costs of Care

Inefficient or wasteful health care, along with high costs, are among the chief problems burdening our health care system. To measure inefficiency, this scorecard dimension focuses on rates of potentially avoidable and expensive hospital care. It also looks at two cost measures: the average cost of an individual employer-based health insurance premium and average annual spending per Medicare beneficiary. Many studies have found that higher spending is not systemically associated with better outcomes. The Affordable Care Act encourages changes to the way we deliver and pay for care and encourages new models, like accountable care organizations and bundled payment arrangements.

The Greatest Improvement: In 23 States

there were reductions of 2 percentage points or more between 2010 and 2012 in rates of hospital readmissions among Medicare beneficiaries receiving postacute care in nursing homes.

Louisiana, Massachusetts, and Tennessee

Improved on the Greatest Number of Indicators

KEY FINDINGS

Hospitalizations for ambulatory-care sensitive conditions

- Among Medicare beneficiaries ages 65 to 74, hospital admissions for ambulatory care-sensitive conditions—that is, conditions that can be managed outside the hospital, like hypertension—fell 2 percent from 2007 to 2008 and then an average 6 percent annually between 2008 and 2013.

- The worst-performing states improved the most for this indicator in 2013. The rate fell 16 percent in Oklahoma and 14 percent in West Virginia; rates varied about threefold across states.

30-day hospital readmissions

- The hospital readmission rate for Medicare beneficiaries fell by 10.5 percent in 2012 and 10.8 percent in 2013, after declining an average 3.8 percent annually between 2007 and 2011. In October 2012, the Medicare program began financially penalizing hospitals with high rates of readmissions, motivating hospitals to reduce readmissions to avoid these penalties.6

Data: Ambulatory-care sensitive hospitalizations & 30-day readmissions: Medicare claims via Feb. 2015 CMS Geographic Variation Public Use File.
Long-term care for elderly Americans is often funded by state Medicaid programs, while their hospital stays and postacute care are paid for by Medicare. Postacute care in either patients’ homes or institutions, like skilled nursing facilities, is the greatest source of Medicare spending variation. Hospital admissions or readmissions from these settings can often be avoided with good transitional care and proactive patient monitoring and intervention.

There was considerable variation among states in hospital admission and readmission rates among nursing home residents and home health patients.

Wide state variation on indicators of potentially avoidable hospital use suggests opportunities for improvement

States with the highest hospital readmission rates in 2012 tended to have the largest reductions in 2013

Notes: States are arranged in order (lowest to highest) of their readmission rate in 2012.
*Denotes states with at least -.5 standard deviation change (5 readmissions per 1,000) between 2012 and 2013.
Data: Nursing home admissions/readmissions: Y. Mor, Brown University, analysis of 2012 Medicare enrollment data, Medicare Provider and Analysis Review (MedPAR), and Minimum Data Set (MDS) data; Home health admissions: authors’ analysis of CMS Medicare claims data from CMS Home Health Compare.
If all states performed as well as the top-performing state:
Medicare beneficiaries would have over 1.4 million fewer emergency room visits for care that could be provided outside the emergency room.

Children between 2 and 17 would endure about 85,000 fewer asthma-related hospital admissions.