

Section-by-Section Analysis

Section 1 Adjusting the Medicare Hospital Readmission Reduction Program to Respond to Patient Disparities

- Requires an analysis of each hospital's dual eligible (Medicare and Medicaid beneficiaries) population in order to ensure hospitals are not unfairly penalized for treating the most vulnerable patient populations.
- Removes certain readmissions that are classified as transplant, end-stage renal disease, burns, trauma, psychosis or substance abuse.
- **Purpose:** All of our hospital feedback mentioned these types of patients. They are more likely to be readmitted to the hospital within the 30-day threshold at no fault of the hospital due to their complex care needs.

Subsection (b) Risk Adjustment for Dual Eligible Population

- Explicitly requires the Secretary to review the risk adjust methodology to account for full-benefit dual eligible individuals.
- **Purpose:** Hospitals servicing large shares of dual eligible patients tend to have higher readmission rates and are more likely to pay readmission penalties.

Subsection (c) MedPac Study

- Requires a MedPac Study on the 30-day readmission threshold.
- **Purpose:** There has been no evidence to support that a 30-day readmission threshold is the most appropriate.

Subsection (d) Addressing the Issue of Noncompliance

- Requires the Secretary to consider the use of V codes (external cause of injury codes) for potential exclusion of readmission cases.
- **Purpose:** V codes can be used to describe patients that are not compliant with their recommended medical treatment. Wellness takes more than just a hospital visit, it also involves patient adherence. Hospitals should not be penalized when patients are purposefully not adhering to their physician recommended treatment.

Subsection (e) Effective Date; Budget Neutral Implementation

- Fiscal Year 2015 (October 1, 2014)
- HHS can make payment adjustments to hospitals under the inpatient prospective payment system as may be necessary to ensure the bill does not result in an increase in expenditures.
- **Purpose:** The bill is not expected to result in increased costs; however, to be in accordance with current House rules and ensure its swift passage we have included this standard budget neutrality language.