

H.R. XX/S. XX

“Establishing Beneficiary Equity in the Hospital Readmission Program Act of 2015”

Sponsors: Sens. Manchin and Portman

The *Establishing Beneficiary Equity in the Hospital Readmission Program Act* is a **budget-neutral** fix to the Hospital Readmissions Reduction Program (HRRP) that ensures hospitals serving low-income populations are evaluated and reimbursed fairly. Inspired by a MedPAC report and NQF draft recommendations, this legislation requires CMS to account for patient socio-economic status when calculating the risk-adjusted readmissions penalties. More than any other hospital metric, readmissions are influenced greatly by factors beyond the hospital’s control, and countless studies have demonstrated that the challenges that urban and rural low-income populations face directly impact these outcomes. This reform would improve quality of care, increase accountability for all inpatient hospitals, and strengthen a program that is already reducing preventable Medicare readmissions.

Summary of the Bill: This bill requires CMS to take into account the socioeconomic status of patients when determining a hospital’s excess readmission ratio under the Hospital Readmissions Reduction Program.

- **Transitional Measure:** The bill initially uses a transitional measure of patient socioeconomic status comprised of 1) the number of Medicare/Medicaid dual-eligible patients the hospital serves and 2) Census Bureau data related to income, education level, and/or poverty rate.
- **Long-Term Measure Based on IMPACT Act Reports:** Following the completion of the reports required by the IMPACT Act (passed in 2014), CMS will be required to use the findings in those reports to establish a risk adjustment measure to ensure that hospitals serving a greater number of low-income individuals will not be unfairly penalized under the Hospital Readmissions Reduction Program.

The IMPACT Act requires HHS to conduct studies that examine the effect of individuals' socioeconomic status, race, health literacy, limited English proficiency, and patient activation on quality and resource use, and it requires the Secretary to make recommendations on how to account for such factors in the quality and resource measures if a relationship is found.¹

- **Additional Provisions:**
 - Requires a MedPAC study on the appropriateness of the 30-day readmission threshold.
 - Requires an HHS study, including input from a technical expert panel, on excluding certain clinical conditions that may require frequent hospitalization from the calculation of excess readmissions. Requires the Secretary to apply the findings of the study to the calculation of a hospital’s excess readmission ratio.
 - Authorizes the Secretary to permit the use of V codes (or the ICD-10 equivalent) for potential exclusion of noncompliant patients from readmission cases.
 - Includes language to ensure the bill is implemented in a budget-neutral manner and to minimize the reporting burden on hospitals.

¹ <http://www.finance.senate.gov/imo/media/doc/IMPACT%20Section-by-Section%20FINAL.pdf>