II

113TH CONGRESS
2D SESSION

S. 2501

To amend title XVIII of the Social Security Act to make improvements to the Medicare hospital readmissions reduction program.

IN THE SENATE OF THE UNITED STATES

JUNE 19, 2014

Mr. MANCHIN (for himself, Mr. WICKER, Mr. KIRK, and Mr. NELSON) introduced the following bill; which was read twice and referred to the Committee on Finance

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A BILL

To amend title XVIII of the Social Security Act to make improvements to the Medicare hospital readmissions reduction program.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the ''Hospital Readmissions
5 Program Accuracy and Accountability Act of 2014''.

6 **SEC. 2. FINDINGS.**

7 Congress makes the following findings:
8 (1) Eliminating avoidable hospital readmissions
9 should be a core tenet of public and private efforts

1 to improve quality of care and reduce health care ex-
2 penditures.
3 (2) Measures adopted by the Centers for Medi-
4 care & Medicaid Services should accurately reflect
5 the quality of care provided by specific hospitals and
6 providers, and such measures should never lower
7 outcome or quality expectations for certain cohorts
8 of hospitals and providers.
9 (3) There are numerous socioeconomic condi-
10 tions that impact health outcomes and the Medicare
11 hospital readmission reduction program is one of
12 many Federal outcome performance programs that
13 fails to accurately adjust for these influences.
14 (4) Holding all other factors constant, socio-
15 economic conditions, such as poverty, low levels of
16 literacy, limited English proficiency, minimal social
17 support, poor living conditions, and limited commu-
18 nity resources, likely have direct and significant im-
19 pacts on avoidable hospital readmissions.
20 (5) The Medicare hospital readmission reduc-
21 tion program includes risk adjustment for clinical
22 variables, such as comorbidity and severity of illness,
23 because hospitals should not be penalized for the ef-
24 fects of these uncontrollable factors. Socioeconomic
25 factors can influence readmissions to an equal or

1 greater degree than these clinical factors and the
2 Medicare hospital readmissions reduction program
3 will more accurately measure quality of care once
4 risk adjustment for socioeconomic status is imple-
5 mented.

6 (6) Research by the Medicare Payment Advi-
7 sory Commission, the National Quality Forum, and
8 other independent experts has provided compelling
9 evidence that failing to adjust for socioeconomic sta-
10 tus in the Medicare hospital readmission reduction
11 program may provide an inaccurate picture of the
12 quality of care provided by hospitals, and has led to
13 the unfair penalization and stigmatization of hos-
14 pitals serving low-income populations that are, in
15 fact, delivering high-quality health care.

16 (7) Risk adjustment for socioeconomic status in
17 the Medicare hospital readmission reduction pro-
18 gram will improve quality of care, increase account-
19 ability for all inpatient hospitals serving Medicare
20 beneficiaries, and further reduce preventable re-
21 admissions nationwide.

22 (8) The Secretary of Health and Human Serv-
23 ices should consider the adoption of socioeconomic
24 adjustment methodologies in other quality reporting

1 and pay-for-performance programs under the Medi-
2 care program.

3 **SEC. 3. IMPROVEMENTS TO THE MEDICARE HOSPITAL RE-**
4 **ADMISSIONS REDUCTION PROGRAM.**

5 Section 1886(q) of the Social Security Act (42 U.S.C.
6 1395ww(q)) is amended—
7 (1) in paragraph (4)(C)—
8 (A) in clause (i), in the matter preceding
9 subclause (I), by striking "clause (ii)" and in-
10 serting "clauses (ii) and (iii)"; and
11 (B) by adding at the end the following new
12 clause:
13 "(iii) ADJUSTMENT FOR SOCIO-
14 ECONOMIC STATUS.—
15 "(I) IN GENERAL.—In deter-
16 mining a hospital's excess readmission
17 ratio under clause (i) for purposes of
18 making payments for discharges oc-
19 curring on or after October 1, 2016,
20 the Secretary shall risk adjust re-
21 admissions to account for the socio-
22 economic status of the patients served
23 by the hospital.
24 "(II) SOCIOECONOMIC STATUS.—
25 For purposes of subclause (I), subject

1 to subclauses (III) and (V), the Sec-
2 retary shall, to the maximum extent
3 practicable, utilize the most recent
4 data available from the Bureau of the
5 Census in order to develop a quan-
6 titative method to adjust for socio-
7 economic status. In developing such
8 quantitative method, the Secretary—

9 ''(aa) shall, to the maximum
10 extent practicable, use inputs
11 that address at least one of the
12 following factors—

13 ''(AA) income;

14 ''(BB) education level;
15 and

16 ''(CC) poverty rate; and

17 ''(bb) may include inputs
18 that address other socioeconomic
19 and sociodemographic factors de-
20 termined appropriate by the Sec-
21 retary.

22 ''(III) REVISION OF INPUTS.—
23 The Secretary may revise the inputs
24 for such quantitative method under
25 subclause (II) on an annual basis to

1 improve the accuracy and validity of
2 the adjustment under subclause (I).
3 ‘‘(IV) PATIENTS SERVED BY THE
4 HOSPITAL.—For purposes of sub-
5 clause (I), the Secretary shall, to the
6 maximum extent practicable, measure
7 the socioeconomic status for all pa-
8 tients served by each hospital. The
9 Secretary may supplement incomplete
10 or inaccessible patient-level data with
11 data related to the geographic region
12 of the patients served by the hospital.
13 ‘‘(V) USE OF ALTERNATIVE AD-
14 JUSTMENT METHOD.—
15 ‘‘(aa) IN GENERAL.—For
16 purposes of subclause (I), in the
17 case of payments for discharges
18 occurring on or after October 1,
19 2017, the Secretary may apply a
20 socioeconomic status adjustment
21 using a method other than the
22 method described in subclause
23 (II), such as peer groupings and
24 stratification.

1 "(bb) COMPARATIVE ANAL-
2 YSIS.—Prior to the application of
3 the alternative adjustment meth-
4 od under item (aa), the Secretary
5 shall conduct a comparative anal-
6 ysis of such alternative adjust-
7 ment method and the method de-
8 scribed in subclause (II). The
9 Secretary shall publish the re-
10 sults of such comparative anal-
11 ysis and the proposed alternative
12 adjustment method in the Fed-
13 eral Register and seek public
14 comment on such method.
15 "(cc) REQUIREMENT.—The
16 Secretary may not apply any al-
17 ternative adjustment method
18 under item (aa) unless the Sec-
19 retary determines that such alter-
20 native method will demonstrate
21 an aggregate improvement in the
22 accuracy and effectiveness of hos-
23 pital readmissions reduction pro-
24 gram incentives and measure-
25 ments compared to the adjust-

1 ment required under subclause
2 (I).'';
3 (2) in paragraph (6)(A), by adding the fol-
4 lowing before the period at the end: '', including in-
5 formation on the results of the readmission meas-
6 ures under this subsection (both before and after the
7 adjustment under paragraph (4)(C)(iii)) and the
8 penalties under this subsection (both before and
9 after such adjustment)''; and
10 (3) by adding at the end the following new
11 paragraph:
12 ''(9) ADJUSTMENT.—The Secretary shall make
13 proportional adjustments to base operating DRG
14 payment amounts (as defined in paragraph (2)) of
15 applicable hospitals to assure that the application of
16 paragraph (4)(C)(iii) does not result in aggregate
17 payments under this section in a fiscal year that are
18 greater or less than those that would otherwise be
19 made under this section in such fiscal year, as esti-
20 mated by the Secretary.''.

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