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## **New Avalere Health Analysis: Innovative Rehospitalization Policies Can Help Sustain Ongoing Improvements in Seniors' Care Quality, Save Tax Dollars**

*Three Areas That Merit More Study: Regional Differences in Care Practices, Variable Medicaid Rates, Care Coordination Models that Align Payment Incentives*

**Washington, DC** - A new installment of the Alliance for Quality Nursing Home Care's "Care Context" series of health policy analyses [link] finds the three primary drivers of rehospitalization following a stay at a Skilled Nursing Facility (SNF) are regional differences in care practices, variable provider Medicaid rates, and a lack of adequate coordination and payment incentives across the spectrum of care. As SNFs are the dominant provider of Medicare post-acute services, the report suggests studying the sector can provide a unique window into addressing rehospitalizations -- and that potential strategies to reduce them can help sustain ongoing improvements in nursing home care in addition to saving tax dollars.

"While nursing homes are only part of the rehospitalization picture, the nature of their patients and the confluence of payers make it a critical environment for policymakers to examine as they seek solutions that both benefit patients and reduce health care costs," says Ellen Lukens, a Director at Avalere Health, and lead author of, "Rehospitalizations From Skilled Nursing Facilities: A Multifaceted Issue That Calls For Innovative Policy Solutions," [link]. Avalere Health helps conduct the underlying research, analysis and literature review for the Alliance's Care Context health policy series.

Avalere Health identified three key potential areas of focus for policymakers:

**Understand regional differences** -- Rehospitalization rates range from a low of 15.1 percent in Utah to a high of 28.2 percent in Louisiana.

**Study influence of higher Medicaid rates** -- Previous studies show that a \$10 increase in the daily Medicaid rate above the state average correlates with a 5 percent lower chance of hospitalization.

**Explore successful models of care coordination that align incentives** -- Some models for care coordination have proven successful in boosting quality outcomes and reducing costs; these could be expanded specific to the nursing home population.

Alan G. Rosenbloom, President of the Alliance, says the beginning of the FY 2011 budget process is a favorable time for lawmakers and the provider community to study and consider policy changes that can help sustain quality improvements along the entire care continuum, while also maximizing cost efficiencies.

"The Alliance will be active throughout 2010 in terms of promoting constructive policy ideas designed to

sustain ongoing improvements in quality across the spectrum of care, and which can help federal lawmakers achieve savings in health care expenditures,” Rosenbloom said. “The growing interrelationship and interdependence between care settings -- and our Medicare and Medicaid payment systems themselves – are phenomena that demand continued study and research.”

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