Medicare payment reform saves money, helps patients, study finds

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Researchers have found evidence that Medicare reimbursement reform has reduced the incidence of easily preventable, hospital-acquired health problems.

Medicare reforms aimed at reducing preventable, hospital-acquired conditions have worked as desired for at least two conditions, according to a study by researchers at the Stanford University School of Medicine.

"We have a win-win. We have patients who are avoiding adverse events while Medicare saves money," said lead author Risha Gidwani, DrPH, a consulting assistant professor of medicine at Stanford and a health economist at the Veterans Affairs Health Economics Resource Center in Menlo Park.

The findings were published online Dec. 12 in the *Journal of General Internal Medicine*.

In the past, the Centers for Medicare & Medicaid Services paid hospitals based on the treatment patients received, even if the treatment was needed for an easily preventable condition that the patient acquired in the hospital. But in 2008, the CMS stopped paying for the additional cost of several treating nine preventable, hospital-acquired conditions.

Clots and blockages

Gidwani selected two of these conditions: pulmonary embolism, a blockage of an artery that supplies the lung; and deep-vein thrombosis, a blood clot that forms in a vein that can cause pulmonary embolism. Patients who receive hip or knee replacements are likely to develop these conditions without proper care, which usually consists of ambulation, mechanically-assisted movement or medication.

She examined records from 2007-09 from a national database of American hospital discharges, comparing Medicare patients ages 65-69 who received a hip or knee replacement with non-Medicare patients ages 60-64 who received the same procedures.

When CMS stopped paying for treating deep-vein thromboses and pulmonary embolisms, the incidence of those conditions after hip or knee replacement surgery dropped 35 percent in the Medicare population, Gidwani said. In the younger, non-Medicare population, the incidence of these two conditions increased, although they also decreased in the patients over age 65 who had private insurers. There are more than 1 million hip or knee replacements performed in the United States each year, and over 60 percent of them are paid for by Medicare.

Gidwani ran statistical analyses to ensure the results were not due to differences in the length of hospital stay or potential differences in billing practices among the hospitals.

Getting results

"This study provides evidence the reimbursement reform had the desired effect," Gidwani said. "This is important information if Medicare or private payers are thinking about expanding value-based purchasing programs."

The co-author is Jay Bhattacharya, MD, PhD, professor of medicine and

director of the Stanford Program on Medical Outcomes.

"It may seem obvious that Medicare should use payment incentives for providers to encourage better and more appropriate care for patients, but there is always a risk of unintended consequences when Medicare cuts payments for services," Bhattacharya said. "In this case, we have found evidence that Medicare's refusal to pay for complications arising from hip and knee surgeries really did reduce the incidence of those complications. I believe that there may be many more opportunities to improve patient outcomes by reforming provider payment practices, though lots of careful research will be needed to identify them."

There was no outside funding for the study.

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