

# **Study analyzes health care quality, IT, reimbursements**

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Information systems doctoral student Danish H. Saifee is an author on the study, which develops the foundation for the first chapter of his doctoral dissertation. Credit: UT Dallas

Management of health care quality and costs has become a prominent topic of debate and research in the last decade in the United States. A new study from The University of Texas at Dallas examines the relationship between health care service quality, health information technology usage and Medicare reimbursements for congestive heart failure cases.

Information systems doctoral student Danish H. Saifee and Dr. Indranil Bardhan, professor and area coordinator of information systems in the Naveen Jindal School of Management, co-authored the paper, which recently was published in the *International Journal of Electronic Healthcare*. The study develops the foundation for the first chapter of Saifee's doctoral dissertation.

As the U.S. [health care](#) system moves from a fee-for-service to a value-based payment model, researchers are seeing a shift in the way that payers reimburse providers for [health care delivery](#). Medicare and Medicaid insurance programs now reward physicians and hospitals for health care service quality, using metrics such as readmission and mortality rates. Supporters of these efforts believe they will improve quality and lower costs.

"In the fee-for-service regime—which was the dominant payment model that existed even before Obamacare and still exists to some extent today—the emphasis is on getting paid for every procedure," Bardhan said. "In the value-based model, the emphasis is on managing those costs effectively while not compromising quality."

Because health IT is expected to play a substantial role in the transformation of the nation's [health care costs](#), the researchers wanted to study the direct effect of health IT—the combined effect of electronic medical records, computerized physician order entry and structured physician documentation—on Medicare reimbursements and their impact through mortality and readmission rates, Bardhan said.

Using [hospital](#)-level data from sources including the Center for Medicare and Medicaid Services (CMS) and Health Information and Management Systems Society, the researchers analyzed three years of hospital-level average reimbursement data on [congestive heart failure](#) cases. They found that hospitals with greater mortality rates are likely to receive lower Medicare payments, while those with greater readmission rates are likely to receive higher average payments.

"We observe that you can use health IT to obtain a higher level of reimbursements," Bardhan said. "But does it allow you to improve your quality? That means hospitals can reduce their patient mortality and readmission rates, in order to increase their average reimbursements."

Saifee said several papers have studied hospital charges, but oftentimes, charges may not reflect the actual costs that hospitals incur. This is one of the first studies to explore the dynamics of these mechanisms using health IT and Medicare data on actual payments to health care providers.

"We focused on reimbursements because we felt it gave us a clearer picture of what exactly is going on in terms of the cash flow to the hospitals," he said.

Because the study used Medicare reimbursement data from 2011 to 2013, the paper examines the early transition period from the fee-for-service system to the value-based payments system.

The positive association between health IT usage in hospitals and average Medicare reimbursements is likely due to the improvement in the efficiency of the insurance claims.

Saifee said the data prior to the Patient Protection and Affordable Care Act shows that hospitals did not have a clear mandate to reduce [readmission rates](#). Now, CMS is increasingly focusing on improving [health care quality](#) by offering financial incentives to hospitals. These findings reflect a leading effect of the transition of the health care providers to the value-based payments system.

Bardhan said the study could provide various insights to [health care providers](#), payers, consumers, [health](#) IT vendors and policymakers.

The co-authors said the research could be extended by obtaining more recent data to observe how the shift toward value-based care has affected hospital reimbursements and whether private insurers have followed suit.

**More information:** Danish H. Saifee et al. Healthcare outcomes, information technology, and Medicare reimbursements: a hospital-level analyses, *International Journal of Electronic Healthcare* (2017). [DOI: 10.1504/IJEH.2017.083161](#)

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