

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.

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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 sserting “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 ccurring 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-

