

## Hospitals Treat Fewer Seniors when Medicare Charges Penalties

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### Hospitals are treating fewer seniors for hip and knee replacements, pneumonia, and emphysema.

Medicare charges penalties when hospitals treat these conditions and their patients need a second hospital stay within 30 days. Hospitals cannot always prevent the second stay, but they can reduce penalties by treating fewer patients in the first place. Medicare released information July 31, which it will announce in the *Federal Register* August 17. The resulting penalty for each condition at each hospital, and the number of patients, are at [Globe1234.com](http://Globe1234.com).

Fewer treatments would be a good outcome if seniors were staying healthier and not needing hospitals. However Medicare has not reported on the results of treatment outside hospitals. Researchers at Columbia and Yale found that even an extra day in the hospital saves thousands of lives ([NBER 20409](#)). Dramatic cuts in hospital treatment mean that patients have lost access to hospital treatment they need.

Kennedy University Hospital in Stratford NJ cut the number of pneumonia patients by 45% and emphysema patients by 20%. That is 213 fewer seniors treated with those diagnoses. It is paying \$760,000 in penalties for these diagnoses in 2015.

Beth Israel in New York City cut pneumonia patients by 32% and emphysema patients by 29%. That is 203 fewer seniors with those diagnoses. It pays \$1.3 million in penalties for these diagnoses.

Southcoast Hospital in Fall River MA treated 113 fewer pneumonia patients and 112 fewer emphysema patients, cuts of 20% and 17%. It pays \$1.3 million in penalties.

Valley Hospital in Ridgewood NJ treated 146 fewer pneumonia patients and 67 fewer emphysema patients, cuts of 37% and 31%. It pays \$400,000 in penalties.

Yale-New Haven Hospital treated 129 fewer pneumonia patients and 45 fewer emphysema patients, cuts of 25% and 13%. It pays \$600,000 in penalties, and has a contract with Medicare to calculate penalties for all hospitals.

Pennsylvania Hospital in Philadelphia did 57 fewer hip and knee replacements under Medicare, a 36% cut. It pays \$1.6 million in penalties for these surgeries.

Northwestern in Chicago did 67 fewer hip and knee replacements, an 18% cut. It pays \$3 million in penalties for these surgeries.

The penalties for above-average readmissions to hospitals began in October 2012. The change in number of patients is based on the two most recent periods available: nine months from October 2013 to June 2014, compared to the same nine months a year earlier.

The American College of Surgeons [warned Medicare](#) in June 2013 about,

"the potential that these hospitals will decrease their care for such patients, thereby creating an access issue."

Medicare itself promised to monitor problems and has not done so,

"We recognize that performance-based payment penalty or incentive programs may have the potential for unintended consequences. We are committed to monitoring the measures and assessing unintended consequences over time, such as the inappropriate shifting of care, increased patient morbidity and mortality, and other negative unintended consequences for patients." ([Federal Register 8/31/2012](#))

Nationally, Medicare's hospitalizations declined 4% from 2013 to 2014, while its hospitalizations for pneumonia and emphysema declined 14% and 15%. Hip and knee replacements under Medicare rose 2% nationally. Most hospitals pay penalties, averaging \$150,000 per hospital.

Penalties for each readmission above the national average rate will range from \$25,000 for a readmission after COPD treatment, to \$229,000 for a readmission after hip or knee replacement, starting in October.

Globe1234.com is a watchdog site on issues such as readmissions and doctor ratings. It is edited by Paul Burke, a retired federal researcher. A graduate of Brown University, he has managed and analyzed data for HUD, Congress' Office of Technology Assessment, and the UN Development Programme.