

BACKGROUND

- New Jersey is reforming its Medicaid program through a Comprehensive Medicaid Waiver and Medicaid Accountable Care Organizations.
- These reforms aim to ensure better care coordination and greater access to healthcare services to improve population health.
- One policy focus is to reduce avoidable ambulatory care sensitive hospitalizations by patients facing gaps in community-level care.
- Related care management gaps may be also responsible for frequent hospital utilization by patients with complex health needs often deemed 'super users'.
- High rates of avoidable hospitalizations and associated costs demonstrate potential for better care and lower costs through Accountable Care Organizations.

RESEARCH OBJECTIVES

- Measure utilization and costs by hospital 'high users' (top 5% of statewide distribution).
- Identify the extent of 'avoidable use' among hospital high users.
- Examine avoidable use and costs by payer, especially Medicare-Medicaid dual eligibles and charity care populations.

METHODS

Data

- NJ longitudinally linked all-payer hospital billing and charity claims data over 2008-2010.

Measures

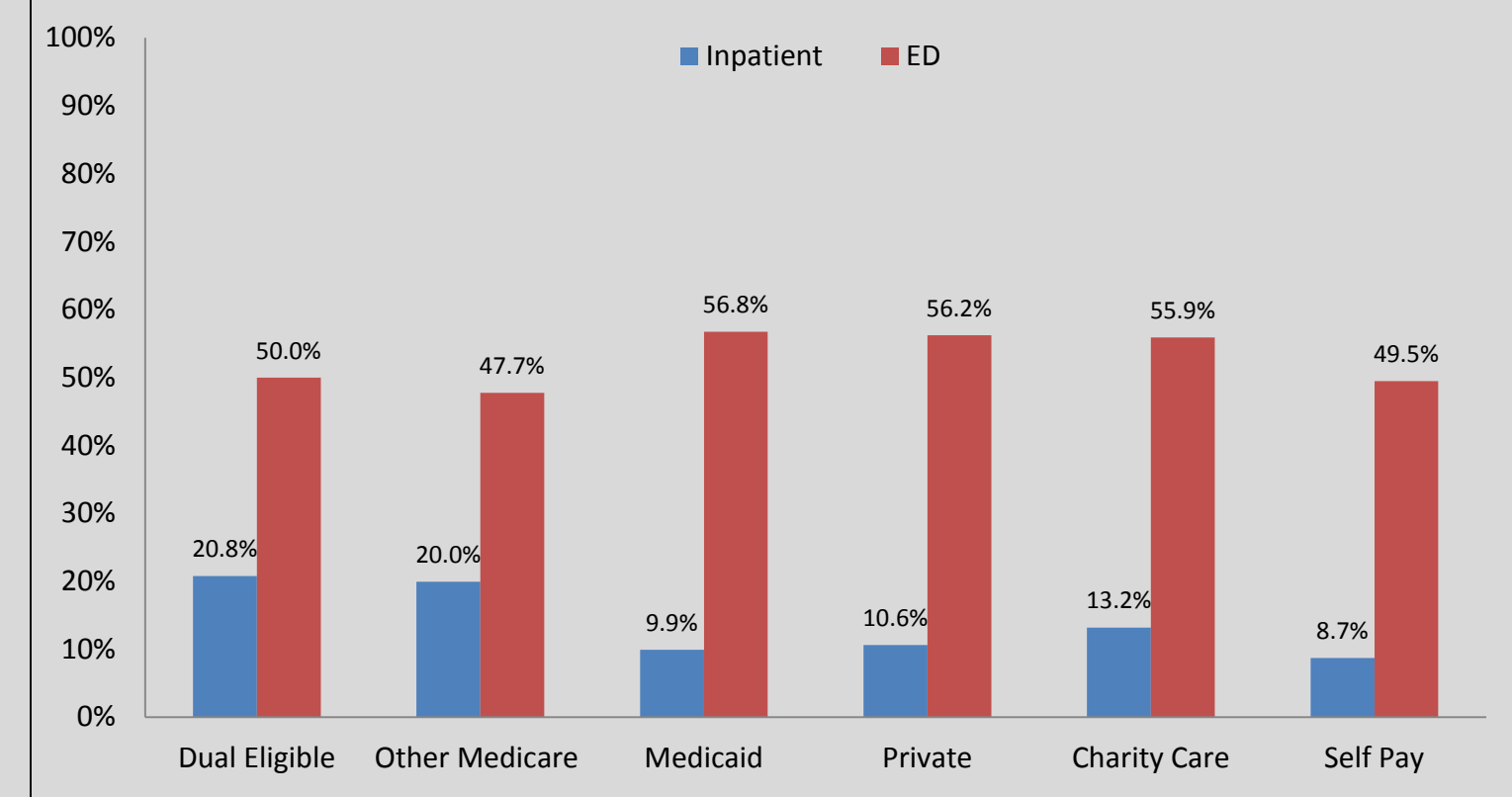
- Avoidable Inpatient Hospitalizations that occur due to inadequate ambulatory care in the community. Based on AHRQ Prevention Quality Indicators.
- Avoidable ED visits that are primary care treatable or could be prevented with adequate primary care in the community. Based on Billings, New York University.
- Inpatient high users who have four or more inpatient stays over the study period. ED high users who have 6 or more visits over the study period.
- Annualized hospitalization costs calculated by applying cost-to-charge ratios on hospital charges and using medical care Consumer Price Index to convert to constant 2010 dollars.

Population Studied

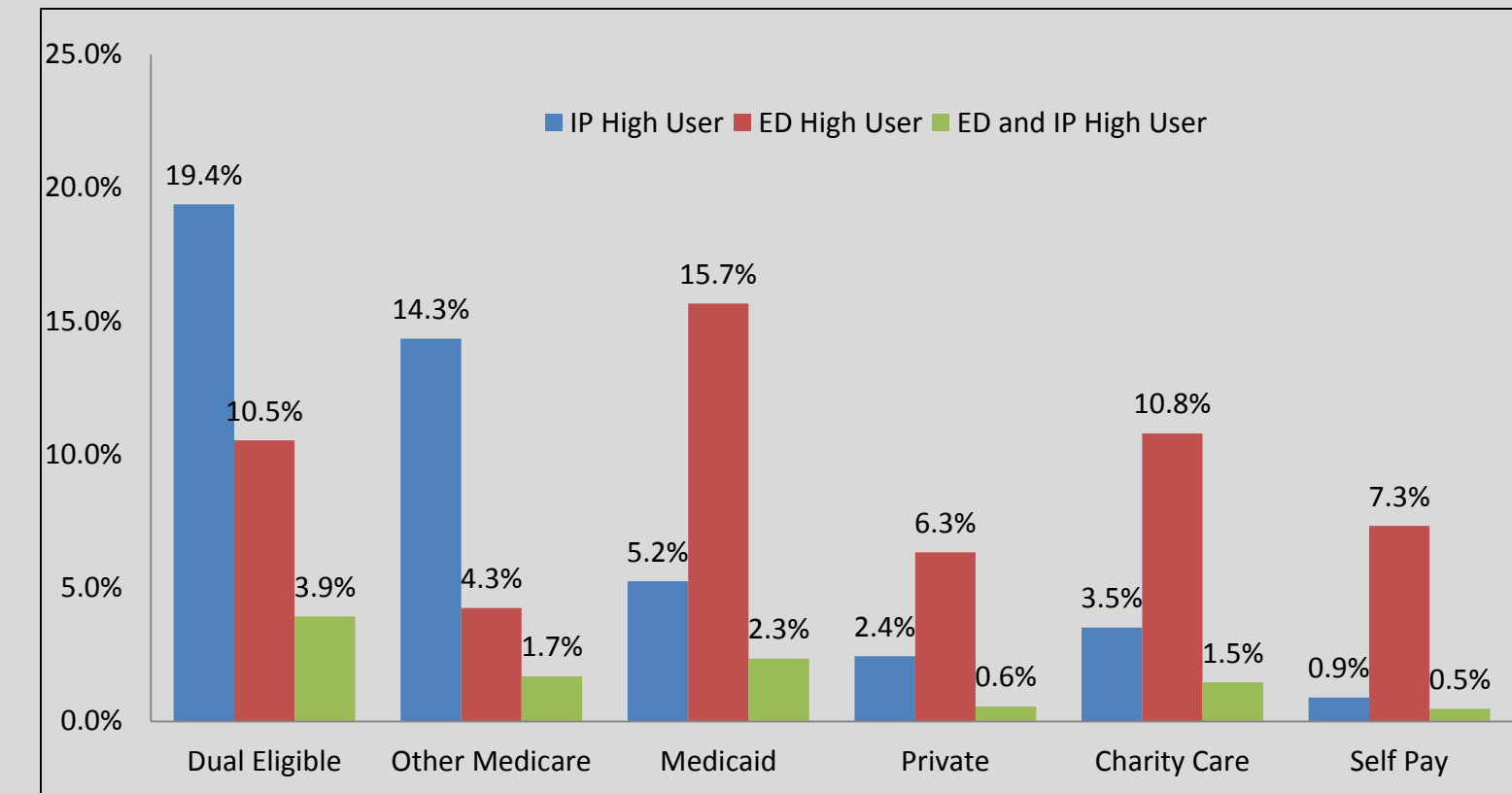
- Hospital inpatient and ED treat-and-release patients in 13 low income NJ communities.

RESULTS

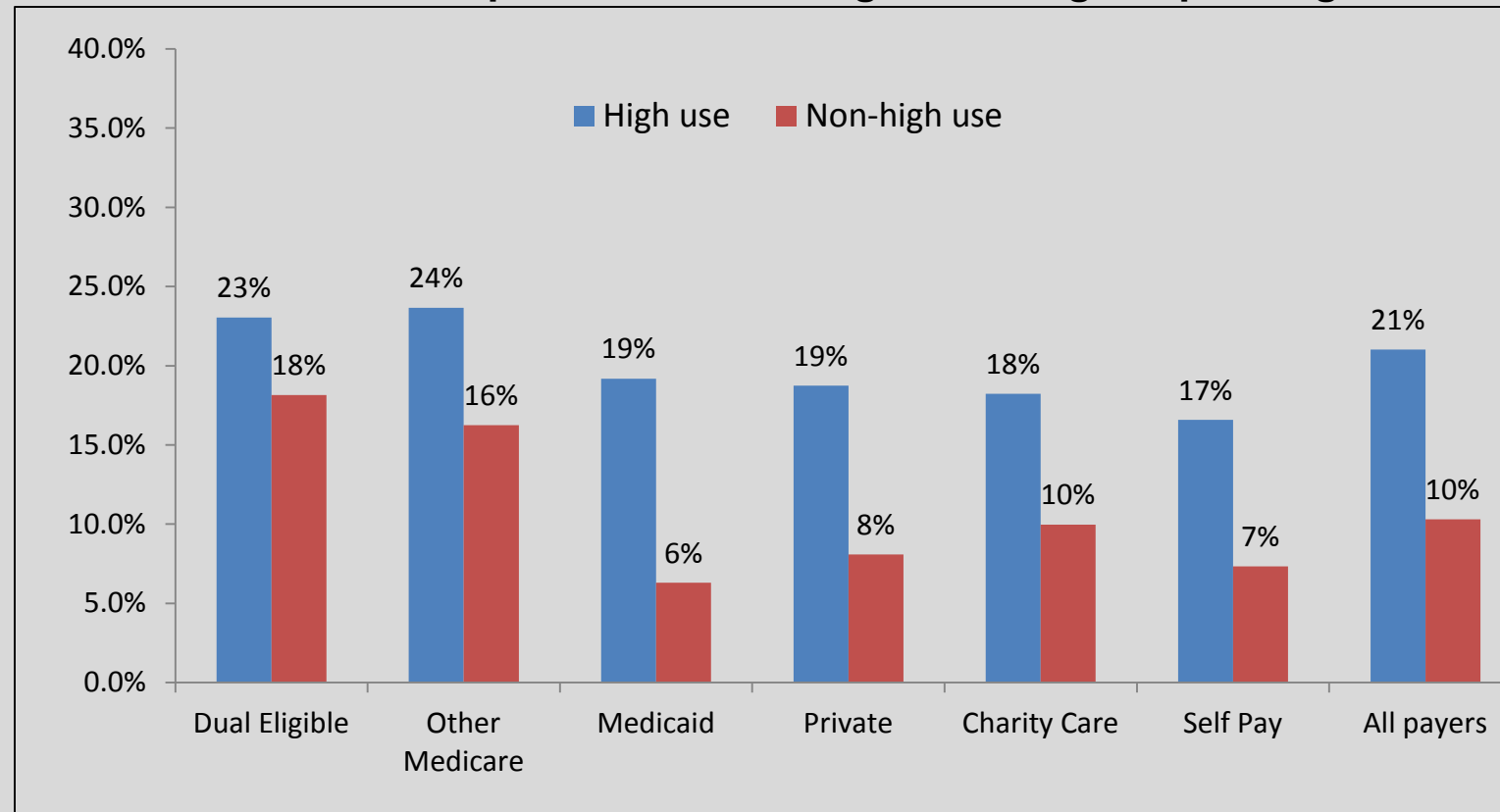
Around half of all ED visits are potentially avoidable with better primary care



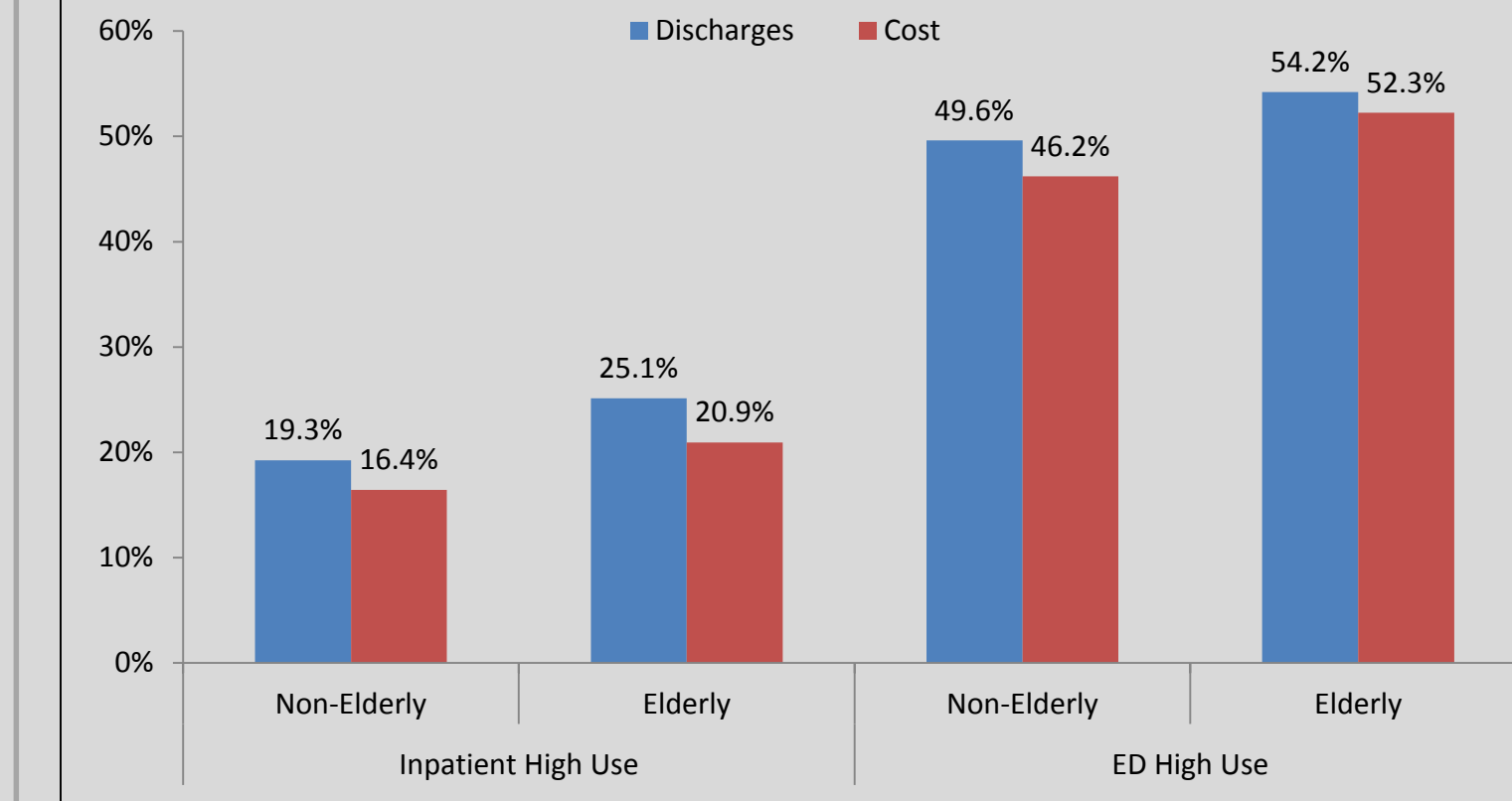
Dual eligibles are most likely to be inpatient high users



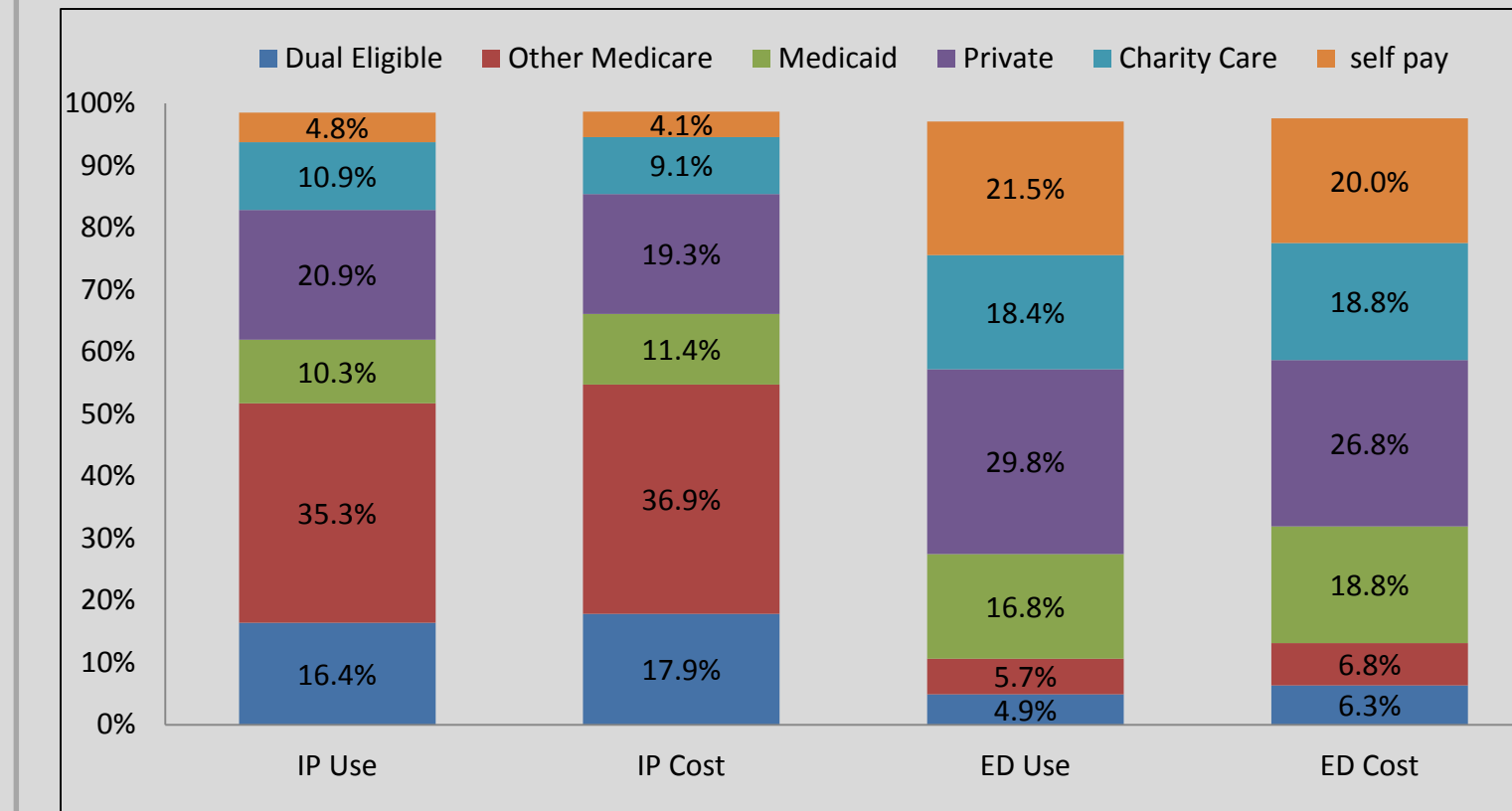
Rates of avoidable hospitalizations are higher among hospital high users



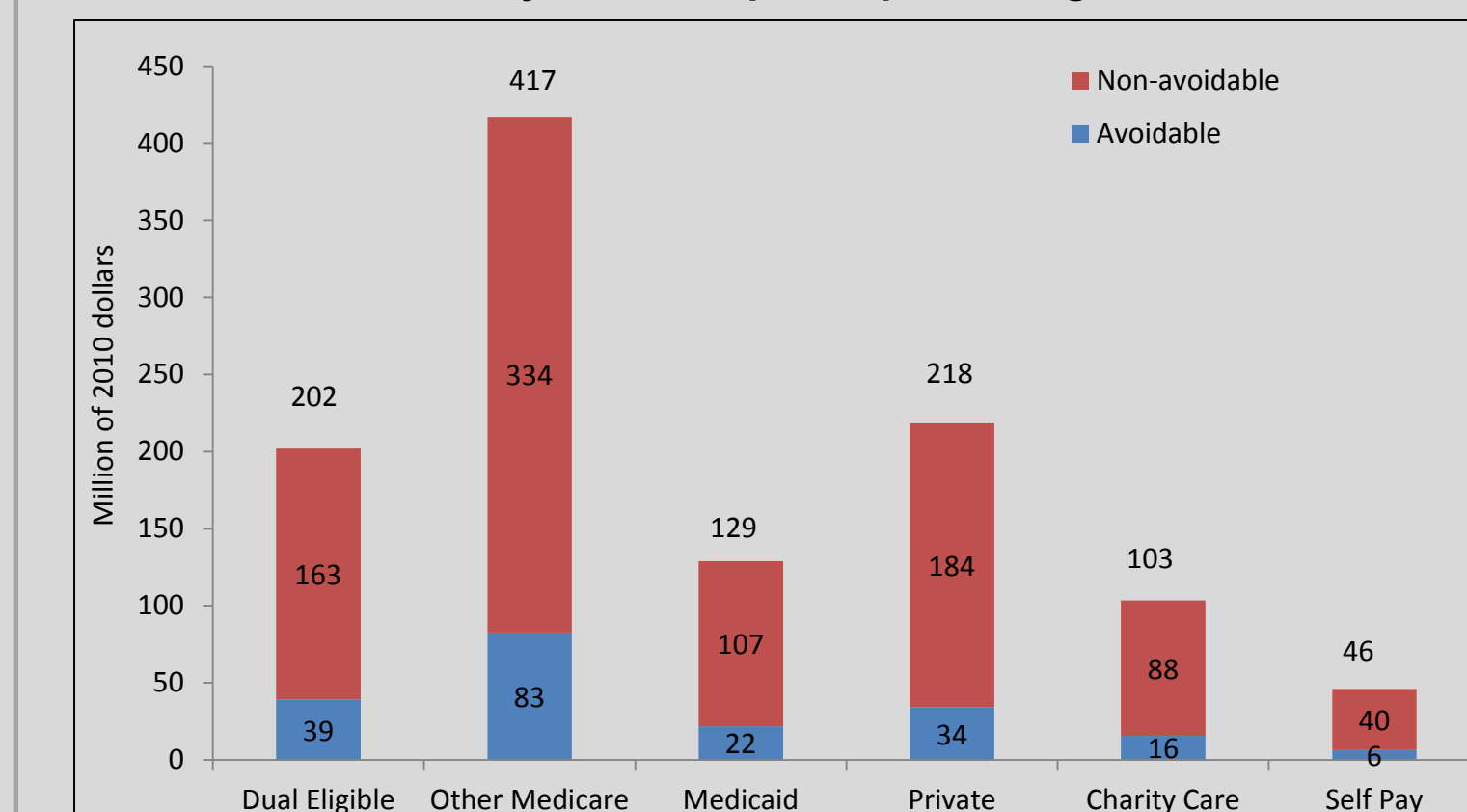
Avoidable hospitalizations are more frequent among the elderly dual eligibles



Around half of inpatient high use is by Medicare beneficiaries



Around 20% of costs by Medicare-paid inpatient high users are avoidable



FINDINGS

- Dual eligibles are most likely to be inpatient high users; Medicaid beneficiaries and charity care patients are most likely to be ED high users.
- Medicare beneficiaries had the greatest share of inpatient high use that was avoidable (23.0% for duals and 23.7% for other Medicare beneficiaries).
 - Among dual eligibles, this was higher for the elderly beneficiaries.
- Irrespective of the source of insurance, inpatient high users exhibited higher rates of avoidable use than non-high users.
 - This difference was highest for Medicaid-paid beneficiaries (19% versus 6%).
- Inadequate access to primary care in the community led to half of all ED visits.
- Annual inpatient costs for Medicare-paid high users amounted to \$619 million, out of which \$122 million was due to inadequate ambulatory care.
 - Medicare and Medicaid dual eligibles accounted for a third of such costs.

DISCUSSION

- The effectiveness of Medicaid ACOs and related reforms depends on their ability to reduce avoidable hospitalizations.
- Our findings reveal that among Medicaid beneficiaries, high users have the greatest avoidable use and should be prioritized to ensure efficient targeting.
- Inpatient high use and avoidable inpatient use was highest among Medicare Medicaid dual eligible patients.
- Current payment incentives within Medicaid are, however, inadequate to address such care management gaps since savings from reduced avoidable use would accrue to Medicare rather than Medicaid.
- Our findings thus underscore the need to effectively coordinate payment reform strategies between Medicare and Medicaid.

We are grateful to the New Jersey Department of Health for providing access to hospital administrative records and to Ping Shi and Daisuke Goto for assistance with data linkage. We would also like to thank our CSHP colleagues Dorothy Gaboda, Oliver Lontok and Bram Poquette for their help in this project.

THIS RESEARCH WAS SUPPORTED BY A GRANT FROM