High-Performing Skilled Nursing Facilities Could Prevent 100,000 Medicare Hospital Readmissions per Year and Save $56 Billion over 10 Years: Methodology and Citations

Methodology

UnitedHealth Group analyzed 2019 UnitedHealthcare (UHC) Medicare Advantage claims for utilization and spending associated with stays at high-performing skilled nursing facilities (SNFs) and all other SNFs. The criteria for identifying a SNF as high performing is based on UnitedHealthcare's methodology for its "High-Performing SNF Designation Program" published in April 2021. The criteria are:

- The SNF is included in UHC's Medicare Advantage plans' networks; AND
- The SNF cannot be a Centers for Medicare & Medicaid Services (CMS) Special Focus Facility (SFF) or SFF Candidate, which are facilities identified by CMS as having serious quality deficiencies; AND
- The SNF meets one of three criteria based on: combined hospital readmission rate (includes hospital transfers from the SNF as well as hospital readmissions within 30 days after discharge from the SNF), the presence of an Optum clinical support program, or the presence of a value-based contract between the SNF and UHC.

To model a scenario in which all Medicare beneficiaries – both Medicare Advantage and Medicare fee-for-service (FFS) – received care at high-performing SNFs:

- The hospital readmission rates and average spending associated with each UHC Medicare Advantage stay at high-performing SNFs were applied to utilization and spending associated with UHC Medicare Advantage stays at SNFs that did not meet the high-performing criteria.
  - The assumption was made that the 56% of UHC Medicare Advantage utilization at SNFs that are not high performing is also observed in the Medicare FFS population.
- Then, both UHC Medicare Advantage inpatient percent savings (driven by reductions in readmissions) and SNF percent savings were calculated.
- Those savings percentages were then applied to Medicare FFS and Medicare Advantage total inpatient spending and SNF spending respectively to extrapolate total potential savings for the entire Medicare population, for 2022 and for the 2022-2031 period.
- Hospital readmissions that can be prevented were calculated by applying the high-performing SNF combined readmission rate to all SNF stays to calculate total hospital readmissions potentially prevented in the UHC Medicare Advantage population if all beneficiaries received care at high-performing facilities.
- The total was then estimated by extrapolating Medicare SNF utilization from UHC's Medicare Advantage population to the entire Medicare population.

Citations

[1] UHG Medicare beneficiary estimate based on Medicare Payment Advisory Commission (MedPAC), "Report to Congress: Medicare Payment Policy Chapter 7 Skilled Nursing Facility Services." March 2021.
https://www.medpac.gov/wp-content/uploads/2021/10/mar21_medpac_report_ch7_sec.pdf
UHG spending estimate based on the Congressional Budget Office's Medicare baseline as of March 6, 2020.
www.cbo.gov/system/files/2020-03/51302-2020-03-medicare.pdf

[2] MedPAC, 2021.

[3] Department of Health and Human Services Office of Inspector General (OIG), "Adverse Events in Skilled Nursing Facilities: National Incidence Among Medicare Beneficiaries." February 2014. www.oig.hhs.gov/oei/reports/oei-06-11-00370.pdf
Note: Temporary harms are defined by OIG as medical events that required intervention but did not cause lasting harm.

[4] MedPAC, 2021.

This brief is available at: http://www.uhg.com/high-performing-SNFs-research.