The Georgia Department of Community Health (DCH) recently developed a taskforce to restructure its Medicaid and CHIP (Children’s Health Insurance Program) programs. While a few recommendations are currently on hold, the department is moving forward with one of the key recommendations — value-based purchasing.

The department is utilizing a value-based purchasing model to continuously improve the quality of care for Medicaid members while enhancing value and containing costs. The department believes value-based purchasing will also better engage providers in health outcomes and save money for Georgia’s taxpayers.

Course of Action

As part of the value-based initiative, DCH was interested in reviewing avoidable admission trends for the Medicaid population to identify potentially unnecessary services and costs. DCH employed Truven Health Analytics™ to perform an analysis to identify avoidable admissions within the Medicaid population.

Truven Health examined conditions that have been identified as avoidable admissions. Avoidable admissions were defined by primary diagnosis codes and were based on measure definitions from Agency for Healthcare Research and Quality (AHRQ) Prevention Quality Indicators. The avoidable admissions were identified as:

- Angina without procedure
- Asthma
- Bacterial pneumonia
- Chronic Obstructive Pulmonary Disease (COPD)
- Congestive heart failure (CHF)
- Dehydration
- Diabetes
- Hypertension
- Low Birth Weight (LBW)
- Pediatric gastroenteritis
- Perforated appendix
- Urinary tract infection

Understanding Avoidable Admissions Leads to $1.45 Million in First-Year Projected Savings

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Possible reasons for an avoidable admission include:
- Condition not recognized
- Symptoms ignored
- No treatment or followup treatment sought
- No self-management of condition
- Treatment of physician is delayed or no longer effective

The analysis included services incurred from fiscal years 2010 through 2012 year-to-date (July 1, 2009 – March 31, 2012). Fee-for-service (FFS) and managed care (CMO) data were included; however members who are dually eligible for Medicaid and Medicare were excluded.

**Results**
The analysis identified the top five FFS avoidable admissions, which accounted for almost 10 percent of total admission FFS costs: LBW, CHF, bacterial pneumonia, diabetes, and COPD. The top five CMO avoidable admissions, which accounted for over 15 percent of CMO plan costs, were: LBW, asthma, perforated appendix, urinary tract infection, and diabetes.

Based on the results of this analysis, DCH developed a new program policy to reduce avoidable admissions and associated costs. The department projected savings of $1.45 million for FY 2013 and $2.99 million for FY 2014.

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