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Avoidable Hospitalizations Among Medicaid Recipients in Washington State

EXECUTIVE SUMMARY

Physicians and researchers have identified several diseases and health conditions for which timely and effective outpatient health care services, such as physician office visits, can often prevent hospitalizations. This study examines whether these “avoidable hospitalizations” are a significant issue for the Washington State Medicaid program and, if so, whether it is possible to reduce them and in turn reduce state health care expenditures.

The Washington State Institute for Public Policy (Institute) was directed by the Washington State Legislature “to research and evaluate strategies for constraining the growth in state health expenditures.”¹ In consultation with legislative fiscal committee staff, an analysis of potentially avoidable hospitalizations among Medicaid recipients was identified as a useful area of research.

Key Findings

Avoidable hospitalizations are a significant issue for the Washington State Medicaid program, accounting for 13 percent of all hospitalizations in a large sample of Medicaid clients. Although this analysis suggests that not all avoidable hospitalizations can be prevented, we present scenarios under which programs to reduce avoidable hospitalizations could lead to cost savings for the state. The following findings are noteworthy:

- The majority of avoidable hospitalizations occur among individuals who qualify for Medicaid due to a severe disability.
- Factors related to a greater likelihood of having an avoidable hospitalization include cystic fibrosis, obesity, and being age 65 or older.
- It is difficult to identify which Medicaid recipients are at risk of having an avoidable hospitalization, but statistical models can predict such individuals with enough accuracy to target prevention services.
- Depending upon the cost and effectiveness of prevention services, it is possible to reduce avoidable hospitalizations and decrease state health care expenditures.

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¹ ESSB 6153, Section 608(8), Chapter 7, Laws of 2001.