



RULE-MAKING ORDER

CR-103P (May 2009)
(Implements RCW 34.05.360)

Agency: Health Care Authority, Washington Apple Health

Permanent Rule Only

Effective date of rule:

Permanent Rules

31 days after filing.

Other (specify) _____ (If less than 31 days after filing, a specific finding under RCW 34.05.380(3) is required and should be stated below)

Any other findings required by other provisions of law as precondition to adoption or effectiveness of rule?

Yes No If Yes, explain:

Purpose:

The agency is amending the dates it will update the readmission factors used to calculate payment adjustments to hospitals for potentially preventable readmissions. The agency is also adding a definition for "fiscal year."

Citation of existing rules affected by this order:

Repealed:
Amended: 182-550-3840
Suspended:

Statutory authority for adoption: RCW 41.05.021, 41.05.160

Other authority:

PERMANENT RULE (Including Expedited Rule Making)

Adopted under notice filed as WSR **16-06-115** on March 2, 2016

Describe any changes other than editing from proposed to adopted version:

(5) (e) The agency will prospectively apply a readmission reduction factor to inpatient rates for dates of service provided on January 1, 2016, through ~~June 30~~ December 31, 2016, based on a PPR analysis consisting of the following claims data:

(5) (e) (iii) A readmission reduction factor for each hospital is based on the hospital's excess readmission payments divided by the total DRG-based hospital inpatient payments in the PPR analysis.

If a preliminary cost-benefit analysis was prepared under RCW 34.05.328, a final cost-benefit analysis is available by contacting:

Name: _____ phone () _____
Address: _____ fax () _____
e-mail _____

Date adopted: April 18, 2016

NAME (TYPE OR PRINT)

Wendy Barcus

SIGNATURE

TITLE

HCA Rules Coordinator

CODE REVISER USE ONLY

OFFICE OF THE CODE REVISER
STATE OF WASHINGTON
FILED

DATE: April 18, 2016

TIME: 12:17 PM

WSR 16-09-068

(COMPLETE REVERSE SIDE)

WAC 182-550-3840 Payment adjustment for potentially preventable readmissions. (1) The medicaid agency adjusts the payment rate to a hospital with an excessive number of potentially preventable readmissions (PPRs), using the criteria described in subsection (4) of this section. The agency calculates the number of excess PPRs using a risk-adjusted comparison, as described in subsection (5) of this section, between the actual and expected number of PPRs attributable to a hospital, and prospectively reduces the payment.

(2) Payment reductions under this section do not apply to critical access hospitals under WAC 182-550-2598; however, critical access hospital claims are included in the PPR analysis.

(3) The following definitions and those found in chapter 182-500 WAC apply to this section:

(a) "Actual PPR chains" means the number of PPR chains attributable to a hospital, based on the PPR analysis.

(b) "Excess PPR chains" means the difference between a hospital's actual PPR chains and the expected PPR chains, not to be less than 0.

(c) "Expected PPR chains" means the number of PPR chains expected for a hospital, based on the hospital's mix of services provided and clients served in the PPR analysis.

(d) "Excess readmission payments" means a hospital's number of excess readmissions multiplied by the average payments per PPR chain.

(e) "Fiscal year" means the year beginning July 1st and ending the following June 30th.

(f) "Initial admission" means an admission to a hospital that is not identified as a PPR that is followed by a PPR for the same recipient within thirty days, as determined by the PPR software under standard settings.

~~((f))~~ (g) "Nonqualifying admission" means an admission excluded from the determination of readmissions by the PPR software under standard settings. Nonqualifying admissions exclude initial admissions, only admissions, and PPRs.

~~((g))~~ (h) "Only admission" means an admission that is not a PPR, an initial admission, or other nonqualifying admission, as determined by the PPR software under standard settings.

~~((h))~~ (i) "Potentially preventable readmission (PPR)" means a readmission meeting the criteria in subsection (4) of this section that follows a prior discharge from a hospital within thirty days for the same recipient, as determined by the PPR software under standard settings. A PPR can occur at the same hospital as the initial readmission or at a different hospital.

~~((i))~~ (j) "Potentially preventable readmission chain" or "PPR chain" means the collection of one or more PPRs attributable to an initial admission.

~~((j))~~ (k) "PPR analysis" means the historical claims data processed by the PPR software under standard settings used to determine each hospital's excess PPR chains, as described in subsection (5) of this section.

~~((k))~~ (l) "PPR software" means the software created and maintained by the 3M™ Corporation and currently used by the agency to identify PPRs. This software is programmed to include admission inclusion and exclusion criteria and factors in an adjustment for pediatric

admissions and those admissions with a mental health diagnosis code, but are not classified as a mental health admission.

((+1)) (m) "Readmission reduction factor" means a prospective reduction to inpatient payment rates based on the excess readmissions payments divided by the total hospital inpatient payments in the PPR analysis. The agency will consider a cap on this reduction to the inpatient payment rate each year.

(4) Readmission criteria. A PPR is an inpatient readmission within thirty days after discharge that is clinically related to the initial admission, as defined by the PPR software using standard settings. A PPR meets the following criteria:

(a) The readmission is potentially preventable through appropriate care consistent with accepted standards in the prior discharge or during the postdischarge follow-up period;

(b) The readmission is for a condition or procedure related to the care provided during the prior discharge or during the period immediately after the prior discharge;

(c) The PPR chain has one or more readmissions that are clinically related to the initial admission. The first readmission is within thirty days after the initial admission, and the thirty-day time frame begins again at the discharge of the most recent readmission; and

(d) The readmission is to the same or to any other hospital.

(e) For the purposes of determining PPRs, certain services and circumstances are excluded from the analysis including, but not limited to:

(i) Leukemia;

(ii) Lymphoma;

(iii) Chemotherapy;

(iv) Neonatal admission;

(v) Hospitalization with a discharge status of "left against medical advice";

(vi) Admission to an acute care hospital for clients assigned to the base APR DRG for rehabilitation, aftercare, and convalescence;

(vii) Same-day transfer to an acute care hospital for nonacute care (for example: Hospice care);

(viii) Malignancy and selected disorders or diseases with chemotherapy or radiotherapy procedures (for example: Connective tissue or coagulation and platelet disorders); and

(ix) Out-of-state admission.

(5) Methodology to determine excess readmissions.

(a) The agency's analysis is based on the 3M™ Health Information Systems Potentially Preventable Readmissions Classification System under standard settings currently used by the agency.

(b) The following readmissions are excluded from the PPR analysis prior to processing the claims data through the PPR software:

(i) Enrollees in state-only programs;

(ii) Dually eligible medicare/medicaid enrollees;

(iii) Mental health and chemical dependency claims covered by the division of behavioral health and recovery (DBHR); and

(iv) Claims occurring at out-of-state, noncritical border hospitals.

(c) Nonqualifying admissions identified by the PPR software under standard settings are excluded from the determination of excess PPR chains.

(d) The following claims are also excluded from the determination of excess PPR chains:

(i) Trauma claims qualifying for supplemental payments for approved trauma service centers under WAC 182-550-5450;

(ii) Newborn cases with the mother's patient information reported in the claim;

(iii) Newborn jaundice cases; and

(iv) Transplant diagnosis-related group (DRG) initial admissions or admissions within one hundred eighty days of a transplant DRG.

(e) The agency will prospectively apply a readmission reduction factor to inpatient rates for dates of service provided on January 1, 2016, through ~~((June 30))~~ December 31, 2016, based on a PPR analysis consisting of the following claims data:

(i) PPR analysis will consist of fee-for-service (FFS) and managed care claims data, including claims denied under the legacy readmission policy under WAC 182-550-3000, and excluding the claims described in (b) of this subsection.

(ii) PPR analysis claim services dates will consist of discharge dates within state fiscal year 2014 (July 1, 2013, through June 30, 2014), with the following exceptions:

(A) PPR analysis will include PPRs with a discharge date after state fiscal year 2014 that were in a PPR chain with an initial admission discharge date in state fiscal year 2014.

(B) PPR analysis will exclude PPRs with a discharge date in state fiscal year 2014 that were in a PPR chain with an initial admission discharge date before state fiscal year 2014.

(iii) A readmission reduction factor for each hospital is based on the hospital's excess readmission payments divided by the total DRG-based hospital inpatient payments in the PPR analysis.

(f) The agency will annually update the readmission reduction factors on ~~((July))~~ January 1st, starting on ~~((July 1, 2016))~~ January 1, 2017, based on a PPR analysis consisting of the following claims data:

(i) PPR analysis will consist of FFS and managed care claims data, including claims denied under the legacy readmission policy under WAC 182-550-3000, and excluding the claims described in (b) of this subsection.

(ii) PPR analysis claim services dates will consist of discharge dates within the ~~((calendar))~~ state fiscal year prior to the ~~((July))~~ January 1st effective date (for readmission reduction factors effective ~~((July 1, 2016))~~ January 1, 2017, the PPR analysis will be based on claims with discharge dates in ~~((calendar year 2015))~~ state fiscal year 2016), with the following exceptions:

(A) PPR analysis will include PPRs with a discharge date after the ~~((calendar))~~ state fiscal year that were in a PPR chain where the initial admission discharge date was in the ~~((calendar))~~ state fiscal year.

(B) PPR analysis will exclude PPRs with a discharge date in the ~~((calendar))~~ state fiscal year that were in a PPR chain where the initial admission discharge date was before the ~~((calendar))~~ state fiscal year.

(iii) A readmission reduction factor for each hospital is based on the hospital's excess readmission payments divided by the total hospital inpatient payments in the PPR analysis.

**Note: If any category is left blank, it will be calculated as zero.
No descriptive text.**

**Count by whole WAC sections only, from the WAC number through the history note.
A section may be counted in more than one category.**

The number of sections adopted in order to comply with:

Federal statute:	New	_____	Amended	_____	Repealed	_____
Federal rules or standards:	New	_____	Amended	_____	Repealed	_____
Recently enacted state statutes:	New	_____	Amended	_____	Repealed	_____

The number of sections adopted at the request of a nongovernmental entity:

New	_____	Amended	_____	Repealed	_____
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The number of sections adopted in the agency's own initiative:

New	_____	Amended	_____	Repealed	_____
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The number of sections adopted in order to clarify, streamline, or reform agency procedures:

New	_____	Amended	<u>1</u>	Repealed	_____
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The number of sections adopted using:

Negotiated rule making:	New	_____	Amended	_____	Repealed	_____
Pilot rule making:	New	_____	Amended	_____	Repealed	_____
Other alternative rule making:	New	_____	Amended	<u>1</u>	Repealed	_____