


MEDICAL ASSISTANCE BULLETIN

ISSUE DATE September 12, 2008	EFFECTIVE DATE September 2, 2008	NUMBER 01-08-10
SUBJECT Payment Policy for Hospital Readmissions	 Michael Nardone, Deputy Secretary Office of Medical Assistance Programs	

PURPOSE:

The purpose of this Medical Assistance (MA) Bulletin is to announce that the Department of Public Welfare (Department) is revising MA payment policy for inpatient hospital readmissions consistent with the statutory amendments to the Public Welfare Code as set forth in Act 44 of 2008.

SCOPE:

This MA Bulletin applies to acute care general hospitals (hospitals) enrolled in the MA Program and receiving diagnosis-related group (DRG) payments under the prospective payment system, that provide services to MA recipients in the Fee-for-Service delivery system, including ACCESS Plus. Acute care general hospitals that provide services to MA recipients in the managed care delivery system should address any readmission and payment related questions to the appropriate managed care organization.

BACKGROUND/DISCUSSION:

Under MA Program payment regulations for Acute Care General Hospitals at 55 Pa. Code § 1163.57, if a recipient is readmitted to a hospital within seven days of discharge for treatment of conditions that could or should have been treated during the previous admission, the Department makes no payment to the hospital in addition to the hospital's original DRG payment. Under MA Bulletin 1163-88-02, titled "Revisions to Chapters 1151 and 1163 Regulations", issued June 29, 1988, and effective July 1, 1988, the Department announced a modified process for review of readmissions, with a 31-day review timeframe for readmissions resulting from the "premature discharge" of a patient. MA Bulletin 1163-88-02 defines a premature discharge as the discharge of a patient who should have remained in the hospital for further testing or treatment or was not medically stable at the time of discharge. However, the Department decided not to amend the regulations at 55 Pa. Code § 1163.57 to include the 31-day readmission policy, and as a result, the Department continued to apply the seven day readmission policy as specified under the regulation.

COMMENTS AND QUESTIONS REGARDING THIS BULLETIN SHOULD BE DIRECTED TO:

The appropriate toll-free number for your provider type.

Visit the Office of Medical Assistance Programs Web site at www.dpw.state.pa.us/omap

On July 4, 2008, the Governor signed Act 44 of 2008 into law, which amended Section 443.9 of the Public Welfare Code (62 P.S. § 443.9), relating to payments for readmissions to hospitals paid through DRGs, and sets forth all of the following shall apply to eligible recipients readmitted to a hospital within fourteen days of the date of discharge:

1. If the readmission is for the treatment of conditions that could or should have been treated during the previous admission, the Department shall make no payment in addition to the hospital's original DRG payment. If the combined hospital stay qualifies as an outlier, as set forth under the Department's regulation, an outlier payment shall be made.
2. If the readmission is due to complications of the original diagnosis and the result is a different DRG with a higher payment, the Department shall pay the higher DRG payment rather than the original diagnosis-related group payment.
3. If the readmission is due to conditions unrelated to the previous admission, the Department shall consider the readmission as a new admission for payment purposes.

This statutory change under Act 44 of 2008 was effective September 2, 2008.

PROCEDURE:

Effective with dates of discharge on and after September 2, 2008, the Department will review inpatient hospital admissions within fourteen days of the initial admission's date of discharge. Through the Automated Utilization Review process, the Department will apply the following payment policy:

1. If the readmission is for the treatment of conditions that could or should have been treated during the previous admission, the Department shall make no payment in addition to the hospital's original DRG payment. If the combined hospital stay qualifies as an outlier, as set forth under the Department's regulation, an outlier payment shall be made.
2. If the readmission is due to complications of the original diagnosis and the result is a different DRG with a higher payment, the Department shall pay the higher DRG payment rather than the original diagnosis-related group payment.
3. If the readmission is due to conditions unrelated to the previous admission, the Department shall consider the readmission as a new admission for payment purposes.

This MA Bulletin supersedes the readmission policy set forth in MA Bulletin 1163-88-02; all other aspects of MA Bulletin 1163-88-02 remain in effect.

The Department will promulgate final-omitted regulations to amend 55 Pa. Code §1163.57, Payment policy for readmissions, to reflect the statutory changes to the Public Welfare Code at 62 P.S. § 443.9.