Ohio | Department of Medicaid

John R. Kasich, Governor
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Hospital Handbook Transmittal Letter (HHTL) 3352-19-02

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TO: **All Hospital Providers**
Directors, County Departments of Job and Family Services

FROM: **Jim Tassie, Interim Director**

SUBJECT: **Potentially Preventable Readmissions Program Changes, Effective January 1, 2019**

Summary

This Hospital Handbook Transmittal Letter (HHTL) provides information regarding changes to the Potentially Preventable Readmissions program, effective January 1, 2019.

Background

The Potentially Preventable Readmissions (PPR) program aims to reduce preventable readmissions, encourage hospitals to improve the level of care provided during a patient's inpatient admission, and improve the discharge planning process in hospitals participating in the Medicaid program. Ohio Administrative Code (OAC) 5160-2-14 sets forth the policies for the PPR program. The department uses 3M Health Information Systems' PPR software to determine whether a readmission within 30 days of a prior discharge from any hospital is clinically-related and clinically-preventable to the initial admission. If a readmission is deemed clinically-related and clinically-preventable within the 30-day window, then a clinically-related readmission chain is established. A hospital with excess readmissions, which is defined as an actual-to-expected readmission ratio of greater than one, will be subject to a reduction of their hospital-specific base rate equal to one percent.

In March of 2018, a few concerns regarding the current PPR logic were brought to the department's attention. Over the past few months, the department has worked closely with 3M as well as Burns & Associates to research these issues. As result, the department believes that the following changes will improve the PPR logic and will provide a clearer lens as to which admissions and readmissions are clinically-related and clinically-preventable, with the appropriate major mental health (MMH) risk factors applied.

Concerns and Findings

Concern #1: The 3M default assignment of the MMH flag, which applies the MMH risk adjustment, appears to be inconsistent.

Findings: The default assignment of the MMH flag appears to be working as 3M designed, however, the MMH flag is primarily applied to physical health/medical DRGs rather than mental health DRGs; this contradicts our understanding of how the MMH risk adjustment should be applied. Per 3M, the MMH risk adjustment does not apply to the following DRGs: 750, 751, 753, 772, 773, 774, 775, 776, or 812.

Concern #2: Transfers and planned readmissions, even occurring on the same day, were being counted as PPRs, when they should have ended the PPR chain.

Findings: 3M's default table of discharge status that exclude claims from the PPR logic does not exclude planned readmissions. The department has revised this table to exclude all planned readmissions as well as those discharge statuses that invoke transfer pricing logic. The department is also excluding a few additional discharge statuses as suggested by stakeholders.

Concern #3: During the rule development process for OAC 5160-2-14, the department received comments that out-of-state hospitals should also be subject to the PPR program.

Findings: The hospital PPR cards that contain SFY 2017 PPR rates now include out-of-state hospitals. These hospitals will receive one year of reports (CY 2019) and will be subject to the policies set forth in OAC 5160-2-14 in CY 2020.

Revisions to PPR Logic

In order to improve the current PPR logic, the following changes have been incorporated into the revised PPR logic:

1) Continue application of 3M's default assignment of the MMH flag on physical health/medical DRGs but also assign all mental health/substance use disorder DRGs the MMH flag, regardless of 3M's default MMH flag assignment on those DRGs. Forcing the MMH flag on all mental health/substance use disorder DRGs ensures that those DRGs are treated equally.
2) Combine the current pediatric MMH risk group with the adult MMH risk group, which results in a higher risk pool as well as a higher risk adjustment factor. The three risk groups are:
    a. Pediatric – No MMH
    b. Adult – No MMH
    c. Pediatric and Adult MMH
3) Use a revised table of discharge statuses that exclude claims from the PPR logic. Please refer to Appendix A for this table.

Our Path Forward

In addition to calculating the SFY 2017 PPR rates under the revised PPR logic, the department has recalculated the PPR rates under the revised PPR logic for SFYs 2015 and 2016, which were used to determine a hospital's PPR penalty in calendar years 2017 and 2018 respectively. Due to the implementation of this revised PPR logic, the department has suspended the PPR penalty for calendar year 2019; the PPR penalty provision will be reinstated for calendar year 2020. Out-of-state hospitals will also be subject to the PPR penalty beginning in calendar year 2020. The PPR report cards will be published on the department's website in early 2019.

In order to suspend the PPR penalty for calendar year 2019;

- any hospital that received a PPR penalty in calendar year 2018 will have their hospital-specific base rate returned to their pre-penalty base rate;
- those hospitals penalized in calendar year 2017 or 2018 under the current PPR logic, but would not have been penalized under the revised PPR logic will have their pre-penalty hospital-specific base rate increased by an additional one percent for calendar year 2019;

- those hospitals penalized in calendar years 2017 and 2018 under the current PPR logic, but would not have been penalized under the revised PPR logic will have their pre-penalty hospital-specific base rate increased by an additional one percent for calendar years 2019 and 2020; and
- hospitals with PPR rates greater than 1.0 under the revised PPR logic for calendar years 2017 and/or 2018 will not be subject to a retroactive penalty.

Additional Information

Questions pertaining to this letter should be addressed to:

hospital_policy@medicaid.ohio.gov

or

Ohio Department of Medicaid
Bureau of Health Plan Policy
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Appendix A: Discharge Statuses Excluded from PPR Logic

Shaded rows indicate discharge statuses that will be excluded from the PPR logic (i.e., stop a chain/not start a chain).

01	Home - Self-care (Routine)
02	Short Term Hospital
03	SNF
04	Custodial/supportive care
05	Cancer/children's Hospital
06	Home Health Service
07	Left Against Medical Advice
08	Home IV Service
20	Died
21	Court / Law Enforcement
30	Still a Patient
43	Federal Hospital
50	Hospice - Home
51	Hospice - Medical Facility
61	Swing Bed
62	Rehab Facility / Rehab Unit
63	Long Term Care Hospital
64	Nursing Facility - Medicaid Certified
65	Psych Hosp / Unit
66	Critical Access Hospital
69	Designated Disaster Alternative Care Site
70	Discharged/Transferred to another type of health care institution not defined elsewhere
71	OP Services other facility
72	OP Services this facility
81	Home Self-care w Planned Readmission
82	Short Term Hospital w Planned Readmission
83	SNF w Planned Readmission
84	Cust/supp care w Planned Readmission
85	Canc/child hosp w Planned Readmission
86	Home Health Service w Planned Readmission
87	Court/law enfrc w Planned Readmission
88	Federal Hospital w Planned Readmission
89	Swing Bed w Planned Readmission
90	Rehab Facility/ Unit w Planned Readmission
91	LTCH w Planned Readmission
92	Nursg Fac Medicaid Cert w Planned readmission
93	Psych Hosp/Unit w Planned Readmission
94	Crit Acc Hosp w Planned Readmission
95	Oth Institution w Planned Readmission