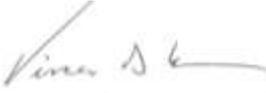




<b>ISSUE DATE</b>  October 3, 2011	<b>EFFECTIVE DATE</b>  July 1, 2011	<b>NUMBER</b>  01-11-44
<b>SUBJECT</b>  Revised Payment Policy for Hospital Readmissions		<b>BY</b>   Vincent D. Gordon, Deputy Secretary Office of Medical Assistance Programs

**IMPORTANT REMINDER:** If you submit HIPAA compliant electronic healthcare claim transactions to the Department, you need to be prepared for the ANSI X12 v5010 and NCPDP vD.0 upgrades in order to prevent the rejection of your claims. The CMS mandated compliance date for all covered entities to use the new standards is January 1, 2012. For additional information, visit the DPW website at:  
<http://www.dpw.state.pa.us/provider/doingbusinesswithdpw/softwareandservicevendors/hipaa5010d.0upgradeinformation/index.htm>

**PURPOSE:**

The purpose of this Medical Assistance (MA) Bulletin is to announce that the Department of Public Welfare (Department) is revising MA Program payment policy for inpatient hospital readmissions consistent with the statutory amendments to the Public Welfare Code as set forth in Act 22 of 2011, effective July 1, 2011.

**SCOPE:**

This MA Bulletin applies to acute care general hospitals (hospitals) enrolled in the MA Program and receiving All Patient Refined Diagnosis-Related Group (APR DRG) payments under the prospective payment system, that provide services to MA recipients in the Fee-for-Service delivery system, including ACCESS Plus. Hospitals that provide services to MA recipients in the managed care delivery system should address any readmission policy and payment related questions to the appropriate managed care organization.

**BACKGROUND/DISCUSSION:**

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. For recipients readmitted to a hospital within fourteen days of the date of discharge the following payment conditions were established:

**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  
<http://www.dpw.state.pa.us/provider/healthcaremedicalassistance/index.htm>

1. If the readmission is for the treatment of conditions that could or should have been treated during the previous admission and the combined hospital stay qualifies as an outlier, an outlier payment shall be made.
2. If the readmission is due to complications of the original diagnosis and results in a higher paying DRG, the Department will pay only the higher DRG payment.
3. If the readmission is unrelated to the previous admission, the readmission is treated as a new admission.

This statutory change under Act 44 of 2008 was effective September 2, 2008. The Department issued MA Bulletin 01-08-10, titled 'Payment Policy for Hospital Readmissions', issued September 12, 2008, and effective September 2, 2008, to announce the revised MA Program payment policy for hospital readmissions.

Act 22 of 2011, amended Section 443.9 of the Public Welfare Code (62 P.S. § 443.9), relating to payments for readmissions to hospitals paid through DRGs by increasing the time period for review from fourteen days to thirty days of the date of discharge effective July 1, 2011.

#### **PROCEDURE:**

Effective with dates of discharge on or after July 1, 2011, the Department will review subsequent inpatient hospital admissions occurring within thirty 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, 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 DRG 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.

The Department will query claims for subsequent admissions occurring on or after July 1, 2011, the effective date of this bulletin in order to identify potentially related readmissions. The Department will request medical records from the admissions, as applicable, and will review for related readmissions in accordance with the above policy. A

Department physician reviewer will determine whether the subsequent admission is a related readmission and the Department will notify the hospital of the finding(s) accordingly. Providers will have the opportunity to appeal an adverse related readmission decision by following the directions in the Notice of Decision.

The Department intends to 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.

This MA Bulletin supersedes MA Bulletin 01-08-10.