Medicaid Advisory Hospital Group

Wisconsin Department of Health Services
Division of Medicaid Services

Bureau of Fiscal Management
January 10, 2017

Agenda

1. Introduction and Welcome
2. Potentially Preventable Readmissions
3. Additional Updates
4. Public Comment
5. Adjournment

Readmissions Policy Overview

- DHS recognizes and salutes the WHA and hospital community's initiatives and commitment to improving quality and reducing readmissions
- Readmissions are an important indicator of quality of care
  - Excess readmissions suggest opportunity for quality improvement and cost savings
  - Potential for care improvement before and after discharge, particularly in coordination or transition of care between the hospital and outpatient setting
- Goal of readmissions policy is to focus DHS' efforts on improving quality of care and patient outcomes for the **Medicaid population** by targeting reductions to preventable readmissions
  - Improve measurement and reporting of preventable readmissions beyond the capabilities of the current policy
  - Create appropriate and equitable incentives tied to patient outcomes
  - Provide meaningful information that can be used by providers and HMO plans to better understand where there are opportunities for improvement

Overview

Current government payer readmissions policies in WI

Wisconsin State Medicaid

- Potential recoupment of payment if "the EQRO determines that it was medically inappropriate for a patient to have been discharged from a hospital and … needed to be readmitted."
- Thirty-day hospital readmissions used as measure for FFS P4P (no HMO readmissions measurement)

Medicare

- Rate reduction applied to all inpatient services for 48 out of 66 Medicare IPPS hospitals in Wisconsin
- Based on all-cause readmission policy, with a planned readmission algorithm, for providers with excess readmissions that follow 6 select services (Pneumonia, Heart Failure, Heart Attack, COPD, THA/TKA and CABG)

Overview

Alternative policy using Potentially Preventable Readmissions (PPR)

Inclusion of Broad Service Spectrum	• Evaluation of readmissions most acute inpatient services • Not limited to same DRG, diagnosis, or same provider
Based on Risk-Adjusted, Outcomes-Based Performance Measurement	• Risk-adjustment based on APR DRG • Measurement of total excess readmissions, for each hospital
Potentially Preventable (Not All-Cause)	• Identifies **potentially preventable** readmissions • Exclusion of some highly complex services and unrelated readmissions
Flexibility in Performance Measurement and Payment Policy	• Flexibility to apply socioeconomic status (SES) adjustments or other payer-specific performance measure considerations • Phase-in, scale-up, or scale-down payment adjustments

PPR Methodology

3M PPR Software

- 3M's PPR software is a patient classification system that identifies inpatient hospital readmission "chains" where subsequent readmissions are potentially preventable using a clinically-based algorithm
- PPR software can use historical inpatient discharge data to:
  - Assign APR DRGs
  - Identify specific types of excluded admissions ("intrinsically clinically-complex and extensive" DRGs, such as chemotherapy treatment)
  - Identify readmission "chains" (initial admissions and potentially clinically-related readmissions) across providers within a specified time frame (i.e. 30 days)
    - The hospital for which the first admission in a PPR chain (initial admission) occurs is assigned all subsequent PPRs in that chain, regardless if the PPR occurred at a different hospital

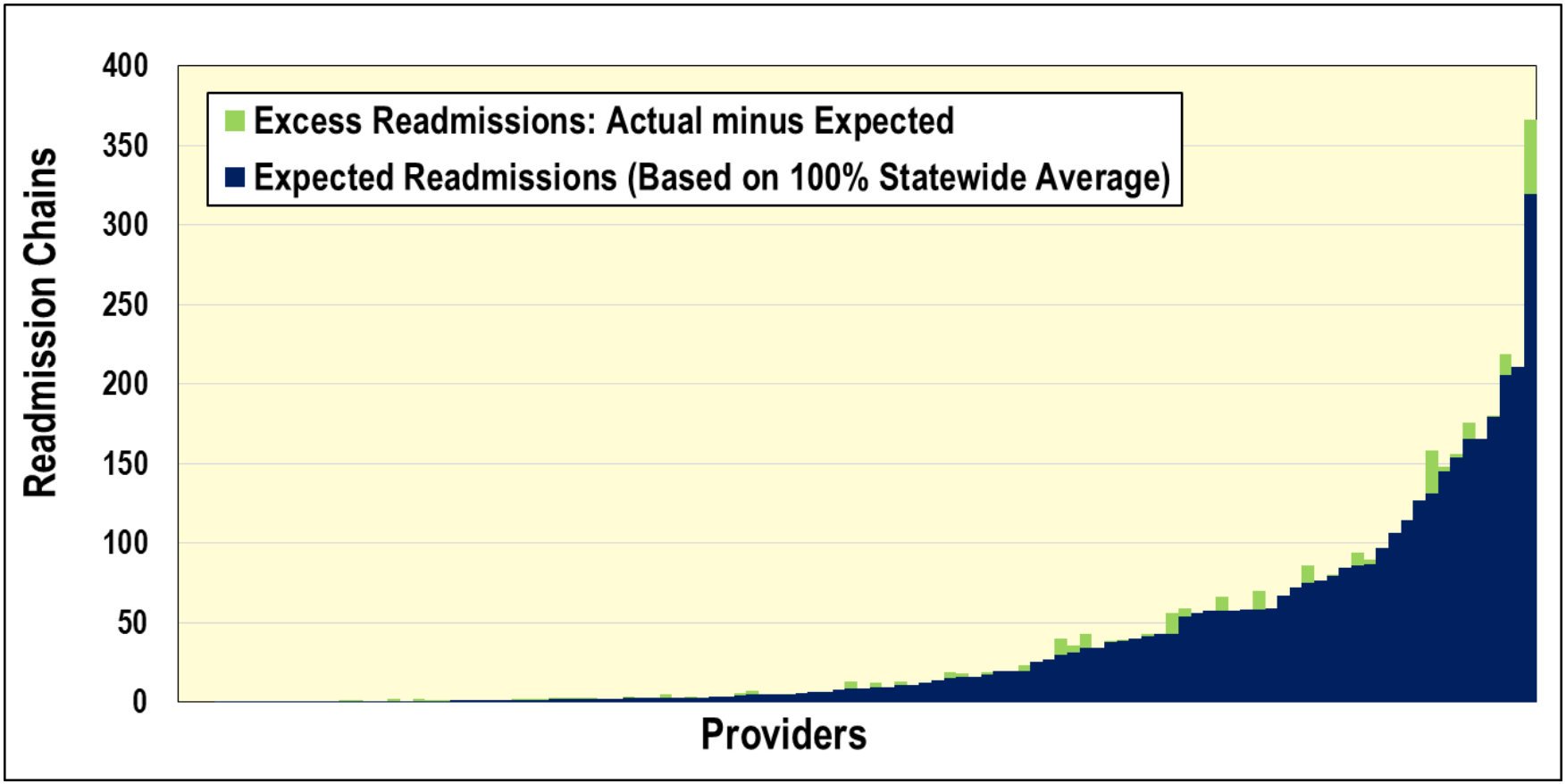
PPR Methodology

Wisconsin PPR Initial Model Data

- To measure readmission rates in the Medicaid population, the PPR model processes SFY 2015 Medicaid inpatient FFS and HMO claims using the 30-day PPR software algorithm
- PPR model uses statewide averages by DRG to determine benchmark readmissions
  - In addition to DRG risk adjustments, the model makes adjustments for mental health and pediatric services
- Readmission rates can be summarized by hospital, system, HMO plan, population type, etc.
  - Claim level detail identifying readmission chains by recipient can be provided to each hospital

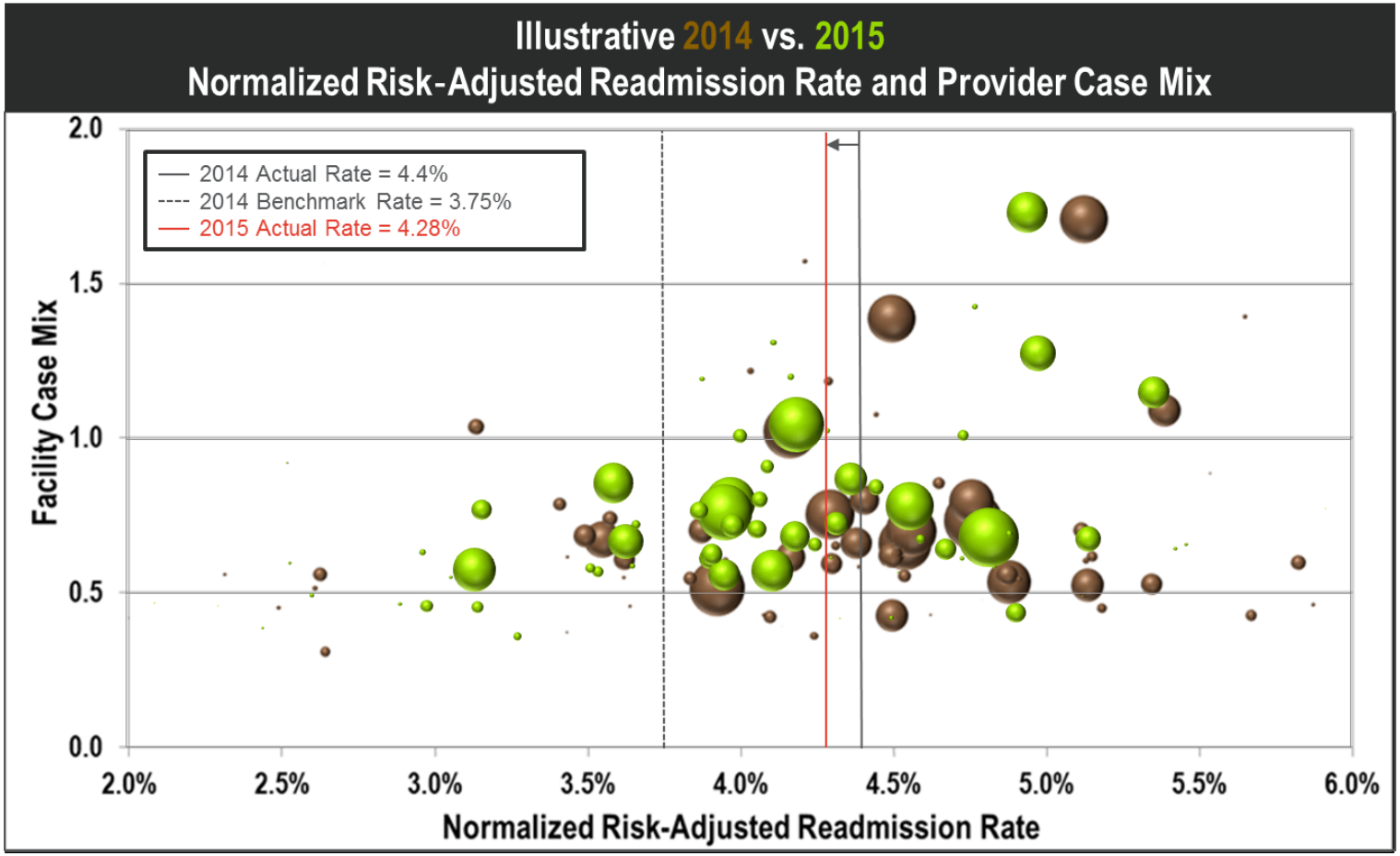
PPR Methodology

Example PPR Measurement



PPR Methodology

Example PPR Performance Distribution



PPR Methodology

- In CY 2017, DHS will:
  - Evaluate PPR model results in collaboration with WHA and report findings to hospitals and HMO plans
  - Develop payment incentive model based on readmissions performance
  - Update PPR model with more recent claims data
- New PPR policy will replace the current FFS P4P program:
  - Focus on readmissions will simplify the quality measures providers must report and track
  - PPR output will provide actionable data for providers to drive improvement
    - Claim chain level data sent to providers
    - Target data share date: March 2017
- Readmissions payment incentive policy tentatively scheduled for rate year 2018 (CY 2018)

APR DRG Implementation

- APR DRG went live, January 1, 2017. To date, ten claims have been processed
- The state will continue to monitor processing moving forward. Please reach out with any billing issues.

APR DRG Implementation Cont.

- As part of the change to APR DRGs, the Department is updating the inpatient hospital payment policy for long-acting reversible contraception (LARC) for both fee for service claims and managed care encounters to ensure the services are reimbursed appropriately. LARCs include intrauterine devices (IUDs) and contraceptive implants.

- Under the APR-DRG system, an additional payment will be made to a hospital when a LARC is provided immediately postpartum in the inpatient setting, effective for dates of service on and after January 1, 2017.

- The LARC add-on payment is $721.87

APR DRG Implementation Cont.

- A new EOB has been created:
  - EOB 9930 Pricing Adjustment - Payment amount increased based on long-acting reversible contraceptives (LARC) payment policies.
- As shown in the table below, a combination of certain ICD-10 procedure codes, ICD-diagnosis codes and APR DRGs is required to receive an add-on payment for providing a LARC immediately postpartum.

ICD-10 Codes and APR DRG Combinations Eligible for LARC Add-On Payment

ICD-10 Procedure Codes (PCS)*	ICD-10 Diagnosis Codes (CM)*	APR DRGs
0UH97HZ	Z30.430	540, 542, 545, 560, 564
0JHF3HZ, 0JHD3HZ, 0JHH3HZ, 0JHG3HZ, 0JHL3HZ, 0JHM3HZ, 0JHN3HZ, 0JHP3HZ	Z30.49, Z30.018, Z30.019, Z30.40, Z30.017, Z30.46	

*ICD-10 codes effective October 1, 2016

Additional Updates

- Rate Setting 2018:
  - Evaluating the LTAC payment under APR DRG
  - Evaluating potential modifications to revenue code crosswalk
- Dashboards:
  - SFY 2016 (Handout #1)
  - Q1 2017 (Handout #2)
- Assessment reconciliation reports
  - Non-CAH
  - CAH

Additional Updates

- DSH Payment Update
  - Providers should receive Q2 payments on Monday
- P4P Payment Update
  - MY16 is forthcoming
- HMO Access Withhold
  - Final withhold payment for May/June is forthcoming

Request for Public Comment

Questions

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All questions can be sent by email to: DHSDHCAABFM@dhs.wisconsin.gov