Agenda

- Potentially Preventable Readmissions
  - Overview
  - Methodology and Findings
- Outpatient Drug Update
- State Budget Update
- Additional Updates
- Public Comment
- Adjournment
Potentially Preventable Readmissions

Overview
Potentially Preventable Readmissions

- DHS recognizes the hospital community’s initiatives and commitment to improving quality and reducing readmissions:
  - P4P Readmission Measure
  - CMS Readmission Measure
  - WHA All Cause Readmission Measure
  - AHA HRET HEN Readmission Initiative
  - Great Lakes Partners for Patients HIIN

- A Potentially Preventable Readmission (PPR) policy will replace the current FFS P4P withhold program as the Department revises and updates the inpatient quality program
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)
  - Identify readmission “chains” (initial admissions and potentially clinically-related readmissions) across providers within a specified time frame (i.e. 30 days)
  - Determine clinical relationship
    - Developed by 3M™ physicians and nurses, reviewed annually
  - 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.

Potentially Preventable Readmissions
PPR Assignment Phases

- PPR assignment is defined by three distinct phases:
  - Phase I – Identify Excluded Admissions and Non-Events
  - Phase II – Determine Preliminary Classification of Admissions
  - Phase III – Identify PPRs and Determine Final Classification of Admissions
## PPR Assignment

<table>
<thead>
<tr>
<th>Step</th>
<th>Step Described</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Assign an APR DRG</td>
</tr>
<tr>
<td>2</td>
<td>Identify Excluded Admissions</td>
</tr>
<tr>
<td>3</td>
<td>Identify “Non-Event” Exclusions</td>
</tr>
<tr>
<td>4</td>
<td>Calculate Days</td>
</tr>
<tr>
<td>5</td>
<td>Apply Readmission Time Interval</td>
</tr>
<tr>
<td>6</td>
<td>Determine Preliminary Admission Type</td>
</tr>
<tr>
<td>7</td>
<td>Determine Preliminary “Initial Admissions”</td>
</tr>
<tr>
<td>8</td>
<td>Determine Preliminary “Transfer Admissions”</td>
</tr>
<tr>
<td>9</td>
<td>Determine Preliminary “Only Admissions”</td>
</tr>
</tbody>
</table>
# PPR Assignment

<table>
<thead>
<tr>
<th>Step</th>
<th>Step Described</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>Determine Clinical Relationship</td>
</tr>
<tr>
<td>11</td>
<td>Determine if Readmission Not Preventable</td>
</tr>
<tr>
<td>12</td>
<td>Identify Readmission Chains</td>
</tr>
<tr>
<td>13</td>
<td>Determine if Chain is Terminated</td>
</tr>
<tr>
<td>14</td>
<td>Reclassify PPR When Not Clinically-Related</td>
</tr>
<tr>
<td>15</td>
<td>Reclassify Initial Admissions When Not Clinically-Related</td>
</tr>
<tr>
<td>16</td>
<td>Assign Final PPR Classification</td>
</tr>
<tr>
<td>17</td>
<td>Identify Mental Health Conditions</td>
</tr>
</tbody>
</table>
### PPR Clinical Relationship

3M PPR software assigns clinical reasons for preventable readmissions:

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Medical readmission for recurrence of initial admission reason</td>
</tr>
<tr>
<td>2A</td>
<td>Ambulatory care sensitive conditions as designated by ARHQ</td>
</tr>
<tr>
<td>2B</td>
<td>All other readmissions plausibly related to initial care during or after</td>
</tr>
<tr>
<td>3</td>
<td>Medical readmission plausibly related to initial admission medical condition</td>
</tr>
<tr>
<td>4</td>
<td>Readmission for procedure to address continuation of initial admission problem</td>
</tr>
<tr>
<td>5</td>
<td>Readmission for procedure to address an initial admission complication</td>
</tr>
<tr>
<td>6A</td>
<td>Readmission for mental health following a non-mental health initial admission</td>
</tr>
<tr>
<td>6B</td>
<td>Readmission for substance abuse after non-substance abuse initial admission</td>
</tr>
<tr>
<td>6C</td>
<td>Mental health/substance abuse readmission after initial admission for MH/SA</td>
</tr>
</tbody>
</table>
PPR Examples

- **Readmission - Overview**

  - Admission 1
    - Initial Admission (IA)
    - Days Between 9
    - Discharge Home

  - Admission 2
    - Readmission (RA)
    - Days Between 29
    - Discharge Home

  - Admission 3
    - Readmission (RA)
    - Discharge Home

  Days Between:
  - Admission 1 and Admission 2: 9 days
  - Admission 2 and Admission 3: 29 days
PPR Examples

- **Readmission – Not Clinically-Related**

- **Admission 1**
  - Only Admission (OA)
  - Discharge Home
  - Tonsillectomy

- **Admission 2**
  - Only Admission (OA)
  - Discharge Home
  - Severe Fracture

- Days Between 9

- **Not a PPR**
PPR Examples

- Readmission – Outside Time Window

Admission 1

Only Admission (OA)

Discharge Home

Days Between 33

Admission 2

Only Admission (OA)

Discharge Home

Not a PPR
# PPR Examples

- Readmission – Non-Event Transfer

Acute care providers with a same-day transfer can be considered a non-event based upon discharge status

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>03</td>
<td>Skilled nursing facility</td>
<td>84 - Custodial or supportive care w/ planned acute care hospital inpatient readmission</td>
</tr>
<tr>
<td>04</td>
<td>Custodial/Supportive care</td>
<td>87 - Court/law enforcement w/ planned acute care hospital inpatient readmission</td>
</tr>
<tr>
<td>21</td>
<td>Court/Law enforcement</td>
<td>89 - Swing bed w/ planned acute care inpatient readmission</td>
</tr>
<tr>
<td>51</td>
<td>Hospice medical facility</td>
<td>90 - IRF including rehab distinct part units of hospital w/ planned acute care hospital inpatient readmission</td>
</tr>
<tr>
<td>61</td>
<td>Swing bed</td>
<td>91 - Long term care hospital w/ planned acute care hospital inpatient readmission</td>
</tr>
<tr>
<td>62</td>
<td>Rehabilitation facility/unit</td>
<td>92 - Nursing facility certified under Medicaid but not certified under Medicare w/ planned acute care hospital inpatient readmission</td>
</tr>
<tr>
<td>63</td>
<td>Long term hospital</td>
<td>93 - Psychiatric hospital or psych distinct part unit of a hospital w/ planned acute care hospital readmission</td>
</tr>
<tr>
<td>64</td>
<td>Nursing facility</td>
<td></td>
</tr>
<tr>
<td>65</td>
<td>Psych hospital or unit</td>
<td></td>
</tr>
<tr>
<td>70</td>
<td>Transfer to another type of healthcare institution</td>
<td>95 - Transfer to another type of healthcare institution not defined elsewhere in this code list w/ planned acute care hospital inpatient readmission</td>
</tr>
<tr>
<td>83</td>
<td>SNF w/Medicare certification w/ planned acute care hospital inpatient readmission</td>
<td></td>
</tr>
</tbody>
</table>
PPR Examples

- **Readmission – Non-Event Transfer**

  - Admission 1
    - Hospital 1
    - Transferring (Acute to Rehab)
    - Only Admission (OA)
    - Days Between 0
  
  - Admission 2
    - Rehab Hosp
    - Receiving Non-Event (NE)
    - Discharge Home

  Transfer discharge $dt = \text{Receiving admit } dt$
**PPR Examples**

- **Readmission – Non-Event Transfer**

1. **Admission 1**
   - Hospital 1
   - Transferring (Acute to Rehab)
   - Initial Admission (OA)

2. **Admission 2**
   - Rehab Hosp
   - Days Between 0
   - Receiving Non-Event (NE)
   - Discharge Home

3. **Admission 3**
   - Rehab Hosp
   - Days Between 6
   - Readmission (RA)
   - Discharge Home

- **Knee Replacement**
  - Continue IP Rehab
  - Readmit. due to infection
PPR Examples

- Readmission – Transfer Admission
- When an acute-care provider (including critical access) transfers a recipient to another acute-care provider (discharge status codes 02, 05, 82, 85):
  - Transferring provider admission is reclassified from initial admission (IA) to transfer admission (TA)
  - Receiving provider is classified as an only admission (OA) if no readmission post-discharge or initial admission (IA) if a readmission follows
PPR Examples

- Readmission – Transfer Admission

Admission 1
Hospital 1
Transferring
(Acute to Acute)
Transfer
Admission (TA)

Days Between
0

Admission 2
Hospital 2
Initial
Admission (IA)
Discharge
Home

Days Between
4

Admission 3
Hospital 2
Readmission
(PPR)
Discharge
Home

Software does not check discharge date/admit date on acute transfer

Receiving admission considered OA or IA
Potentially Preventable Readmissions

Methodology and Findings
PPR Methodology

- Model Data
- 30-day PPR analysis based on SFY 2015 Medicaid inpatient FFS and HMO claims
  - Includes Medicare dual eligible and out-of-state, non-border hospitals
  - Excludes newborn claims with the mother’s patient information (age, recipient ID)
- To accurately reflect PPR chains that straddle the experience period begin and end dates, three months of “buffer” claims experience are initially analyzed. Then,
  - Initial admissions with dates of service before SFY 2015, along with any associated PPRs, are excluded from the final performance measurement, even if the PPRs have dates of service in SFY2015.
  - Initial admissions with dates of service during SFY 2015, and associated PPRs, are included in the final performance measurement, even if the PPRs have dates of service outside of SFY 2015.
  - All other claims not included in a PPR chain with dates of service outside of SFY 2015 are excluded from the final analysis.
PPR Methodology

- Benchmark PPRs are risk-adjusted based on each provider’s own APR DRG case mix
- Model uses the statewide average readmission rates for each APR DRG to determine benchmark for each provider

<table>
<thead>
<tr>
<th>Admit</th>
<th>APR DRG</th>
<th>Example Statewide Average Readmission Rate*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>082-3</td>
<td>0.05</td>
</tr>
<tr>
<td>2</td>
<td>094-2</td>
<td>0.13</td>
</tr>
<tr>
<td>3</td>
<td>365-3</td>
<td>0.003</td>
</tr>
<tr>
<td>Total Benchmark Readmissions:</td>
<td></td>
<td>0.183</td>
</tr>
</tbody>
</table>

*For demonstration purposes only
PPR Methodology

- Benchmark PPRs can be adjusted by policy considerations.
  - Example: Current preliminary model adjusts for age and major mental health

- Preliminary model assumes benchmark based on 100% of statewide average readmission rates, and identifies providers with readmissions above and below the statewide benchmark
  - Providers with above benchmark have “excess” readmissions
PPR Methodology

- No PPR payment incentive has been finalized
  - Pending provider input

- Initial PPR model has no censoring
  - All provider types are reflected in the model

- Initial model benchmark shown as state-wide average
  - Reflected as a benchmark of 100%
PPR Methodology

How does PPR handle low volume?

- Readmission measurement must be comprehensive and include all types of providers to identify readmissions in the system
- Low volume providers currently under review for payment incentive modeling
- Payment incent should be proportionate to volume and scale of readmissions

<table>
<thead>
<tr>
<th>Provider</th>
<th>OA</th>
<th>IA</th>
<th>RA</th>
<th>Benchmark RA</th>
<th>RA Above/Below Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provider 1</td>
<td>6</td>
<td>1</td>
<td>1</td>
<td>0.8</td>
<td>0.2</td>
</tr>
<tr>
<td>Provider 2</td>
<td>150</td>
<td>7</td>
<td>11</td>
<td>4.25</td>
<td>2.75</td>
</tr>
</tbody>
</table>
Normalized, Risk-Adjusted Readmission Rate and Provider Case Mix

- Statewide Readmission Rate = 5.54%
PPR Findings

- Handout 1
  - PPR definition manual subset
- Handout 2
  - Provider-specific report
- Handout 3
  - Provider-specific extract
P4P-PPR Transition

- Sunset of Pay-for-Performance Withhold program, 1.5% withhold
- Assessment P4P program will continue, with alignment to rate setting measurement period

### Wisconsin Medicaid Assessment Pay-for-Performance Transition Plan, CY Measurement Year

<table>
<thead>
<tr>
<th>Measurement Period</th>
<th>CheckPoint Data Due Per State Plan (6 Months Post Measurement Period)</th>
<th>Payout Due Date Per State Plan (3 Months Post CheckPoint Due Date)</th>
<th>Payment Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>MY 16 - April 1, 2015 - March 31, 2016</td>
<td>September 30, 2016</td>
<td>12/31/2016</td>
<td>SFY 17 - July 1, 2016 - June 30, 2017</td>
</tr>
<tr>
<td>MY 17 - April 1, 2016 - March 31, 2017</td>
<td>September 30, 2017</td>
<td>12/31/2017</td>
<td>SFY 18 - July 1, 2017 - June 30, 2018</td>
</tr>
<tr>
<td>MY Transition - April 1, 2017 - Dec 31, 2017</td>
<td>June 30, 2018 (proposed)</td>
<td>Sept 30, 2018</td>
<td>SFY 19 - July 1, 2018 - June 30, 2019</td>
</tr>
</tbody>
</table>
Potentially Preventable Readmissions

Questions or comments?
Outpatient Drug Update

- Handout 4
  - Covered Outpatient Drug Draft Policy Update
State Budget Update

- Handout 5
  - 2017-19 Gov’s Budget Human Services Items
Additional Updates

- **ForwardHealth Portal Remittance Advice**
  - Handout 6, Portal User Guide

- **ForwardHealth Hospital Portal Home Page**
  - [https://www.forwardhealth.wi.gov/wiportal/content/provider/medicaid/hospital/resources_01.htm](https://www.forwardhealth.wi.gov/wiportal/content/provider/medicaid/hospital/resources_01.htm)
Additional Updates

- Disproportionate Share Hospital Payments
  - Q3 payment out soon, same as Q2
  - Meyers and Stauffer audit, SFY14 & 15

- First Call for Policy Changes for Rate Setting Period
  - APR DRG system now in place – Through March 17th 10,584 FFS claims were paid and 7,105 HMO encounters were processed
  - Revenue Code Cross-Walk Committee Meeting Wed. 3/22
Request for Public Comment
Ben Nerad, Hospital Rate Setting and Policy Section Chief
Bureau of Fiscal Management
Division of Medicaid Services
Phone: (608) 261-8397
Benjamin.Nerad@wi.gov

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