



<b>MEDICAL PAYMENT POLICY</b>	
Policy Name:	Medicare Readmission Policy for DRG Based Providers
Policy Number:	MPP-100-MC-ALL
Approved By:	Medical Policy Utilization Strategy Committee
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Revision Date:	
Products:	Medicare Advantage
Application:	All participating and non-participating practitioners and facilities unless contractually precluded
Page Number(s):	1-5

### **Disclaimer**

***Gateway Health's (Gateway) medical payment policy is intended to serve only as a general reference resource regarding payment and coverage for the services described. This policy does not constitute medical advice and is not intended to govern and/or otherwise influence medical decisions. Gateway Health reserves the right to use appropriate discretion in reviewing each case, including a review of full details. Meeting the requirements within this policy is not a guarantee of payment. Gateway Health reserves the right to update, replace or discontinue this policy at any time through the provision of a new or updated policy, or through the use of a notification.***

### **POLICY STATEMENT:**

The scope of this policy is to outline the payment processing procedures for Readmissions. The Centers for Medicare and Medicaid places great emphasis on monitoring and controlling readmissions as they are considered to point to a quality of care issue such as actions taken or care omitted during a member's initial inpatient hospital stay or the failure to provide adequate discharge planning and post discharge follow up care. A 2008 study by an independent firm contracted by CMS showed 18% of all hospital discharges result in a readmission within 30 days. CMS asserts that \$12 billion out of this \$15 billion spent is potentially avoidable through proper care during and after the initial stay. This figure assumes as much as 80% of readmissions are avoidable.

Gateway Health delivers quality and affordable healthcare for its members. With more than 20 years of service to the community, Gateway strongly believes in doing things "A better way." Research shows that with resources and support, people with chronic conditions can improve their health and well-being. In an effort to meet our members' unique needs, to address the challenges faced by members in accessing medical and social support services, Gateway developed an enhanced healthcare management model called Prospective Care Management (PCM®). This model is a proactive, holistic approach that addresses the Behavioral, Environmental, Economic,

Medical, Social and Spiritual (BEEMS) issues a member faces that may be barriers to care. Using state of the art techniques, the PCM<sup>®</sup> model of care helps design a plan to ensure the member receives the individualized services needed. Gateway asserts that proper care within the first stay, including appropriate diagnosis and treatment, and a fully planned discharge are critical elements to ensuring our members receive the full PCM<sup>®</sup> experience they deserve. These elements are also considered paid elements of the initial stay.

Gateway Health reserves the right to perform a Concurrent, Pre-Adjudication, or Post-Adjudication review including recoupment or claim editing on readmission to the inpatient level of care within 30 days of discharge.

This policy applies to providers with agreements that include a diagnosis-related group (DRG) methodology for inpatient stays, unless contractually precluded.

## **DEFINITIONS:**

**Readmission:** The Centers for Medicare and Medicaid Services (CMS) defines a readmission as an admission to a hospital within 30 days of a discharge from the same or a similar hospital with the same or similar issue, or with a complication as a result of the first admission. Gateway Health further expands this definition to issues that could have or should have been treated during the initial stay and clarifies that readmissions could be attributed to the lack of proper discharge planning.

## **EXCLUSIONS:**

Gateway Health may exclude the following conditions from this Medical Payment Policy:

- **Cancer**
- **Pregnancy**
- **Newborn and other Neonate**
- **Psychiatric Inpatient**
- **Readmission to a facility which is in no part owned, managed by and with no vested interest in the facility in which the initial admission occurred**

## **PROCEDURES:**

**Authorizations are required for Inpatient Services. The provision of an authorization is not a guarantee of payment rather an agreement that medical necessity exists. This policy clarifies how the authorization will or will not be paid upon claim submission.**

**A. Review Practices** – Gateway Health may employ some or all of the below practices to determine if a readmission should be combined:

1. Pre-Adjudication Review- Inpatient readmission claims will be reviewed by a claims professional or programmatically and:
  - a. If an authorization is on file and there is a discharge from an admission from same facility within the previous 30 days the claim will be denied D169- This claim has been identified as a readmission
  - b. If no authorization was obtained initially, the claim will deny with a denial code of D22- No Authorization. Per Gateway's Provider Manual, if authorization was not requested within 1 business day of the date of admission you are not eligible for payment.

2. Post-Payment Review- As a part of Gateway Health's Program Integrity Initiatives, our Special Investigations Unit (SIU) performs a routine review of Diagnostic Related Group (DRG) paid claims. You must comply with our requests to submit medical records for review.
  - a. If Medical records are not submitted, submitted with inadequate records, or determined by our Health Care Professional to be preventable and clinically related to the initial admission, the second DRG will be denied. A recoupment letter may be sent for the second DRG. If you do not comply with the recoupment, Gateway Health reserves the right to withhold payment from future claims.

## B. Review Guidelines

The following guidelines apply when determining readmission reimbursement methodology for providers.

1. Gateway Health will first review its provider contract to determine if this methodology applies. Unless prohibited or limited by the provider contract, a Medical Review will take place with the submitted medical records. Given all administrative requirements are met, a Gateway Health Clinician will review the records and make a clinical judgement on whether the readmission was clinically related to the initial admission. The following criteria are considered clinically related to the initial admission and will result in claim combination:
  - a. Readmission is a result of a reoccurrence of the initial reason for admission, or due to a similar condition, or for a continuation of the care provided during the initial admission regardless of whether the member was "stable" at the time of discharge. (Ex. Member with COPD admitted with respiratory distress. Later readmitted with Respiratory Failure and there was inappropriate discharge planning)
  - b. Readmission due to a complication resulting from a surgical procedure or care received during the initial admission (Ex. Member admitted for open heart surgery. Later readmitted due to infection of site with no documentation of prophylactic antibiotics at the time of surgery)
  - c. Readmission for an acute medical complication related to the care received during the initial admission or related to a diagnosis which was present at the time of the first admission yet was not treated (Ex. Member, while admitted, received catheter placement and later readmitted with a Urinary Tract Infection as no instruction on proper care was provided at discharge.)
  - d. Readmission for a surgical procedure to address the condition in which care was provided during the initial admission or related to a diagnosis which was present at the time of the first admission yet was not treated. (Ex. Member admitted due to abdominal pain and discharged with a diagnosis of Diverticulitis after IV Antibiotics. Later admitted and correct diagnosis of an ectopic pregnancy requiring surgery.)
2. Gateway Health generally considers the following criteria, unless upon review and at Gateway Health's discretion are considered avoidable, to be separate admissions:
  - a. Admission due to a fully unrelated diagnosis
  - b. Newborns readmitted within 30 days
  - c. Routine and planned care that can only be provided in an Inpatient Basis as determined by Gateway Health's Medical Management or Health Care Professional Review (Ex. Cancer chemotherapy only provided as an inpatient due to potential complications)
  - d. Readmission for an approved staged procedure
  - e. A member who leaves against medical advice and is readmitted for a same, similar and

avoidable diagnosis. For this to apply, the provider must have full documentation of providing or diligent attempt to:

- i. Advise against leaving care
  - ii. Provide a plan of care or education that outlines the risk of readmission and complications
  - iii. Member signs an affidavit confirming they are leaving against medical advice or multiple staff members witness the member refusing to sign out
- f. Readmission due to a same or similar diagnosis that was not preventable as determined by Gateway Health's Medical Management or Health Care Professional Review

### **C. Determinations of Preventable Readmissions**

After determining that the readmission is subject to guidelines 1a-d, Gateway Health's Medical Management or Health Care Professional will review the records to determine if the provider demonstrated diligent efforts to prevent a readmission. The following, not limited to, must be present in the records in order to demonstrate diligence towards readmission prevention:

1. Complete and comprehensive discharge planning compliant with the Generally Accepted Standards of Medical Practice.
  - a. Gateway Health considers generally accepted standards of medical practice to mean standards that are based on credible evidence such as published in peer-reviewed medical literature or otherwise consistent with physician recommendations, such as the physicians employed by Gateway Health, and the views of physicians practicing or any other relevant factors. The following, but not limited to, discharge planning techniques outlined in 2-7 below set a foundation for proper discharge planning.
2. Social and financial needs are addressed, which may include contacting us for a Care Management Review such as an In-Home assessment
3. Discharge instructions are provided and explained to the member or caregiver which include any action needed by these parties, cleaning or care of wounds and incisions, prescription medications including their use, and any other relevant information to avoid readmission
4. Provision or arrangement for any required Durable Medical Equipment or like items or services
5. Arrangement for follow up care including but not limited to home health or therapy
6. Scheduling of a follow up appointment and provision of this appointment along with confirmation that the appointment can be made by the member. If transportation is an issue, the member should be referred to Gateway to discuss benefits that may be available
7. Any additional documentation deemed appropriate upon review to demonstrate adequate prevention measures

Any condition that was present during the initial admission and could have or should have been treated is considered a preventable readmission and may result in the denial or recoupment of the second DRG.

### **D. Requesting an Appeal of a Claim Denied as a Readmission**

When submitting an appeal please send medical records from both the first and second admission for readmission review. Failure to submit both admission records will result in a denial, as a readmission review cannot be completed without appropriate records. For more information on the provider appeal process, please review your provider manual.

## E. Processing Readmission Claims

After determining if the readmission was or was not clinically related to the same or similar condition and was or was not preventable, the following claim logic will apply:

1. Processed as separate DRG payments or Episode of Care
  - a. Readmission due to an unrelated condition
  - b. Readmission due to a clinically related, same or similar condition, but it is determined by Gateway Health that the provider took all diligent steps to prevent a readmission as outlined in section C above
  - c. Newborn readmitted within 30 days
  - d. Authorized cancer treatments
  - e. Approved Staged Procedure
  - f. Member left Against Medical Advice and all conditions are followed in section B.2.e
2. Second DRG is Denied
  - a. Readmission due to any condition described in B.1a-d or C1-6 are not present or a condition was present upon initial admission that could have or should have been treated

**Gateway Health does not combine claims to pay the higher of two DRGs nor do we pay outlier days.**

### Policy Source(s)

- Section 3025 of the Affordable Care Act
- Section 1886(q) of the Social Security Act
- Medicare Claims Processing Manual, Chapter 3, Inpatient Hospital Billing, Section 40.2.5
- Report on Medicare Compliance- Volume 17, Number 24, June 30,2008
- [www.CMS.gov](http://www.CMS.gov)
- Identifying Potentially Preventable Readmission Using a Present on Admission Indicator, Health Care Finance Review, Spring 2006

### Policy Revision History:

Revision Date	Changes Made
1/1/2016	Policy Created and Effective

### Powered by:

