Policy Name:	PA Medicaid Readmission Payment Policy
Policy Number:	HWC-PA-RP20MD
Responsible Department:	Financial Investigations and Provider Review (FIPR)
Related Department(s):	Claims
Approved By:	Highmark Wholecare – Market Leadership
Effective Date:	4/1/2025
Revision Date(s):	4/1/2025
Replace(s) Policy:	CL-415

DISLCAIMER:

Highmark Wholecare medical policy is intended to serve only as a general reference resource regarding coverage for the services described. This policy does not constitute medical advice and is not intended to govern or otherwise influence medical decisions.

POLICY STATEMENT:

This policy describes Highmark Wholecare's process for identifying and adjusting claims for acute care general inpatient hospital readmissions paid under the prospective payment system (PPS) using All Patient Refined-Diagnosis Related Group (APR-DRG). This policy is in accordance with 55 Pa. Code 1163.57 and Pennsylvania Bulletin Volume 41 Issue 36 41 Pa.B. 4818 Readmission Payment Policy for Inpatient Hospitals.

This policy applies to providers with agreements that include a DRG methodology for inpatient stays, unless contractually precluded.

POLICY STATEMENT ON MEDICAL NECESSITY:

This policy is designed to address medical necessity guidelines that are appropriate for the majority of individuals with a particular disease, illness or condition. Each person’s unique clinical circumstances warrant individual consideration, based upon review of applicable medical records.

PROCESS:

A. Authorizations

1. Inpatient services require authorization. Authorization does not guarantee payment but confirms medical necessity at admission. This policy clarifies how the authorization will or will not be paid upon claim submission.

B. Guidelines for Readmissions

1. Highmark Wholecare will not recognize and reimburse another DRG for members who are readmitted to the same facility for symptoms related to or for the evaluation and management of the prior admission's medical condition within 30 calendar days.
2. The subsequent admission is considered part of the initial admission's DRG and will be determined by Highmark Wholecare upon documentation review.
    i. **Separate Admission:** The following criteria, unless upon review and at Highmark Wholecare's discretion, are considered avoidable and separate admissions:
        1. Admission due to a fully unrelated diagnosis (readmissions unrelated to the initial admission).
        2. Newborns readmitted within 30 days.
        3. Readmissions related to cancer, pregnancy, or psychiatric inpatient as determined by Highmark Wholecare's Medical Management or Health Care Professional Review.
        4. Routine and planned care that can only be provided in an inpatient basis as determined by Highmark Wholecare's Medical Management or Health Care Professional Review. (e.g. Cancer chemotherapy only provided as an inpatient due to potential complications).
        5. Readmission for an approved staged procedure.
        6. 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:
            a. Advise against leaving care.
            b. Provide a plan of care or education that outlines the risk of readmission and complications.
            c. Member signs an affidavit confirming they are leaving against medical advice or multiple staff members witness the member refusing to sign-out.
        7. Readmission due to a same or similar diagnosis that was not preventable as determined by Highmark Wholecare's Medical Management or Health Care Professional Review.
        8. 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.

ii. **Related Readmission:** The following criteria are considered clinically related to the initial admission and will result in related readmission determinations:
    1. 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. (e.g. Member with COPD admitted with respiratory distress. Later readmitted with Respiratory Failure and there was inappropriate discharge planning).
    2. Readmission due to a failure or complication resulting from a surgical procedure or care received during the initial admission. (e.g. Member admitted for open heart surgery. Later readmitted due to infection of site with no documentation of prophylactic antibiotics at the time of surgery).
    3. 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. (e.g. Member, while admitted, received catheter placement and later readmitted with a Urinary Tract Infection as no instruction on proper care was provided at discharge).
    4. 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. (e.g. Member admitted due to abdominal pain and discharged with a diagnosis of Diverticulitis after IV Antibiotics. Later admitted and received correct diagnosis of an ectopic pregnancy requiring surgery).

C. Review of Readmissions

1. Highmark Wholecare reserves the right to validate the accuracy of the coding of each claim to determine if the readmission was related to the previous inpatient stay.
2. Highmark Wholcare reserves the right to review medical records and supporting documentation for claims billed.
    i. The hospital must submit relevant medical records and supporting documentation, such as: discharge summaries, history and physical evaluations, physician orders, emergency records, progress notes, etc.
3. Highmark Wholecare Financial Investigation and Provider Review (FIPR) will coordinate readmission reviews with the Claims Department.

D. Claims Processing for Readmissions

1. Hospital readmissions are billed separately.
    i. Hospitals may be combine claims for same day readmissions.

1. The two admissions can be combined into one claim only if the discharge date from the first claim and the admission date from the second claim are the same, that is, same day readmission.

ii. For all other readmissions, the claims system will show two separate paid claims and should not be combined.

2. After Highmark Wholecare determines 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:
    i. **Separate Admission:** Claims will remain processed for separate DRG payments or episodes of care based on the review of the separate admission criteria defined in B. i. 1-8.
    ii. **Related Readmission:** Claims will be linked to the initial DRG payments based on the review of the related readmission criteria defined in B. ii. 1-4 or any condition that was present upon initial admission that could have or should have been treated.
        1. If a readmission is within 30 days of discharge for the treatment of conditions that could or should have been treated during the previous admission, Highmark Wholecare will make no payment in addition to the hospital's original DRG payment (the second admission will be voided/ denied).
        2. If a readmission is within 30 days and due to complications of the original diagnosis and this results in a different DRG with a higher payment rate, Highmark Wholecare will pay the higher DRG (the admission with the lower DRG will be voided/denied).
            a. If the combined hospital admission qualifies as an outlier, Highmark Wholecare will pay an outlier payment.

POST-PAYMENT AUDIT STATEMENT:

The medical record should include documentation that reflects the medical necessity criteria and is subject to audit by Highmark Wholecare at any time pursuant to the terms of your provider agreement.

DEFINITIONS:

All Patient Refined Diagnosis Related Group (APR DRG): A classification system that classifies patients
according to their reason of admission, severity of illness and risk of mortality

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. Highmark Wholecare 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

Applicable Regulation(s)/Contract(s):
Volume 41 Issue 36 41 Pa.B. 4818 Readmission Payment Policy for Inpatient Hospitals Medical Assistance Bulletin No. 01-11-44 Revised Payment Policy for Hospital Readmissions

Related Policy Number(s): NA

Related Desktop Procedure: NA