

**HUMAN SERVICES DEPARTMENT[441]**

**Adopted and Filed Emergency**

Pursuant to the authority of Iowa Code section 249A.4 and 2011 Iowa Acts, chapter 129, section 122, subsection 20(a), the Department of Human Services amends Chapter 78, “Amount, Duration and Scope of Medical and Remedial Services,” and Chapter 79, “Other Policies Relating to Providers of Medical and Remedial Care,” Iowa Administrative Code.

These amendments reduce Medicaid reimbursement for inpatient hospital care when a member is readmitted to a hospital for treatment of the same condition within seven days of discharge from that hospital. This change is mandated by 2012 Iowa Acts, Senate File 2336, section 12. The total amount of annual program savings is estimated to be \$650,000, of which approximately \$260,000 is state funds. These savings are assumed in the Department’s appropriation for the state fiscal year beginning July 1, 2012.

Currently, when a hospital discharges a patient too early and the patient is subsequently readmitted for the same condition, the hospital receives two full “diagnosis-related group” (DRG) payments. These amendments provide that the original and readmission claims will be combined together, resulting in one DRG payment. Based on past years’ experience, this change is expected to affect 150 to 175 readmissions per year.

In many cases, the savings will equal the entire amount of the second hospital claim. In some instances, combining both claims will result in a day outlier or cost outlier payment. Hospitals will be fairly compensated for these longer stays if the stays meet either the cost outlier or long-stay outlier criteria. Cost savings estimates were reduced by 20 percent to account for these outlier payments.

Unnecessary hospital readmissions are a recognized cost and quality issue in the health care system. If the patient were kept longer, there would be less likelihood of readmission and additional cost. More payors are instituting incentives such as the one included in this rule making for hospitals to ensure appropriate discharge planning and coordination with other providers so that patients receive appropriate follow-up care.

The Council on Human Services adopted these amendments on June 13, 2012.

The Department finds that notice and public participation are unnecessary because the legislature mandated this change and are impracticable because the Department’s appropriation for the fiscal year beginning July 1, 2012, assumes the immediate implementation of this change. Therefore, these amendments are filed pursuant to Iowa Code section 17A.4(3).

The Department also finds, pursuant to Iowa Code section 17A.5(2)“b”(1), that the normal effective date of these amendments should be waived, as authorized by 2011 Iowa Acts, chapter 129, section 122, subsection 20(a).

These amendments are also published herein under Notice of Intended Action as **ARC 0195C** to allow for public comment.

These amendments do not provide for waivers in specified situations because the savings assumed in the Department’s appropriation would not be realized if waivers were granted. Requests for the waiver of any rule may be submitted under the Department’s general rule on exceptions at 441—1.8(17A,217).

After analysis and review of this rule making, no impact on jobs has been found.

These amendments are intended to implement Iowa Code section 249A.4, 2011 Iowa Acts, chapter 129, section 122, subsection 20(a), and 2012 Iowa Acts, Senate File 2336, section 12.

These amendments became effective July 1, 2012.

The following amendments are adopted.

ITEM 1. Amend rule 441—78.3(249A), introductory paragraph, as follows:

**441—78.3(249A) Inpatient hospital services.** Payment for inpatient hospital admission is approved when it meets the criteria for inpatient hospital care as determined by the Iowa ~~Foundation for Medical Care (IFMC)~~ Medicaid enterprise. All cases are subject to random retrospective review and may be

subject to a more intensive retrospective review if abuse is suspected. In addition, transfers, outliers, and readmissions within 31 days are subject to random review. ~~Readmissions to the same facility due to premature discharge shall not be paid a new DRG.~~ Selected admissions and procedures are subject to a 100 percent review before the services are rendered. Medicaid payment for inpatient hospital admissions and continued stays are approved when the admissions and continued stays are determined to meet the criteria for inpatient hospital care. (Cross-reference 78.28(5)) The criteria are available from ~~IFMC, 6000 Westown Parkway, Suite 350E, West Des Moines, Iowa 50265-7771~~ the IME Medical Services Unit, 100 Army Post Road, Des Moines, Iowa 50315, or in local hospital utilization review offices. No payment will be made for waiver days.

ITEM 2. Adopt the following **new** subparagraph **79.1(5)“g”(5)**:

(5) Inpatient readmissions within seven days for same condition. When an inpatient is discharged or transferred from an acute care hospital and is readmitted as an inpatient to the same hospital within seven days for the same condition, any claim for the subsequent inpatient stay shall be combined with the claim for the original inpatient stay and payment shall be under a single DRG for both stays.

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EDITOR’S NOTE: For replacement pages for IAC, see IAC Supplement 7/11/12.