DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, M/S S3-14-28
Baltimore, MD 21244-1850

CENTERS FOR MEDICARE & MEDICAID SERVICES

Center for Medicaid and CHIP Services (CMCS)

Elena Nicolella, Medicaid Director
Department of Human Services
State of Rhode Island
Louis Pasteur Building
57 Howard Avenue
Cranston, RI 02920

FEB 11 2013

RE: Rhode Island 12-005

Dear Ms. Nicolella:

We have reviewed the proposed amendment to Attachments 4.19-A, 4.19-B and 4.19-D of your Medicaid State plan submitted under transmittal number (TN) 12-005. This amendment implements Section 2702 of the Affordable Care Act. Specifically it provides adjustments for identified Hospital Acquired Conditions (HCACs) and Other Provider Preventable Conditions (OPPCs) in hospitals and other health care settings.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903(a) and 1923 of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C. We are pleased to inform you that Medicaid State plan amendment 12-005 is approved effective January 11, 2013. We are enclosing the CMS-179 and the amended plan pages.

If you have any questions, please call Novena James-Hailey at (617) 565-1291.

Sincerely,
/ s /

Cindy Mann
Director, CMCS

Enclosures

DEPARTMENT OF HEALTH AND HUMAN SERVICES
HEALTH CARE FINANCING ADMINISTRATION

FORM APPROVED
OMB NO. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER: 12-005	2. STATE RI
3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE ~~April 1, 2012~~ January 1, 2013

5. TYPE OF PLAN MATERIAL *(Check One)*:

☐ NEW STATE PLAN ☒ AMENDMENT TO BE CONSIDERED AS NEW PLAN ☐ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT *(Separate Transmittal for each amendment)*

6. FEDERAL STATUTE/REGULATION CITATION: Section 2702 of the Patient Protection and Affordable Care Act, 42 CFR 434, 438, and 447	7. FEDERAL BUDGET IMPACT: X 200,000 FFY 2012 FFY 2014 400,000 400,000 FFY 2013
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19A, Page 69, 70, ~~Attachment 4.19B, Page 1.~~ Attachment 4.19B, Page ~~1a,~~ ~~1b~~, 1C, 1D Attachment 4.19D, Supplement 1	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*: ATTACHMENT 4.19 A, PAGE 69 ~~ATTACHMENT 4.19B, PAGE 1~~ ATTACHMENT 4.19 B, PAGE 1A ATTACHMENT 4.19D, Supplement 1

10. SUBJECT OF AMENDMENT:
Payment Adjustment for Provider Preventable Conditions, Including Hospital Acquired Conditions

11. GOVERNOR'S REVIEW *(Check One)*:
☐ GOVERNOR'S OFFICE REPORTED NO COMMENT
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL
XX☐ OTHER, AS SPECIFIED: (See Attached Letter)

12. SIGNATURE OF STATE AGENCY OFFICIAL: /s/	16. RETURN TO:
13. TYPED NAME: Steven M. Costantino	Kimberly Merolla-Brito Policy Office Department of Human Services 57 Howard Avenue Cranston, RI 02920
14. TITLE: Secretary, EOHHS	
15. DATE SUBMITTED: June 21, 2012	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:	18. DATE APPROVED: FEB 13 2013
PLAN APPROVED - ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: JAN 1 2013	20. SIGNATURE OF REGIONAL OFFICIAL: /s/
21. TYPED NAME:	22. TITLE:
23. REMARKS:	

FORM HCFA-179 (07-92)

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State/Territory: Rhode Island

Citation

42 CFR 447, 434, 438, and 1902(a)(4), 1902(a)(6), and 1903

Payment Adjustment for Provider Preventable Conditions

The Medicaid agency meets the requirements of 42 CFR Part 447, Subpart A, and sections 1902(a)(4),1902(a)(6), and 1903 with respect to non-payment for provider-preventable conditions.

Health Care-Acquired Conditions

The State identifies the following Health Care-Acquired Conditions for non-payment under Section 4.19 (A) of this State plan.

__X__ Hospital-Acquired Conditions as identified by Medicare other than Deep Vein Thrombosis (DVT)/Pulmonary Embolism (PE) following total knee replacement or hip replacement surgery in pediatric and obstetric patients.

Other Provider-Preventable Conditions

The State identifies the following Other Provider-Preventable Conditions for non-payment under Section 4.19 (A) of this State plan.

__X__ Wrong surgical or other invasive procedure performed on a patient; surgical or other invasive procedure performed on the wrong body part; surgical or other invasive procedure performed on the wrong patient.

Non-Payment for Hospital Acquired Conditions:
In accordance with Title XIX of the Social Security Act — Sections 1902, 1903 and 42 CFRs 434, 438, and 447, Medicaid will make no payment to providers for services related to Provider Preventable Conditions (PPC) which includes Health Care-Acquired Condition (HCAC).

For all Medicaid patients, requests for Diagnosis Related Groups (DRGs) attributable to Present on Admission (POA) conditions will be reimbursed for allowable charges.

Provider Preventable conditions (PPC), which includes Health Care-Acquired Condition (HCAC), with diagnosis codes with Y or W, or as defined by CMS, will be considered in the DRG calculation. Conversely, any diagnoses codes with N or U, or as defined by CMS, will not be considered in the DRG calculation. Providers must identify and report PPC occurrences.

For hospitals reimbursed under a per diem methodology, to the extent that the cost of the hospital acquired condition can be isolated, payment for the cost of the hospital acquired condition will be denied.

Non-Payment for Other Provider Preventable Conditions

- E876.5 — Performance of wrong operation (procedure) on correct patient
- E876.6 — Performance of operation (procedure) on patient not scheduled for surgery
- E876.7 — Performance of correct operation (procedure) on wrong side/body part

The provider may file a separate claim for the same Medicaid recipient with the same dates of service to include the allowable charges for reimbursement. Providers must identify and report other provider preventable conditions.

No reduction in payment for a provider preventable condition will be imposed on a provider when the condition defined as a PPC for a particular patient existed prior to the initiation of treatment for that patient by that provider.

Reductions in provider payment may be limited to the extent that the following apply: (i) The identified provider preventable conditions would otherwise result in an increase in payment; (ii) The state can reasonably isolate for nonpayment the portion of the payment directly related to treatment for, and related to, the provider preventable condition.

Prohibition on payments for PPC, and HCAC, shall not result in a loss of access to care or services for Medicaid beneficiaries. This policy applies to all Medicaid reimbursement provisions, contained in 4.19A, including Medicaid proportionate share hospital payments. In the event that individual cases are identified throughout the PPC implementation period, July 1, 2012 through January 10, 2013, the State will adjust reimbursements according to the methodology above.

5. Payment Adjustment for Provider Preventable Conditions

Citation

42 CFR 447, 434, 438, and 1902(a)(4), 1902(a)(6), and 1903

The Medicaid agency meets the requirements of 42 CFR Part 447, Subpart A, and sections 1902(a)(4),1902(a)(6), and 1903 with respect to non-payment for provider-preventable conditions.

Other Provider-Preventable Conditions

The State identifies the following Other Provider-Preventable Conditions (OPPCs) for nonpayment under Section(s) 4.19-B of this Sate Plan.

_X_ Wrong surgical or other invasive procedure performed on a patient; surgical or other invasive procedure performed on the wrong body part; surgical or other invasive procedure performed on the wrong patient.

___ Additional Other Provider-Preventable Conditions identified below:

In compliance with 42 CFR 447.26, Medicaid agency assures that:

1. No reduction in payment for a PPC will be imposed on a provider when the condition defined as a PPC for a particular patient existed prior to the initiation of treatment for that patient by that provider.
2. Reductions in provider payment may be limited to the extent that the following apply:
   a. The identified PPC would otherwise result in an increase in payment.
   b. The State can reasonable isolate for non-payment the portion of the payment directly related to treatment for, and related to, the PPC.
3. Non-payment for PPCs does not prevent access to services for Medicaid beneficiaries.

In order to determine the non-payment amount, for services paid under Section 4.19 (B) of this State plan, the Medicaid agency will utilize modifiers that are self-reported by providers on claims that indicate if an OPPC occurred. When one of the OPPC modifiers is present on the claim, the Medicaid agency will calculate a non-payment amount to ensure that *the* services rendered which the OPPC pertains to are not paid by the Medicaid agency.

This provision applies to all providers contracted with the Medicaid.

In the event that individual cases are identified throughout the PPC implementation period, July 1, 2012 through January 10, 2013, the State will adjust reimbursements according to the methodology above.

- *No reduction in payment for a provider preventable condition will be imposed on a provider when the condition defined as a PPC for a particular patient existed prior to the initiation of treatment for that patient by that provider.*

- *Reductions in provider payment may be limited to the extent that the following apply: (z) The identified provider preventable conditions would otherwise result in an increase in payment; (ii) The state can reasonably isolate for nonpayment the portion of the payment directly related to treatment for, and related to, the provider preventable condition.*

  A State plan must ensure that nonpayment for provider-preventable conditions does not prevent access to services for Medicaid beneficiaries.

Citation

42 CFR 447, 434, 438, and 1902(a)(4), 1902(a)(6), and 1903

Payment Adjustment for Provider Preventable Conditions

The Medicaid agency meets the requirements of 42 CFR Part 447, Subpart A, and sections 1902(a)(4),1902(a)(6), and 1903 with respect to non-payment for provider-preventable conditions.

Other Provider-Preventable Conditions

The State identifies the following Other Provider-Preventable Conditions for non-payment under Section 4.19 (D) of this State plan.

__X__ Wrong surgical or other invasive procedure performed on a patient; surgical or other invasive procedure performed on the wrong body part; surgical or other invasive procedure performed on the wrong patient.

____ Additional Other Provider-Preventable Conditions identified below:

The RI PPCS/HACS project team focused on additional work scope components related to the PPCs/HACs project initiative that were identified in August 2012. The specification changes outlined additional processing to support the identification of erroneous surgery claims for claim types of Inpatient (I), Outpatient (O) and Professional (M). New edits would be constructed to identify "never conditions" (erroneous surgery) claims and process to deny. In addition, an edit for "no-pay" bills would be added for Outpatient and Inpatient claim types. System modifications were completed and the 3 new edits were implemented on 10/31/2012.

The RIMA Production Implementation on 10/31/2012 Included:

The new edits implemented within RI MMIS 10/31/2012 will identify "never" (erroneous surgery) claims and process to deny for claim types of Outpatient (O), Inpatient (I) and Professional (M) . An edit for "no-pay" bills has been added for Outpatient and Inpatient claim types. The 3 new edits are:

1. ESC 287 - Do Not Pay - Erroneous Surgery Procedure Code Modifier (this will set for claim types Outpatient and Professional, if the Procedure Modifier Code of "PA-Surgery Wrong Body Part", "PB-Surgery Wrong Patient" or "PC-Wrong Surgery on Patient" is

submitted. In this scenario the entire claim will be denied (there are no modifiers on Inpatient claims).

2. ESC 288 - Do Not Pay - Erroneous Surgery Diagnosis Code (this will set for claim types Inpatient, Outpatient and Professional if the diagnosis code(s) of "E8765-"Performance of wrong operation (procedure) on correct patient, or "E8766-Performance of operation (procedure) on patient not scheduled for surgery" or "E8767-Performance of correct operation (procedure) on wrong side/body part" is submitted). In this scenario the entire claim will be denied.

3. ESC 289 - Do Not Pay - Zero Pay Bill Type (this will set for claim types Inpatient and Outpatient if type of bill submitted is "110- Inpatient Claim, Zero Pay Bill" or "130 -Outpatient Claim, Zero Pay Bill"). In this scenario the entire claim will be denied.

In the event that individual cases are identified throughout the PPC implementation period, July 1, 2012 through January 10, 2013, the State will adjust reimbursements according to the methodology above.

- *No reduction in payment for a provider preventable condition will be imposed on a provider when the condition defined as a PPC for a particular patient existed prior to the initiation of treatment for that patient by that provider.*
- *Reductions in provider payment may be limited to the extent that the following apply: (i) The identified provider preventable conditions would otherwise result in an increase in payment; (ii) The state can reasonably isolate for nonpayment the portion of the payment directly related to treatment for, and related to, the provider preventable condition.*

  A State plan must ensure that nonpayment for provider-preventable conditions does not prevent access to services for Medicaid beneficiaries.