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**State/Territory Name: Texas** 

State Plan Amendment (SPA) #: 13-16

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form
- 3) Superseding Page List
- 4) Approved SPA Pages

# DEPARTMENT OF HEALTH & HUMAN SERVICES Centers for Medicare & Medicaid Services 7500 Security Boulevard, Mail Stop S2-26-12 Baltimore, Maryland 21244-1850



FEB 0 5 2014

Ms. Kay Ghahremani State Medicaid/CHIP Director Health and Human Services Commission Post Office Box 13247 Mail Code: H100 Austin, Texas 78711

RE: TN 13-16

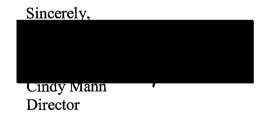
Dear Ms. Ghahremani:

We have reviewed the proposed amendment to Attachments 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 13-16. This amendment defines a methodology for provider preventable readmissions and related payment adjustments for Medicaid.

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.

Based upon your assurances, Medicaid State plan amendment 13-16 is approved effective May 1, 2013. We are enclosing the HCFA-179 and the amended plan pages.

If you have any questions, please call Tamara Sampson at (214) 767-6431.



**Enclosures** 

DEPARTMENT OF HEALTH AND HUMAN SERVICES CENTERS FOR MEDICARE AND MEDICAID SERVICES

FORM APPROVED OMB NO. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF	1. TRANSMITTAL NUMBER:	2. STATE:		
STATE PLAN MATERIAL	13-016	TEXAS		
FOR: CENTERS FOR MEDICARE AND MEDICAID SERVICES	3. PROGRAM IDENTIFICATION: TITI	LE VIX DE THE SOCIAL		
	SECURITY ACT (MEDICAID)	LE XIX OF THE GOCIAL		
TO: REGIONAL ADMINISTRATOR	4. PROPOSED EFFECTIVE DATE:			
CENTERS FOR MEDICARE AND MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES	May 1, 2013			
5. TYPE OF PLAN MATERIAL (Circle One):	May 1, 2010			
☐ NEW STATE PLAN ☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN ☒ AMENDMENT				
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Se				
6. FEDERAL STATUTE/REGULATION CITATION: 42 USC sections 1396a(a)(19), (30); 42 CFR pt. 456, subpts. A, B.		E ATTACHMENT (960,751)		
	· ·	(900,751) 6,393,691)		
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:	c. FFY 2015 \$(	6,624,358)		
6. FAGE NOMBER OF THE PLAN SECTION OR ATTACHMENT:	PAGE NUMBER OF THE SUPERS OR ATTACHMENT (If Applicable):	EDED PLAN SECTION		
SEE ATTACHMENT TO BLOCKS 8 & 9	SEE ATTACHMENT TO BLOCKS 8 &	ı <b>9</b>		
10. SUBJECT OF AMENDMENT:				
The proposed amendment defines the methodology for reimbur (PPRs).	sement adjustments for potentially prev	entable readmissions		
11. GOVERNOR'S REVIEW (Check One):				
☐ GOVERNOR'S OFFICE REPORTED NO COMMENT	OTHER, AS SPECIFIED: Sent	to Governor's Office		
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED	this date. Comments, if any, will be for	warded upon receipt.		
NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL				
12. SIGNATURE OF STATE AGENCY OFFICIAL:	16. RETURN TO:			
	Vov Chahramani			
13. TYPED NAME:	Kay Ghahremani State Medicaid Director			
Kay Ghahremani	Post Office Box 13247, MC: H-100			
	Austin, Texas 78711			
14. TITLE:				
State Medicaid Director				
15. DATE SUBMITTED:				
June 28, 2013				
FOR REGIONAL OFFICE USE ONLY	They have the property to a member of the control o			
17. DATE RECEIVED: JUNE 28, 20(3)	18. DATE APPROVED:			
PLAN APPROVED - ONE COPY ATTACHED	FEB 05 2	<b>Mar</b> of the second		
	20. SIGNATURE OF REGIONAL OFFICIA			
19. EFFECTIVE DATE OF APPROVED MATERIAL MAY 0 1 2013	では、東京の高いない。 では、東京の東京の東京の東京の東京の東京の東京の東京の東京の東京の東京の東京の東京の東			
21. TYPED NAME:	22. TITLE			
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28. REMARKS	Jeputs Dinector Volius t	MANCIAL LECTURES		

## Attachment to Blocks 8 & 9 of CMS Form 179

# **Transmittal Number 13-016**

Number of the Plan Section or Attachment	Number of the Superseded Plan Section or Attachment	
Appendix 2 to Attachment 4.19-A	Appendix 2 to Attachment 4.19-A	
Page 1	N/A - New page	
Page 2	N/A - New page	
Page 3	N/A - New page	
Page 4	N/A - New page	

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#### **Payment Adjustment for Potentially Preventable Readmissions**

- (a) Introduction. The Health and Human Services Commission (HHSC) may penalize a hospital based on the hospital's performance with respect to failing to meet outcome and process measures relative to all Texas Medicaid hospitals regarding the rates of potentially preventable events.
- (b) Definitions.
  - (1) Actual-to-Expected Ratio—The ratio of the actual number of potentially preventable readmission (PPR) chains compared to the expected number of PPR chains, where the expected number depends on the diagnosis code, the severity of illness, the patient age, and the presence or absence of a major mental health or substance abuse comorbidity.
  - (2) Case-mix—A measure of the clinical characteristics of patients treated during the reporting time period and measured using diagnosis-code relative weights, patient age, and the presence of a major mental health or substance abuse comorbidity.
  - (3) Claims during the reporting time period—Includes Medicaid traditional fee-for-service (FFS) and managed care inpatient hospital claims filed for reimbursement by a hospital that:
    - (A) had a date of admission occurring within the reporting period;
    - (B) were adjudicated and approved for payment during the reporting period and the six-month grace period that immediately followed, except for claims that had zero inpatient days:
    - (C) were not claims for patients who are covered by Medicare; and

	rere not Medicaid spend-down claims.
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## Payment Adjustment for Potentially Preventable Readmissions (continued)

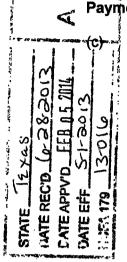
- (4) Clinically related—A requirement that the underlying reason for readmission be plausibly related to the care rendered during or immediately following the initial admission. A clinically related admission occurs within a specified readmission time interval resulting from the process of care and treatment during the initial admission or from a lack of post admission follow-up, but not from unrelated events occurring after the initial admission.
- (5) HHSC—The Health and Human Services Commission or its designee.
- (6) Initial admission—Either an admission followed by one or more PPRs or an admission that was not followed by a PPR.
- (7) Potentially preventable readmission (PPR)—A return hospitalization of a person within a time period specified by HHSC that may have resulted from deficiencies in the care or treatment provided to the person during a previous hospital stay or from deficiencies in post-hospital discharge follow-up. The term does not include a hospital readmission necessitated by the occurrence of unrelated events after the discharge. The term includes the readmission of a person to a hospital for:
  - (A) the same condition or procedure for which the person was previously admitted;
  - (B) an infection or other complication resulting from care previously provided;
  - (C) a condition or procedure that indicates that a surgical intervention performed during a previous admission was unsuccessful in achieving the anticipated outcome; or
  - (D) another condition or procedure of a similar nature.
- (8) Readmission chain—One or more PPRs that are clinically related to the same initial admission.
- (9) Reporting time period—A state fiscal year (September through August) or other specified time frame.

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Payment Adjustment for Potentially Preventable Readmissions (continued)

Calculating a PPR rate. Using claims during the reporting period, HHSC will calculate an actual PPR rate and an expected PPR rate for each hospital that participates in the Medicaid program.

- (1) The actual PPR rate is the number of readmission chains divided by the number of initial admissions, excluding readmissions that are not considered potentially preventable.
- (2) The expected PPR rate is the expected number of readmission chains divided by the number of initial admissions, excluding readmissions that are not considered potentially preventable. The expected number of readmission chains is based on the hospital's case-mix relative to the case-mix of all Texas Medicaid hospitals during the reporting period.
- (d) Comparing the PPR performance of all Medicaid hospitals. Using the rates determined in subsection (c) of this section, HHSC calculates a ratio of actual-to-expected PPR rates.
- (e) Reporting results of PPR rate calculations. HHSC will provide a confidential report to each hospital that participates in the Medicaid program regarding the hospital's performance with respect to potentially preventable readmissions, including the PPR rates calculated as described in subsection (c) of this section and the hospital's actual-to-expected ratio calculated as described in subsection (d) of this section.
- (f) Hospitals subject to reimbursement adjustment and amount of adjustment.
  - (1) A hospital with an actual-to-expected PPR ratio greater than or equal to 1.10 and less than or equal to 1.25 is subject to a reimbursement adjustment of -1 percent;
  - (2) A hospital with an actual-to-expected PPR ratio greater than 1.25 is subject to a reimbursement adjustment of 2 percent.
- (g) Claims subject to reimbursement adjustment.

TN: 13-016

Approval Date: FEB 0 5 2014

Effective Date: 5-1-2013

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## Payment Adjustment for Potentially Preventable Readmissions (continued)

- (1) The reimbursement adjustments described in subsection (f) of this section apply to all Medicaid fee-for-service claims for dates of admission beginning on the earlier of:
  - (A) May 1, 2013; or
  - (B) The first day of the state fiscal year that is one year after the confidential report on which the reimbursement adjustments are based is posted on HHSC's website.
- (2) The reimbursement adjustments for a hospital will cease for dates of admission on the first day of the state fiscal year that is at least one year after the hospital receives a confidential report indicating an actual-to-expected ratio of less than 1.10.

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