

ILLINOIS REGISTER

DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES

NOTICE OF PUBLIC INFORMATION

1. Statute requiring agency to publish information concerning proposed changes in methods and standards for establishing medical assistance payment rates for hospital services in the Illinois Register: 5 ILCS 100/5-70(c)
2. Summary of information: The Illinois Department of Healthcare and Family Services (HFS) wishes to provide public notice regarding proposed changes in methods and standards for setting certain payment rates for inpatient hospital services under the Illinois Medical Assistance program.

The Department of Healthcare and Family Services is implementing the potentially preventable readmission (PPR) policy beginning January 1, 2013 as required by P.A. 97-0689, also referred to as the Saving Medicaid Access and Resources Together (SMART) Act. The proposed policy modifications are described below.

Hospital Reports

Each hospital's "target" readmission rate has been calculated and, for those hospitals that are above their target, a payment reduction amount has been calculated.

Revised hospital specific reports will be sent to the hospitals that have registered through the department's [Hospital-Specific PPR Report Registration](#) Web page. If a hospital has already registered at anytime to receive reports, it is not necessary to register again. The hospital specific PPR reports will vary from the initial reports that were sent because of policy changes that were made based on input from the hospital community. The updated reports have a third section with the payment reduction calculations.

Readmission data files will be available to hospitals upon request. Once the revised hospital specific reports are received, the hospital will need to provide the email address of one contact to receive the file. Contact information should include the contact's full name, title, telephone number and email address, and to what hospital or hospitals they represent.

Policy

In the first year of implementation (SFY 2013), SFY 2010 data are used to set the target and actual rates for the hospitals. For those hospitals above their target, 25% of the payment reduction amount will be recovered via a payment reduction factor that will be a percentage applied to all inpatient hospital claims, excluding Medicare, that are received from the hospital by the department between January 1, 2013 and June 30, 2013. After January 2014, once all SFY 2013 inpatient hospital claims have been submitted to the department, an analysis of SFY 2013 will be completed to determine if hospitals were able to reduce their readmissions for FY2013 to the target amount (based on FY2010) and, thereby, cost avoid any of the remaining payment reduction amount owed to the State. Any remaining balance will be recouped from the hospitals via an adjustment to payments.

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The process will be the same for year two (SFY 2014), except that SFY 2011 data will be used to set the target and actual rates for the hospitals and the payment reduction factor will be based upon 50% of the calculated payment reduction amount and applied to all inpatient hospital claim payments that are received from the hospital by the department beginning July 1, 2013 through June 30, 2014.

Beginning SFY 2015, the department will use SFY 2013 data to calculate the actual and target rates and the payment reduction factor which will be applied in full against FY2015 rates to the extent necessary. When comparing SFY 2013 to the base year (SFY 2010), if hospitals above their target rate are able to reduce their readmissions and cost avoid any of their payment reduction amount, then the cost avoidance minus the payment reduction will be the amount that is used to calculate the payment reduction factor.

Please refer to [Hospital Registration to Receive Hospital Specific PPR Reports](#) on the department's Web site for details on how the payment reduction and payment reduction factors are calculated.

3. Name and address of person to contact concerning this information:

Bureau of Program and Reimbursement Analysis
Division of Medical Programs
Healthcare and Family Services
201 South Grand Avenue East
Springfield, IL 62763-0001
E-mail address: bpra@illinois.gov

Interested persons may review these proposed changes on the [HFS Public Involvement Web page](#) <<http://www2.illinois.gov/hfs/PublicInvolvement/>>. Local access to the Internet is available through any local public library. In addition, this material may be viewed at the DHS local offices (except in Cook County). In Cook County, the changes may be reviewed at the Office of the Director, Illinois Department of Healthcare and Family Services, 401 South Clinton Street, Chicago, Illinois. The changes may be reviewed at all offices Monday through Friday from 8:30 a.m. until 5:00 p.m. This notice is being provided in accordance with federal requirements found at 42 *CFR* 447.205.