Memorandum

Date FEB 1 1 2000

From June Gibbs Brown
Inspector General

Subject Analysis of Readmissions Under the Medicare Prospective Payment System for Calendar Years 1996 and 1997 (A-14-99-00401)

To Nancy-Ann Min DeParle
Administrator
Health Care Financing Administration

Attached are two copies of our final report entitled, "Analysis of Readmissions Under the Medicare Prospective Payment System for Calendar Years 1996 and 1997." The purpose of this report is to provide the results of our analysis of Medicare prospective payment system (PPS) claims in which a beneficiary was discharged and subsequently readmitted on the same day to the same PPS hospital during Calendar Years 1996 and 1997. In a prior review (A-01-98-00504), we examined a sample of same-day/same-hospital readmissions and recommended further analysis of the readmission claims to identify potential aberrant providers. In responding to our prior report, the Health Care Financing Administration (HCFA) asked that we provide a further analysis of the patterns of readmissions. In this report, we are providing you with our analysis of the distribution by provider, State, diagnosis related group (DRG) discharge code, and beneficiary levels for the 1996 and 1997 readmissions. Under separate cover, we will provide you the names of the hospitals and beneficiaries associated with this analysis.

The objective of this review was to identify high incidences of same-day readmissions so additional reviews could be initiated to better monitor the quality of hospital care. In this review, we identified providers with high incidences of same-day readmissions and analyzed the prevalence of readmissions by State. For providers with high incidences of readmissions, we also analyzed the DRGs that occurred most frequently in the first and second hospital stays.

We also analyzed the readmissions on the beneficiary level and noted that a number of beneficiaries have had multiple continuous readmissions; i.e., the beneficiary was discharged and readmitted numerous times without a break in the readmissions. We are particularly concerned our analysis showed 73 beneficiaries had *3 or more multiple continuous readmissions*. For example, a beneficiary was admitted for an inpatient stay on July 14, 1997; discharged July 21, 1997; readmitted July 21, 1997; discharged August 1, 1997; readmitted August 1, 1997; discharged August 3, 1997; readmitted August 3, 1997; discharged August 13, 1997; readmitted August 13, 1997; discharged August 15, 1997;

readmitted August 15,1997; and discharged September 2, 1997. In this case, the beneficiary was readmitted five times to the same hospital and the hospital received six full DRG payments.

In addition, we performed an analysis on the beneficiary level and found a substantial number of readmitted beneficiaries had the same DRG for the first hospital stay and the second hospital stay in 1996 and 1997. In each year, over 3,000 of the readmission claims (about 19 percent in each year) had the same DRG for both hospital stays. The HCFA should determine if this situation may be an indicator of premature discharge or other problems, since the beneficiary was readmitted on the same day as discharge for the same diagnosis.

Based on the findings in our prior review and our current analysis of readmissions, we believe same-day readmissions are vulnerable to quality of care and billing problems. We are especially concerned about quality of care issues since we noted in our prior review of readmissions the largest number of errors in our sample (of 100 sample items, 12 of the 29 errors) was attributable to premature discharges. We believe premature discharges are a serious quality of care concern which needs to be closely monitored.

We are, therefore, recommending HCFA: (1) make the data in this report available to all peer review organizations (PRO) so that they can use it in defining the thrust of their review activities; (2) perform reviews at hospitals having a larger than average number of same-day readmissions; (3) perform beneficiary-specific reviews on the claims of beneficiaries who had multiple continuous same-day readmissions; and (4) review a sample of same-day readmission claims in which the same-day readmission was coded with the same DRG as the first hospital stay. We would like HCFA officials to inform the Office of Inspector General on their plans for these provider-specific and beneficiary-specific reviews of same-day readmissions so that we can coordinate our respective activities in this area since some individual hospital's actions may warrant referral to our Office of Investigations.

In response to our draft report, HCFA concurred with our recommendations. The HCFA provided this report to the PROs to help them assess the problems particular to their State and as a suggestion of the types of pattern analyses they should be doing in accordance with the PROs' sixth Scope of Work. In addition, HCFA will explore the feasibility of suspending payment for same-day readmissions pending verification of the appropriateness of the second admission or the initial discharge. We believe the PROs' reviews of the readmissions identified by our analysis will help HCFA determine the appropriateness of payment suspension pending further development. The complete text of HCFA's comments is included in Appendix V.

Please advise us within 60 days on actions taken or planned on our recommendations. If you have any questions, please call me or have your staff contact George M. Reeb, Assistant Inspector General for Health Care Financing Audits, at (410) 786-7104.

To facilitate identification, please refer to Common Identification Number A-14-99-00401 in all correspondence relating to this report.

Attachments

Department of Health and Human Services

OFFICE OF INSPECTOR GENERAL

ANALYSIS OF READMISSIONS UNDER THE MEDICARE PROSPECTIVE PAYMENT SYSTEM FOR CALENDAR YEARS 1996 AND 1997

JUNE GIBBS BROWN
Inspector General

FEBRUARY 2000
A-14-99-00401

Memorandum

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Inspector General

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The purpose of this final report is to provide the results of our analysis of Medicare prospective payment system (PPS) claims in which a beneficiary was discharged and subsequently readmitted on the same day to the same PPS hospital during Calendar Years (CY) 1996 and 1997. In a prior review (A-01-98-00504), we examined a sample of same-day/same-hospital readmissions and recommended further analysis of the readmission claims to identify potential aberrant providers. In responding to our prior report, the Health Care Financing Administration (HCFA) asked that we provide a further analysis of the patterns of readmissions. In this report, we are providing you with our analysis of the distribution by provider, State, diagnosis related group (DRG) discharge code, and beneficiary levels for the 1996 and 1997 readmissions. Under separate cover, we will provide you the names of the hospitals and beneficiaries associated with this analysis.

The objective of this review was to identify high incidences of same-day readmissions so additional reviews could be initiated to better monitor the quality of hospital care. In this review, we identified providers with high incidences of same-day readmissions and analyzed the prevalence of readmissions by State. For providers with high incidences of readmissions, we also analyzed the DRGs that occurred most frequently in the first and second hospital stays.

We also analyzed the readmissions on the beneficiary level and noted that a number of beneficiaries have had multiple continuous readmissions; i.e., the beneficiary was discharged and readmitted numerous times without a break in the readmissions. We are particularly concerned our analysis showed 73 beneficiaries had *3 or more multiple continuous readmissions*. For example, a beneficiary was admitted for an inpatient stay on July 14, 1997; discharged July 21, 1997; readmitted July 21, 1997; discharged August 1, 1997; readmitted August 1, 1997; discharged August 3, 1997; readmitted August 3, 1997; discharged August 13, 1997; readmitted August 13, 1997; discharged August 15, 1997; readmitted August 15,1997; and discharged September 2, 1997. In this case, the beneficiary was readmitted five times to the same hospital and the hospital received six full DRG payments.

Our analysis on the beneficiary level also found a substantial number of readmitted beneficiaries had the same DRG for the first hospital stay and the second hospital stay in 1996 and 1997. In each year, over 3,000 of the readmission claims (about 19 percent in each year) had the same DRG for both hospital stays. The HCFA should determine if this situation may be an indicator of premature discharge or other problems, since the beneficiary was readmitted on the same day as discharge for the same diagnosis.

Based on the findings in our prior review, we believe same-day readmissions are vulnerable to quality of care and billing problems. We are especially concerned about quality of care issues since we noted in our prior review of readmissions the largest number of errors in our sample (of 100 sample items, 12 of the 29 errors) was attributable to premature discharges. We believe premature discharges are a serious quality of care concern which needs to be closely monitored.

We are, therefore, recommending HCFA: (1) make the data in this report available to all peer review organizations (PRO) so that they can use it in defining the thrust of their review activities; (2) perform reviews at hospitals having a larger than average number of same-day readmissions; (3) perform beneficiary-specific reviews on the claims of beneficiaries who had multiple continuous same-day readmissions; and (4) review a sample of same-day readmission claims in which the same-day readmission was coded with the same DRG as the first hospital stay. We would like HCFA officials to inform the Office of Inspector General (OIG) on their plans for these provider-specific and beneficiary-specific reviews of same-day readmissions so that we can coordinate our respective activities in this area since some individual hospital's actions may warrant referral to our Office of Investigations.

In response to our draft report, HCFA concurred with our recommendations. The HCFA provided this report to the PROs to help them assess the problems particular to their State and as a suggestion of the types of pattern analyses they should be doing in accordance with the PROs' sixth Scope of Work. In addition, HCFA will explore the feasibility of suspending payment for same-day readmissions pending verification of the appropriateness of the second admission or the initial discharge. We believe the PROs' reviews of the readmissions identified by our analysis will help HCFA determine the appropriateness of payment suspension pending further development. The complete text of HCFA's comments is included in Appendix V.

INTRODUCTION

BACKGROUND

Medicare reimburses inpatient hospital care through a PPS system. Under PPS, hospitals are paid a predetermined rate classified into DRGs for each hospital discharge. In CYs 1996 and 1997, PPS hospitals nationwide submitted over 17,000 claims each year in which a

beneficiary was discharged and subsequently readmitted on the same day to the same PPS hospital. These hospitals received over $112 million in CY 1996 and $114 million in CY 1997 for the second inpatient stay.

Section 1154 of the Social Security Act authorizes PROs that contract with HCFA to review services furnished to Medicare beneficiaries in settings such as acute care hospitals to ensure that medical care furnished to Medicare beneficiaries is medically necessary and reasonable, is provided in the most appropriate setting, and meets professionally accepted standards of quality. According to 42 CFR, section 412.48, if the PRO determines that a hospital has taken an action that results in unnecessary multiple admissions of a beneficiary, the PRO may, as appropriate, deny payment with respect to unnecessary admissions or subsequent readmissions of a beneficiary. In addition, per section 1156 of the Social Security Act, a hospital which prematurely discharges is required to enter into a corrective action plan, and if appropriate, a referral should be made to the OIG. In the past, HCFA generated a sample of hospital readmission claims to be reviewed by the PROs to determine whether a patient was prematurely discharged from the first inpatient stay, thus causing a readmission. However, this random sample case-by-case review was discontinued in 1993.

We undertook a prior review, *Monitoring Quality of Care and Overpayment Issues Associated With Hospital Readmissions Under the Medicare Prospective Payment System (A-01-98-00504),* to determine the validity of Medicare PPS readmission claims. In that review of 100 randomly selected readmissions in CY 1996, we identified 29 readmission claims in which the DRG payment for the readmission was not appropriate or should have been reduced. The types of errors we found included premature discharges, additional services which should have been billed as part of the first stay, medically unnecessary readmissions, lack of documentation, and DRG upcoding. We estimated in CY 1996 inappropriate payments for readmissions in the 18 States in our sample totaled approximately $22 million. We found it particularly troubling that the highest number of errors in our sample (12 out of 29 errors) was due to premature discharges. This raises very serious concerns about the quality of care beneficiaries receive. We believe hospital readmissions should be more closely monitored, especially since we noted in the past several years, the OIG has not received any premature discharge referrals from the PROs. Therefore, in our prior report, we recommended HCFA work with the OIG in utilizing computer analysis to initiate additional reviews for CYs 1996 and 1997 in order to monitor the quality of hospital care and to identify and recover additional overpayments. In responding to our report, HCFA agreed with our recommendation and requested additional analysis to examine patterns of readmission occurrences. This report responds to HCFA's request.

OBJECTIVE, SCOPE, AND METHODOLOGY

The objective of this review was to identify high incidences of same-day readmissions so additional reviews could be initiated to better monitor the quality of hospital care. Our review did not include reviewing the internal control structures of providers. Our review period covered CYs 1996 and 1997 PPS hospital claims in which the discharge date of service of the first Medicare inpatient stay was the same as the readmission date of service of the second inpatient stay at the same PPS hospital.

To accomplish our objective, we:

- extracted CYs 1996 and 1997 PPS claims from HCFA's National Claims History file in which the discharge date of service and subsequent admission date of service were the same, and the provider numbers were the same;
- identified the number and dollar value of readmissions for each provider who readmitted a beneficiary on the same day as discharge;
- identified by State the number of readmitting providers, number of readmissions, and dollar value of readmissions;
- identified the percentage of increase or decrease in the number of same-day readmissions for each State between CY 1996 and CY 1997;
- identified the DRGs and DRG combinations with the greatest number of same-day readmissions for the top 10 providers;
- identified incidences where the beneficiary had multiple readmissions; and
- identified incidences where the beneficiary had a same-day readmission with the same DRG in both admissions.

Our limited-scope review was conducted in accordance with generally accepted government auditing standards. We conducted our review during the period of February through April 1999 in OIG offices in Baltimore and Boston.

FINDINGS AND RECOMMENDATIONS

Our computer match of CY 1996 PPS claims identified 17,349 readmissions nationwide with DRG payments totaling $112,087,536 for the second inpatient stay. For CY 1997, we identified 17,164 readmissions nationwide with DRG payments totaling $114,523,103 for the second stay. We analyzed these readmission claims on the provider, State, DRG, and

beneficiary levels. We believe this analysis should help HCFA in initiating further reviews of readmission claims.

PROVIDER LEVEL ANALYSIS

Our first analysis was on the provider level. In CY 1996, we identified 3,239 providers who had same-day readmissions and in CY 1997 we identified 3,195 providers who had same-day readmissions. We identified the number of same-day readmissions for each provider in CYs 1996 and 1997. Summary data on the providers who had 30 or more same-day readmissions in either CYs 1996 or 1997 is provided in APPENDIX I. We identified 61 providers with 30 or more readmissions in CY 96 or CY 97. These 61 providers account for approximately 12 percent of the total readmissions in CYs 1996 and 1997. The dollar value of the reimbursement these 61 providers received for the second hospital stay represents about 14.7 percent of the total reimbursement nationwide for the second hospital stays in CY 1996 and 13.7 percent of the total reimbursement for the second hospital stays in CY 1997. This information is shown in APPENDIX II.

STATE LEVEL ANALYSIS

When responding to our prior readmissions report, HCFA requested us to analyze the data on the distribution of readmissions by State to determine if readmissions are more prevalent in some States. Also, HCFA asked us to determine if there has been a change in the proportion of these readmissions in each State over time. We performed this analysis and the results are summarized in APPENDICES III and IV. As shown in APPENDIX III, New York, Texas, Ohio, California, and Florida are the top five States in total same-day readmissions in CYs 1996 and 1997. These five States represent approximately 31 percent of the total readmissions. The Appendix also shows the dollar values of the readmissions by State. The top five States represent 36 percent of the total dollar value for the second hospital stay in CYs 1996 and 1997 combined.

We also calculated the percentage of change in the number of readmissions between 1996 and 1997 by State. The results of this analysis is shown in APPENDIX IV. Delaware, Hawaii, Florida, California, and Pennsylvania are the top five States in increases in the number of same-day readmissions between CYs 1996 and 1997.

DRG LEVEL ANALYSIS

Our analysis of the DRGs associated with the readmissions for the top 10 providers identified in APPENDIX I found the top 5 DRGs for the first hospital stay were:

DRG for first admission	Number of Incidences
209 (major joint & limb reattachment)	159
14 (cerebrovascular disorder)	96
127 (heart failure & shock)	51
210 (hip/femur procedure)	51
462 (rehabilitation)	43

For the top 10 providers identified in APPENDIX I, our analysis of the DRGs for the second hospital stay showed the top 5 DRGs were:

DRG for second admission	Number of Incidences
462 (rehabilitation)	451
127 (heart failure & shock)	33
463 (signs & symptoms)	27
14 (cerebrovascular disorders)	23
430 (psychoses)	22

We also examined the DRG combinations which occurred in the first and second hospital stays for the top 10 providers in APPENDIX I. The top 10 DRG combinations were:

DRG 1	DRG 2	Incidences	DRG Descriptions
209	462	140	major joint & limb reattachment/rehabilitation
14	462	65	cerebrovascular disorders/rehabilitation
210	462	44	hip & femur procedures/rehabilitation
127	127	19	heart failure & shock
435	462	18	alcohol & drug abuse/rehabilitation
113	462	15	amputation/rehabilitation
88	88	12	chronic pulmonary disease
14	14	10	cerebrovascular disorders
434	436	8	alcohol drug abuse/alcohol drug dependence with rehabilitation
214	462	8	back & neck procedures/rehabilitation

BENEFICIARY LEVEL ANALYSIS

We also analyzed the data on the beneficiary level. Of the 34,513 readmission claims in CYs 1996 and 1997, we found 2,525 readmission claims were for 1,198 beneficiaries who had more than 1 readmission during the respective CYs. During the 2 years, we noted there were 1,036 incidences where the beneficiaries had multiple continuous readmissions; i.e., the beneficiary was discharged and readmitted numerous times without a break in the dates of readmissions. We are particularly concerned our analysis showed 73 beneficiaries had *3 or more multiple continuous readmissions*. For example, a beneficiary was admitted for an inpatient stay on July 14, 1997; discharged July 21, 1997; readmitted July 21, 1997; discharged August 1, 1997; readmitted August 1, 1997; discharged August 3, 1997; readmitted August 3, 1997; discharged August 13, 1997; readmitted August 13, 1997; discharged August 15, 1997; readmitted August 15,1997; and discharged September 2, 1997. In this case, the beneficiary was readmitted five times to the same hospital and the hospital received six full DRG payments. In CYs 1996 and 1997, these 73 beneficiaries had a total of 239 multiple continuous readmissions as follows:

Number of Continuous Readmissions	Number of Beneficiaries
5	3
4	11
3	59*

**One beneficiary had 2 separate sets of 3 continuous readmissions.*

We also analyzed the continuous readmissions on the provider and DRG levels. In CY 1996, there was a total of 133 incidences where beneficiaries had 3 or more continuous readmissions. Provider 2 in APPENDIX I had the most of these continuous readmissions--a total of 12 continuous readmissions for 4 beneficiaries. In the instances of 3 or more continuous readmissions, the most frequently occurring DRG for the second hospital stay was DRG 462 (rehabilitation). In CY 1997, there was a total of 106 incidences where beneficiaries had 3 or more continuous readmissions. Provider 6 in APPENDIX I had the most of these continuous readmissions--a total of 12 continuous readmissions for 4 beneficiaries. In the incidences of three or more continuous readmissions in CY 1997, DRG 462 and DRG 430 (psychoses) were the most frequently occurring DRG for the second hospital stay.

Also as a result of our analysis on the beneficiary level, we noted a substantial number of the readmitted beneficiaries had the same DRG for the first hospital stay and the second hospital stay. Of the 17,349 readmission claims in 1996, we noted 3,150 claims (18.2 percent) in

which the beneficiary had the same DRG for both hospital stays. Of the 17,164 readmission claims in 1997, there were 3,259 claims (19 percent) in which the DRGs for both hospital stays were the same. The HCFA should determine if this situation may be an indicator of a premature discharge or other problems, since the beneficiary was readmitted on the same day as discharge for the same diagnosis.

We will provide the details (hospital and beneficiary identifiers) of our analyses under separate cover. In addition, we would be glad to provide additional analyses upon request.

RECOMMENDATIONS

We recommend that HCFA:

- Make the data in this report available to all PROs so that they can use it in defining the thrust of their review activities.

- Perform reviews at hospitals having a larger than average number of same-day readmissions. At a minimum, we suggest that reviews be initiated at the 61 providers who had 30 or more same-day readmissions in either CY 96 or CY 97.

- Perform beneficiary-specific reviews on the claims of beneficiaries who had multiple continuous same-day readmissions. At a minimum, we suggest that reviews be initiated on the claims of the 73 beneficiaries who had 3 or more multiple continuous readmissions.

- Review a sample of same-day readmission claims in which the same-day readmission was coded with the same DRG as the first hospital stay.

Also, we would like HCFA officials to inform the OIG on their plans for these provider-specific and beneficiary-specific reviews of same-day readmissions so that we can coordinate our respective activities in this area since some individual hospital's actions may warrant a referral to our Office of Investigations.

HCFA COMMENTS

In response to our draft report, HCFA concurred with our recommendations and has shared our report with the PROs to help them assess potential problems and as a suggestion of the types of pattern analyses they should be doing in accordance with the PROs' sixth Scope of Work. In addition, HCFA will explore the feasibility of suspending payment for same-day readmissions pending verification of the appropriateness of the second admission or the initial discharge. We believe the PROs' reviews of the readmissions identified by our

analysis will help HCFA determine the appropriateness of payment suspension pending further development. The complete text of HCFA's comments is included in Appendix V.

TOP PROVIDERS WITH SAME-DAY DISCHARGES/READMISSIONS

PROVIDER	INSTANCES CY 96	INSTANCES CY 97	TOTAL	STATE
[redacted]	122	102	224	NY
[redacted]	129	54	183	TN
3	97	20	117	GA
4	24	93	117	WV
[redacted]	47	64	111	TN
6	8	95	103	NY
[redacted]	59	39	98	TN
[redacted]	35	60	95	LA
[redacted]	55	32	87	NY
[redacted]	44	40	84	NY
[redacted]	44	39	83	TX
[redacted]	44	38	82	KS
[redacted]	44	37	81	OH
14	51	29	80	OH
[redacted]	45	35	80	MO
[redacted]	35	41	76	OR
[redacted]	30	44	74	TX
18	17	56	73	MO
19	50	20	70	CA
[redacted]	35	32	67	MO
21	22	45	67	MO
22	9	57	66	MN
23	37	28	65	MS
[redacted]	32	33	65	MI
25	24	40	64	OH
26	18	43	61	GA
27	29	32	61	NY
28	48	12	60	KY
29	45	15	60	IN
30	45	15	60	TX
31	33	27	60	AL
32	32	28	60	NY
33	17	42	59	TX
34	26	33	59	OK
35	54	4	58	OK
36	4	53	57	PA
37	20	37	57	MS
38	44	11	55	MO
39	36	19	55	OH
40	0	53	53	CA
41	47	5	52	MO
42	36	16	52	OH
43	18	34	52	CO
44	19	33	52	MI
45	22	30	52	NY
46	13	38	51	OH
47	19	31	50	IL
48	32	17	49	NY
49	34	13	47	LA
50	31	16	47	CT

TOP PROVIDERS WITH SAME-DAY DISCHARGES/READMISSIONS

	INSTANCES			
PROVIDER	**CY 96**	**CY 97**	**TOTAL**	**STATE**
51	12	35	47	VA
52	35	10	45	NC
53	31	13	44	NY
54	35	7	42	LA
55	33	9	42	NY
56	12	30	42	OR
57	5	36	41	FL
58	33	6	39	GA
59	3	36	39	FL
60	35	3	38	NJ
61	3	30	33	PA
TOTAL	2,098	2,045	4,143	
UNIVERSE	17,349	17,164	34,513	
%	12.09%	11.91%	12.00%	

Shaded items are providers with 30 or more readmissions in both CY 1996 and CY 1997.

TOP 61 PROVIDERS DOLLAR VALUE OF READMISSIONS

PROVIDER	1996 1ST STAY	1996 2ND STAY	1997 1ST STAY	1997 2ND STAY	TOTAL 2ND STAY
[redacted]	$1,088,151.68	$2,239,901.99	$1,130,084.77	$1,744,364.15	$3,984,266.14
[redacted]	961,674.30	798,409.17	388,453.86	351,046.31	1,149,455.48
3	1,020,036.81	616,337.80	137,486.38	130,003.86	746,341.66
4	235,984.39	184,541.59	1,146,469.61	391,851.93	576,393.52
[redacted]	345,381.34	260,002.33	449,093.93	434,797.20	694,799.53
6	65,763.92	67,549.19	1,208,981.17	918,280.09	985,829.28
[redacted]	361,715.39	327,619.34	314,237.99	206,033.81	533,653.15
[redacted]	237,541.13	228,571.98	433,438.22	428,157.09	656,729.07
[redacted]	516,701.37	1,100,467.15	376,273.33	529,911.51	1,630,378.66
[redacted]	475,601.63	548,922.86	481,576.04	432,582.61	981,505.47
[redacted]	324,307.40	353,096.93	278,038.30	290,856.06	643,952.99
[redacted]	254,624.37	207,678.69	232,827.77	245,710.30	453,388.99
[redacted]	334,017.17	166,793.21	267,882.79	171,031.33	337,824.54
14	518,075.66	367,938.11	327,641.39	266,580.75	634,518.86
[redacted]	296,467.70	354,502.52	364,068.97	251,074.74	605,577.26
[redacted]	250,311.88	261,230.09	393,810.65	318,161.80	579,391.89
[redacted]	357,482.83	240,138.18	350,598.59	390,414.91	630,553.09
18	90,939.25	124,800.00	526,163.34	261,448.71	386,248.71
19	253,993.46	372,078.39	114,099.56	124,570.32	496,648.71
[redacted]	243,938.82	173,381.43	186,548.39	167,350.48	340,731.91
21	116,546.22	136,974.74	381,996.88	190,025.80	327,000.54
22	41,017.98	162,546.32	594,864.54	388,965.41	551,511.73
23	172,548.91	137,680.78	146,508.08	100,220.64	237,901.42
[redacted]	397,390.76	280,125.04	406,907.55	277,544.08	557,669.12
25	169,750.17	190,812.21	312,367.36	269,203.67	460,015.88
26	169,597.81	114,327.22	446,974.70	250,119.60	364,446.82
27	126,315.65	150,636.95	132,289.75	204,982.91	355,619.86
28	437,362.10	259,360.71	54,169.05	57,311.77	316,672.48
29	382,326.69	308,699.12	148,658.31	119,934.15	428,633.27
30	280,757.30	249,507.61	126,633.88	99,062.87	348,570.48
31	580,107.60	257,974.77	363,196.03	289,374.35	547,349.12
32	231,327.71	470,388.97	238,538.87	437,833.99	908,222.96
33	125,646.43	94,335.19	327,094.25	252,211.69	346,546.88
34	155,095.16	139,540.27	225,088.24	161,720.70	301,260.97
35	290,480.49	197,831.23	33,731.10	38,517.98	236,349.21
36	18,372.29	16,808.35	261,918.71	299,806.26	316,614.61
37	130,028.27	84,730.10	298,796.45	165,054.73	249,784.83
38	270,325.12	173,306.53	67,124.47	66,865.64	240,172.17
39	292,981.53	267,808.91	142,373.45	245,209.93	513,018.84
40	0.00	0.00	418,944.66	553,276.74	553,276.74
41	349,293.95	324,235.23	46,646.02	49,983.31	374,218.54
42	247,613.86	338,562.31	110,753.61	184,752.42	523,314.73
43	164,257.28	120,444.41	422,646.16	258,263.95	378,708.36
44	161,833.16	114,930.37	241,325.56	202,218.87	317,149.24
45	470,049.91	351,357.09	381,105.01	387,631.07	738,988.16
46	84,850.12	59,007.31	284,257.47	240,152.54	299,159.85
47	95,843.26	119,638.63	264,187.30	163,416.63	283,055.26

TOP 61 PROVIDERS DOLLAR VALUE OF READMISSIONS

PROVIDER	1996 1ST STAY	1996 2ND STAY	1997 1ST STAY	1997 2ND STAY	TOTAL 2ND STAY
48	$68,464.76	$88,618.59	$57,527.95	$117,184.55	$205,803.14
49	233,829.20	231,060.39	235,445.92	66,039.79	297,100.18
50	361,623.20	247,323.77	163,579.45	162,710.97	410,034.74
51	79,152.73	120,164.47	137,103.36	128,434.60	248,599.07
52	275,519.86	203,798.94	65,872.72	60,398.23	264,197.17
53	334,129.03	293,164.13	104,931.10	109,858.79	403,022.92
54	294,625.24	203,310.40	60,490.64	43,404.12	246,714.52
55	154,626.09	261,579.51	30,989.25	66,511.49	328,091.00
56	102,382.80	59,153.82	189,966.16	169,180.58	228,334.40
57	51,869.02	26,084.94	166,937.63	141,747.38	167,832.32
58	381,485.78	327,367.91	81,765.34	51,379.60	378,747.51
59	37,746.32	13,082.17	240,591.07	223,224.52	236,306.69
60	259,171.39	225,059.36	8,353.95	20,470.35	245,529.71
61	20,613.53	21,065.43	235,543.74	177,258.37	198,323.80
TOTAL	$16,849,669.18	$16,436,365.15	$17,765,970.79	$15,545,693.00	$31,982,058.15
UNIVERSE	$118,426,034.45	$112,087,535.99	$123,756,450.59	$114,523,102.78	$226,610,638.77
	14.23%	14.66%	14.36%	13.57%	14.11%

Highlighted items represent those providers with 30 or more readmissions in both CYs 1996 and 1997.

READMISSIONS IDENTIFIED BY STATE IN CY 1996/1997 SORTED BY TOTAL READMISSIONS

	STATE CODE	STATE	TOTAL # OF PROV	1996 # OF PPS READMS	1997 # OF PPS READMS	TOTAL READMS	1996 1ST STAY	1996 2ND STAY	1997 1ST STAY	1997 2ND STAY	TOTAL 2ND STAY
1	33	NEW YORK	207	1,603	1,367	2,970	$13,417,084.34	$14,828,410.04	$12,364,523.24	$12,458,457.83	$27,286,867.87
2	45	TEXAS	276	1,159	1,229	2,388	8,581,877.75	7,164,590.85	8,992,694.50	8,032,754.85	15,197,345.70
3	36	OHIO	139	1,015	986	2,001	7,240,661.81	6,386,636.16	7,503,508.06	6,827,594.48	13,214,230.64
4	5	CALIFORNIA	298	735	1,056	1,791	5,404,847.78	5,652,096.04	8,451,055.91	8,924,583.62	14,576,679.66
5	10	FLORIDA	168	686	1,020	1,706	4,470,541.22	4,085,256.60	7,533,909.96	7,053,011.07	11,138,267.67
6	39	PENNSYLVANIA	170	638	865	1,503	4,913,831.79	4,718,782.15	6,739,914.71	5,633,767.48	10,352,549.63
7	14	ILLINOIS	172	723	674	1,397	4,865,101.31	4,790,358.60	4,777,975.35	4,432,202.59	9,222,561.19
8	44	TENNESSEE	93	613	604	1,217	3,619,585.36	3,449,794.82	3,993,692.95	3,620,513.51	7,070,308.33
9	26	MISSOURI	97	619	486	1,105	3,587,986.89	3,990,187.81	3,400,168.51	2,800,441.42	6,790,629.23
10	31	NEW JERSEY	83	597	502	1,099	4,218,807.28	4,162,604.22	4,090,832.03	3,435,655.13	7,598,259.35
11	11	GEORGIA	113	600	448	1,048	4,782,419.80	3,807,473.40	3,356,382.06	3,061,274.53	6,868,747.93
12	34	NORTH CAROLINA	106	554	467	1,021	3,328,698.98	3,093,064.64	3,112,263.93	2,892,047.58	5,985,112.22
13	19	LOUISIANA	100	551	468	1,019	3,326,250.93	3,095,580.32	3,162,090.51	3,223,893.81	6,319,474.13
14	22	MASSACHUSETTS	80	544	456	1,000	4,261,767.60	3,914,383.78	3,349,116.87	3,283,661.28	7,198,045.06
15	49	VIRGINIA	87	504	426	930	3,368,462.39	2,808,803.98	3,071,993.48	2,386,910.42	5,195,714.40
16	1	ALABAMA	96	466	418	884	2,846,544.48	2,465,847.97	2,470,493.38	2,266,468.02	4,732,315.99
17	15	INDIANA	83	467	389	856	3,058,556.79	2,610,030.95	2,650,167.18	2,593,142.04	5,203,172.99
18	18	KENTUCKY	83	427	395	822	2,472,145.99	2,192,744.22	2,164,480.63	2,106,674.26	4,299,418.48
19	23	MICHIGAN	112	353	464	817	2,685,703.27	2,451,941.31	3,732,569.19	3,348,831.92	5,800,773.23
20	52	WISCONSIN	88	355	331	686	2,477,124.66	2,207,512.87	2,252,094.99	1,915,920.91	4,123,433.78
21	25	MISSISSIPPI	79	328	343	671	1,562,720.13	1,368,772.45	1,670,612.79	1,582,497.49	2,951,269.94
22	24	MINNESOTA	84	327	295	622	2,067,977.12	1,923,881.52	2,081,414.50	1,790,597.12	3,714,478.64
23	50	WASHINGTON	60	323	283	606	2,017,580.49	2,102,222.37	2,008,283.23	1,842,327.36	3,944,549.73
24	37	OKLAHOMA	84	306	248	554	1,697,886.19	1,533,383.89	1,601,586.94	1,366,221.69	2,899,605.58
25	7	CONNECTICUT	33	308	234	542	2,684,568.78	2,480,979.17	2,165,229.19	1,848,666.11	4,329,645.28
26	42	SOUTH CAROLINA	55	248	254	502	1,494,353.57	1,505,918.58	1,404,751.81	1,362,006.49	2,867,925.07
27	4	ARKANSAS	64	247	237	484	1,219,651.27	1,227,150.11	1,146,042.61	1,246,773.08	2,473,923.19
28	38	OREGON	46	213	252	465	1,368,824.78	1,195,143.67	1,705,159.63	1,486,809.05	2,681,952.72
29	6	COLORADO	46	197	245	442	1,295,691.18	1,498,004.03	1,927,166.67	1,809,153.76	3,307,157.79
30	51	WEST VIRGINIA	40	166	215	381	923,741.89	874,782.58	1,712,275.01	1,018,929.33	1,893,711.91
31	17	KANSAS	74	162	212	374	841,339.95	739,224.98	1,170,594.23	1,150,883.64	1,890,108.62
32	16	IOWA	69	166	177	343	873,706.61	905,137.51	867,727.22	812,473.81	1,717,611.32
33	3	ARIZONA	45	121	144	265	771,546.96	661,155.44	1,026,618.99	900,295.72	1,561,451.16
34	20	MAINE	34	130	104	234	757,255.02	699,513.29	487,669.03	470,191.65	1,169,704.94

READMISSIONS IDENTIFIED BY STATE IN CY 1996/1997 SORTED BY TOTAL READMISSIONS

	STATE CODE	STATE	TOTAL # OF PROV	1996 READMS	1997 READMS	TOTAL READMS	1996 1ST STAY	1996 2ND STAY	1997 1ST STAY	1997 2ND STAY	TOTAL 2ND STAY
35	46	UTAH	23	85	97	182	$733,640.36	$492,650.75	$770,641.86	$696,159.26	$1,188,810.01
36	28	NEBRASKA	32	97	72	169	698,139.40	452,125.02	290,038.11	359,116.23	811,241.25
37	40	PUERTO RICO	38	83	71	154	184,049.03	304,154.18	201,972.94	165,824.61	469,978.79
38	41	RHODE ISLAND	11	82	68	150	670,632.35	489,621.57	715,388.75	573,241.30	1,062,862.87
39	32	NEW MEXICO	24	69	75	144	479,052.09	331,735.37	427,932.04	453,894.38	785,629.75
40	27	MONTANA	25	66	67	133	312,935.95	329,327.34	312,930.67	300,413.64	629,740.98
41	13	IDAHO	22	64	67	131	348,933.61	461,585.62	455,528.04	359,986.86	821,572.48
42	30	NEW HAMPSHIRE	19	52	61	113	298,418.92	317,340.44	419,857.74	357,225.58	674,566.02
43	9	DISTRICT OF COLUMBIA	8	57	50	107	516,298.06	626,949.24	415,685.80	620,386.40	1,247,335.64
44	29	NEVADA	16	56	46	102	395,161.53	567,794.63	352,231.30	295,600.75	863,395.38
45	35	NORTH DAKOTA	12	34	27	61	199,516.00	191,131.46	162,775.84	182,678.72	373,810.18
46	12	HAWAII	12	23	37	60	158,972.78	118,910.86	291,539.71	296,536.55	415,447.41
47	53	WYOMING	15	25	29	54	214,410.73	116,880.71	205,888.10	188,281.91	305,162.62
48	43	SOUTH DAKOTA	19	26	27	53	182,532.00	98,800.67	140,283.51	165,992.04	264,792.71
49	8	DELAWARE	6	17	35	52	98,817.00	132,552.09	184,486.84	212,967.75	345,519.84
50	47	VERMONT	13	36	15	51	206,161.76	181,737.46	65,945.58	68,284.15	250,021.61
51	2	ALASKA	11	16	16	32	139,180.52	119,040.26	103,062.47	137,980.60	257,020.86
52	48	VIRGIN ISLANDS	2	10	6	16	84,338.00	163,828.00	80,850.00	90,910.00	254,738.00
53	65	GUAM	1		3	3			12,776.00	10,188.00	10,188.00
54	64	AMERICAN SAMOA	1		1	1			1,576.00	1,801.00	1,801.00
		TOTAL	3,774	17,349	17,164	34,513	$118,426,034.45	$112,087,535.99	$123,756,450.59	$114,523,102.78	$226,610,638.77

PERCENTAGE CHANGE OF READMISSIONS BY STATE IN DECENDING ORDER

	STATE CODE	STATE	# OF PROV	1996 READMS	1997 READMS	TOTAL READMS	% INCREASE (DECREASE)
1	8	DELAWARE	6	17	35	52	105.88%
2	12	HAWAII	12	23	37	60	60.87%
3	10	FLORIDA	168	686	1,020	1,706	48.69%
4	5	CALIFORNIA	298	735	1,056	1,791	43.67%
5	39	PENNSYLVANIA	170	638	865	1,503	35.58%
6	23	MICHIGAN	112	353	464	817	31.44%
7	17	KANSAS	74	162	212	374	30.86%
8	51	WEST VIRGINIA	40	166	215	381	29.52%
9	6	COLORADO	46	197	245	442	24.37%
10	3	ARIZONA	45	121	144	265	19.01%
11	38	OREGON	46	213	252	465	18.31%
12	30	NEW HAMPSHIRE	19	52	61	113	17.31%
13	53	WYOMING	15	25	29	54	16.00%
14	46	UTAH	23	85	97	182	14.12%
15	32	NEW MEXICO	24	69	75	144	8.70%
16	16	IOWA	69	166	177	343	6.63%
17	45	TEXAS	276	1,159	1,229	2,388	6.04%
18	13	IDAHO	22	64	67	131	4.69%
19	25	MISSISSIPPI	79	328	343	671	4.57%
20	43	SOUTH DAKOTA	19	26	27	53	3.85%
21	42	SOUTH CAROLINA	55	248	254	502	2.42%
22	27	MONTANA	25	66	67	133	1.52%
23	2	ALASKA	11	16	16	32	0.00%
24	44	TENNESSEE	93	613	604	1,217	-1.47%
25	36	OHIO	139	1,015	986	2,001	-2.86%
26	4	ARKANSAS	64	247	237	484	-4.05%
27	52	WISCONSIN	88	355	331	686	-6.76%
28	14	ILLINOIS	172	723	674	1,397	-6.78%
29	18	KENTUCKY	83	427	395	822	-7.49%
30	24	MINNESOTA	84	327	295	622	-9.79%
31	1	ALABAMA	96	466	418	884	-10.30%
32	9	DISTRICT OF COLUMBIA	8	57	50	107	-12.28%
33	50	WASHINGTON	60	323	283	606	-12.38%
34	40	PUERTO RICO	38	83	71	154	-14.46%
35	33	NEW YORK	207	1,603	1,367	2,970	-14.72%
36	19	LOUISIANA	100	551	468	1,019	-15.06%
37	49	VIRGINIA	87	504	426	930	-15.48%
38	34	NORTH CAROLINA	106	554	467	1,021	-15.70%
39	31	NEW JERSEY	83	597	502	1,099	-15.91%
40	22	MASSACHUSETTS	80	544	456	1,000	-16.18%
41	15	INDIANA	83	467	389	856	-16.70%
42	41	RHODE ISLAND	11	82	68	150	-17.07%
43	29	NEVADA	16	56	46	102	-17.86%
44	37	OKLAHOMA	84	306	248	554	-18.95%
45	20	MAINE	34	130	104	234	-20.00%
46	35	NORTH DAKOTA	12	34	27	61	-20.59%
47	26	MISSOURI	97	619	486	1,105	-21.49%
48	7	CONNECTICUT	33	308	234	542	-24.03%
49	11	GEORGIA	113	600	448	1,048	-25.33%
50	28	NEBRASKA	32	97	72	169	-25.77%
51	48	VIRGIN ISLANDS	2	10	6	16	-40.00%
52	47	VERMONT	13	36	15	51	-58.33%
53	65	GUAM	1		3	3	
54	64	AMERICAN SAMOA	1		1	1	
		TOTAL	**3,774**	**17,349**	**17,164**	**34,513**	

DEPARTMENT OF HEALTH & HUMAN SERVICES

Health Care Financing Administration

The Administrator
Washington, D.C. 20201

DATE: JAN 2 1 2000

TO: June Gibbs Brown
Inspector General

FROM: Nancy-Ann Min DeParle
Administrator

SUBJECT: Office of the Inspector General (OIG) Draft Report: "Analysis of Readmission Under the Medicare Prospective Payment System for Calendar Years 1996 and 1997" (A-14-99-00401)

Thank you for the opportunity to comment on the issues raised in the above-referenced report. The OIG report examined Medicare prospective payment system (PPS) claims in which a beneficiary was discharged and subsequently readmitted on the same day to the same PPS hospital.

The Health Care Financing Administration (HCFA) will take all steps necessary to ensure that quality of care problems are corrected so that beneficiaries can remain confident that the care they receive is the best available. HCFA believes that hospitals do understand the Medicare rules and regulations pertaining to discharging patients. Same-day readmissions, particularly those that involve more than two consecutive readmissions, should be reviewed because of quality and financial integrity concerns. Although such situations must be carefully reviewed, these situations should be placed in the proper context.

During calendar year (CY) 1996, inpatient hospital PPS payments totaled approximately $84 billion, including payment for capital, compared to the "over $112 million" received by hospitals for same-day readmission stays. In CY 1997, PPS payments totaled approximately $86 billion, including capital, compared to the $114 million received by hospitals for same-day readmissions. In each of the 2 years, there were about 11 million admissions compared to the "over 17,000 claims" in which a beneficiary was discharged and subsequently readmitted on the same day to the same PPS hospital. We note that not all of these same-day readmissions may have been inappropriate. Finally, approximately 3,200 providers were identified by the OIG as having same-day readmissions out of approximately 5,000 PPS hospitals. However, only 61 providers, out of about 5,000, had 30 or more readmissions in either CY 1996 or CY 1997 (the criteria chosen by the OIG to determine whether a provider has a higher than average level of same-day readmissions).

We concur with the report recommendations. Our comments are attached.

Attachment

"Analysis of Readmission Under the Medicare Prospective Payment System for Calendar Years 1996 and 1997 " (A-14-99-00401)

OIG Recommendation 1
HCFA should make the data in this report available to all Peer Review Organizations (PROs) so that they can use it in defining the thrust of their review activities.

HCFA Response
We concur; but given the relatively small magnitude of both the cases as well as payments, reviewing same-day readmissions may not emerge as a top-priority focus of PROs' activities. We have already taken steps to share the report with all of the PROs. Under the Sixth Scope of Work (6SOW), all PROs will be conducting a Payment Error Prevention Program (PEPP) as well as the Health Care Quality Improvement Program. Under PEPP, each PRO will conduct an analysis of Medicare billing data within its respective state, looking for patterns suggestive of potential billing or care problems. HCFA will ask PROs to include same-day readmission as a potential source of payment errors.

OIG Recommendation 2
HCFA should perform reviews at hospitals having a larger than average number of same-day readmissions. At a minimum, we suggest that reviews be initiated at the 61 providers who had 30 or more same-day readmissions in either CY 1996 or CY 1997.

HCFA Response
We concur; but note that a review of all hospitals with a larger than average number of same-day readmissions is potentially burdensome. However, HCFA will suggest to PROs that as part of the PEPP, they may with to review same-day readmissions at hospitals that have 30 or more same-day readmissions. Under the PEPP, each PRO will be allowed to concentrate its efforts where the PRO deems it can have the highest probability of reducing the State's overall payment error rate.

OIG Recommendation 3
HCFA should perform beneficiary-specific reviews on the claims of beneficiaries who had multiple continuous same-day readmissions. At a minimum, OIG suggests that reviews be initiated on the claims of the 73 beneficiaries who had 3 or more multiple continuous readmissions.

HCFA Response
We concur. When PROs conduct analysis of same-day readmissions, PROs will examine same-day readmissions with the same diagnosis related groups as the first hospital stay.

"Analysis of Readmission Under the Medicare Prospective Payment System for Calendar Years 1996 and 1997" (A-14-99-00401)

OIG Recommendation 4

HCFA should review a sample of same-day readmission claims in which the same-day readmission was coded with the same diagnosis related group as the first hospital stay.

HCFA Response

We concur. This information will be made available to the PROs to include in their PEPP pattern analyses. Where a PRO identifies a pattern of same-day readmissions, HCFA expects the PRO to take action to identify the causes and correct any identified payment errors and quality of care problems, and change provider behavior in order to prevent future errors.

Additional Comments

1. We will explore the feasibility of suspending payment for same-day readmissions pending verification of the appropriateness of the second admission (or the initial discharge). We cannot make such a change in our claims processing systems at this time because we are in the midst of making systems changes to implement major provisions of the Balanced Budget Act of 1997. In addition, we will soon be making systems changes to implement the provisions of the recently enacted Balanced Budget Refinement Act of 1999.