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Dear Ms. Froud and Ms. Kreiger,

On behalf of 99 hospital and health systems, the Washington State Hospital Association appreciates the opportunity to comment on the stakeholder draft of the proposed new Washington Administrative Code (WAC) chapter *Payment adjustment for potentially preventable readmissions*, WAC 182-550-3840. We appreciate the steps the Washington State Health Care Authority (Authority/HCA) is taking to communicate the new policy and obtain feedback from hospitals.

We believe the draft rule is a good faith expression of the Authority's intent to implement the policy in a manner consistent with approach conveyed with the WSHA member task force. We ask that some of the specifics discussed at the meetings be more specifically included in the rule. We also want to ensure the language provides the Authority sufficient flexibility to ensure the mechanism described in the draft rule continues to conform to the Authority's intent.

Below, please see our comments addressing some specific areas of the WAC:

- **WAC 182-550-380 (4) (c)** indicates "Non-qualifying admissions identified by the PPR software under standard settings are excluded from the determination of excess PPR chains". We are concerned that certain exclusions agreed on by the Authority and currently in the software could change without the HCA's intent should 3M later change its standard settings. We believe it is critical that the readmissions policy be driven by HCA, in consultation with a hospital advisory group, rather than by the 3M Corporation. We ask that the exclusions indicated in the materials provided to the task force, for example those related to oncology related admissions, be specifically mentioned, with language to the effect of "Initial exclusions shall also include at a minimum, the following claims:" followed by the agreed upon exclusions.

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We also believe there should be a process where HCA reviews changes to the 3M PPR programming prior to implementation to ensure they are consistent with HCA intent. We suggest wording to the effect of "HCA will review changes to any exclusions in the PPR software to determine if those changes will be adopted."

HCA communicated to the task force that certain types of services, such as pediatric admissions and admissions that included a mental health diagnosis, would be factored into the calculation of the expected PPR chains for the affected facilities. We would like that included in the proposed rule.

- **WAC 182-550-380 (4) (f)** describes the process for adjustments to the readmission adjustment factors. We appreciate HCA's stated intent that the aggregate payment reduction would not exceed the savings obtained under the previous policy. We also appreciate HCA's intent that the reduction would not exceed more than one percent for any individual hospital. HCA indicated a willingness to review the continuing need and efficacy of rate penalties on reducing readmissions in considering the degree of prospective rate reductions. We believe over time, reductions in readmissions due to care improvements and improved aftercare coordination will provide sufficient savings that will enable the level of rate reductions can be reduced or eliminated. Also, the draft WAC does not address the HCA's commitment to provide hospitals with reports identifying their facility's PPRs to help them with care improvements and aftercare coordination. As this is an integral piece of the program, we request that it be mentioned in the rule.

An additional overall concern discussed during our meetings, though not part of this rule, is the effect on payments from Medicaid managed care plans. For claims paid directly by HCA, the adjusted rates replace the legacy policy that involved denials of specific claims. HCA staff indicated their intent to include language in the managed care contracts that would prohibit plans that base their payment on the posted HCA rates from also performing admissions-specific denials. We ask that this language be included in the managed care contracts as soon as possible.

Thank you for considering the comments above. We welcome the opportunity to discuss our points further and look forward to working with you in further stages of rule development.

Sincerely,



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Senior Vice President  
Policy Development



Andrew Busz  
Policy Director, Finance