



STATE OF OKLAHOMA  
OKLAHOMA HEALTH CARE AUTHORITY

SPARC Agenda  
March 22, 2016  
10:00 AM  
Oklahoma Health Care Authority Boardroom

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**Rate issues to be addressed:**

1. Hospital Potentially Preventable Readmissions (PPR).....Page 1-2
2. DRG Outlier Payments on Transfers.....Page 3-4

## Hospital Potentially Preventable Readmissions (PPR)

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1. **Is this a “Rate Change” or a “Method Change”?**

Rate change

2. **Is this change an increase, decrease, or no impact?**

Decrease

3. **Presentation of issue – Why is change being made?**

The Oklahoma Health Care Authority (OHCA) is implementing a Hospital Potentially Preventable Readmissions (PPR) program. This program will include a PPR target rate, which is different from the PPR rate that would be “expected” based on statewide data. The target rate is expressed as a percentage of the expected rate.

4. **Current methodology and/or rate structure.**

There is no current target rate.

5. **New methodology or rate.**

The OHCA recommends setting the target rate for the Potentially Preventable Readmissions program to 102% for CY 2015 data and decreasing 1% per year until the target is 100% (101% for CY 2016 data, 100% for CY 2017 data and beyond). A target of 102% means OHCA would allow a hospital to have 102% of the potentially-preventable admissions that we would expect (100%) based on statewide data (for all hospitals) before we assess a penalty. In other words, a hospital can do slightly worse than would be expected based on their case mix (and compared to all hospitals) and still not be assessed a penalty.

6. **Budget estimate.**

The penalties assessed for the Hospital PPR program are expected to result in a state fiscal year 2016 budget savings of approximately \$1,571,145 total dollars, \$612,904 state share.

7. **Agency estimated impact on access to care.**

The Oklahoma Health Care Authority does not anticipate any impact on access to care. The Oklahoma Health Care Authority has appropriate measures in place to monitor any positive or negative impact to access or quality of care.

8. **Rate or Method change in the form of a motion.**

The Oklahoma Health Care Authority requests the State Plan Amendment Rate Committee approve the PPR target rate of 102% for CY 2015 data and decreasing 1% per year until the target is 100% (101% for CY 2016 data, 100% for CY 2017 data and beyond).

**9. Effective date of change.**

March 24, 2016

## Diagnosis-Related Group (DRG) Transfer Outlier Payments

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1. **Is this a “Rate Change” or a “Method Change”?**

Method change

2. **Is this change an increase, decrease, or no impact?**

No Impact

3. **Presentation of issue – Why is change being made?**

The Oklahoma Health Care Authority (OHCA) recommends a revision to the current methodology and reimbursement structure for Diagnosis-Related Group (DRG) Hospital Payments related to transfers.

On July 1, 2015, OHCA implemented a new reimbursement method for DRG transfers. At that time, OHCA stated that outlier payments would not be allowed for the transferring facility. Due to the resulting unintentional and negative impact, OHCA reversed that decision. The transfer payment method is still in place, the only change is outlier payments are allowed when applicable.

4. **Current methodology and/or rate structure.**

Transfers pay the lesser of transfer fee or Diagnosis-Related Group (DRG). In the case of a transfer, the Transfer Allowable Fee for the Transferring Facility shall be calculated as follows:  $\text{Transfer Allowable Fee} = (\text{MS-DRG Allowable Fee} / \text{Mean Length of Stay}) \times (\text{Length of Stay} + 1 \text{ day})$ . The total Transfer Allowable Fee paid to the transferring facility shall be capped at the amount of the MS-DRG Allowable Fee for a non-transfer case. No outlier payments will be paid to the transferring hospital on transfer cases. Payment to the receiving facility, if it is also the discharging facility, will be at the DRG allowable plus outlier if applicable.

\*MS-DRG means Medical Severity Diagnosis Related Groups

5. **New methodology or rate.**

Same method, except outlier payments will be paid to the transferring hospital, if applicable.

6. **Budget estimate.**

There is no budget impact for this change. The anticipated savings from the prior SPARC was never accounted for in the budget since the outlier piece of the transfer policy was never fully implemented.

7. **Agency estimated impact on access to care.**

The Oklahoma Health Care Authority does not anticipate any impact on access to care. The Oklahoma Health Care Authority has appropriate measures in place to monitor any positive or negative impact to access or quality of care.

8. **Rate or Method change in the form of a motion.**

The Oklahoma Health Care Authority requests the State Plan Amendment Rate Committee to approve the method change for the DRG Hospital payments related to outliers paid for transfer cases.

9. **Effective date of change.**

March 24, 2016