

# ADMINISTRATIVE POLICY STATEMENT

## Michigan Coordinated Health

Policy Name & Number	Date Effective
Readmission-MI Coordinated Health-AD-1604	01/01/2026
Policy Type	
ADMINISTRATIVE	

Administrative Policy Statements are derived from literature based on and supported by clinical guidelines, nationally recognized utilization and technology assessment guidelines, other medical management industry standards, and published MCO clinical policy guidelines. Medically necessary services include, but are not limited to, those health care services or supplies that are proper and necessary for the diagnosis or treatment of disease, illness, or injury and without which the patient can be expected to suffer prolonged, increased, or new morbidity, impairment of function, dysfunction of a body organ or part, or significant pain and discomfort. These services meet the standards of good medical practice in the local area, are the lowest cost alternative, and are not provided mainly for the convenience of the member or provider. Medically necessary services also include those services defined in any Evidence of Coverage or Certificate of Coverage documents, Medical Policy Statements, Provider Manuals, Member Handbooks, and/or other plan policies and procedures.

Administrative Policy Statements do not ensure an authorization or payment of services. Please refer to the plan contract (often referred to as the Evidence of Coverage or Certificate of Coverage) for the service(s) referenced in the Administrative Policy Statement. Except as otherwise required by law, if there is a conflict between the Administrative Policy Statement and the plan contract, then the plan contract will be the controlling document used to make the determination.

According to the rules of Mental Health Parity Addiction Equity Act (MHPAEA), coverage for the diagnosis and treatment of a behavioral health disorder will not be subject to any limitations that are less favorable than the limitations that apply to medical conditions as covered under this policy.

### Table of Contents

A. Subject .....	2
B. Background .....	2
C. Definitions.....	2
D. Policy .....	4
E. Conditions of Coverage .....	7
F. Related Policies/Rules .....	7
G. Review/Revision History .....	7
H. References .....	7

A. Subject  
**Readmission**

B. Background

Following a hospitalization, readmission within 30 days is often a costly preventable event and a quality-of-care issue. It has been estimated that readmissions within 30 days of discharge can cost health plans more than \$1 billion dollars on an annual basis. Readmissions can result from many situations but most often are due to lack of transitional care or discharge planning. Readmissions can be a major source of stress to the patient, family and caregivers. However, there are some readmissions that are unavoidable due to the inevitable progression of the disease state or due to chronic conditions.

The purpose of this policy is to improve the quality of acute care and transitional care rendered to HAP CareSource members on initial admission that are paid using the DRG methodology, including, but not limited to, improving communication between the patient, caregivers and clinicians, providing patient education needed to maintain care at home to prevent a readmission, performing pre-discharge assessment to ensure the patient is ready to be discharged, and providing effective post-discharge coordination of care.

C. Definitions

- **Appropriate Post-Discharge Site of Care** – Determinants of appropriate site include, but are not limited to, assessment of the medical, functional, and social aspects of a member's illness.
- **Ineffective Discharge Planning** – Readmissions will be reviewed for adequacy of follow-up care and outpatient management using accepted practice guidelines and treatment protocols. Documentation should support that reasonable attempts by the hospital were taken to address placement and access-to-treatment difficulties, including but not limited to, collaboration with social services and connecting member to community resources. Examples of ineffective discharge planning include, but are not limited to, inadequate medication management, lack of communication with providers delivering the follow-up care, inadequate outpatient follow up or treatment, failure to address rehabilitation needs such as inability to provide self-care, and failed discharge/transfer to another facility such as lack of orders or medication reconciliation.
- **Planned Readmission** – A non-acute admission for a scheduled procedure for limited types of care to include: obstetrical delivery, transplant surgery and maintenance chemotherapy/radiotherapy/immunotherapy.
- **Potentially Preventable Readmission (PPR)** – A readmission within a specific time frame that is clinically related and may have been prevented had appropriate care and/or transitional follow-up care been provided during the initial hospital stay and discharge process. A PPR is determined when, based on HAP CareSource

The ADMINISTRATIVE Policy Statement detailed above has received due consideration as defined in the ADMINISTRATIVE Policy Statement Policy and is approved.

guidelines, it is determined that the patient was discharged prematurely or had ineffective transitional care.

- **Premature Discharge** – Occurs when a member is discharged even though they should have remained in the hospital for further testing or treatment or was not medically stable at the time of discharge. A member is not medically stable when the member's condition is such that it is medically unsound to discharge or transfer the patient. Evidence such as elevated temperature, postoperative wound draining or bleeding, or abnormal laboratory studies on the day of discharge indicate that a member may have been prematurely discharged from the hospital. Symptoms that had onset or were present during a previous admission and subsequently worsened, leading to a readmission, are a possible indicator of a premature discharge. Discharge prior to establishing the safety or efficacy of a new treatment regimen is also considered a premature discharge.
- **Readmission** – Admissions to an acute, general, inpatient facility (IPF) occurring within 30 days from the date of discharge from the same facility. Neither the day of discharge nor the day of admission are counted when determining whether a readmission has occurred.
- **Same day** – HAP CareSource delineates same day as midnight to midnight of a single day.
- **Same or Similar Condition** – A condition or diagnosis that is the same or a similar condition as the diagnosis or condition that is documented on the initial admission.
- **Diagnosis Related Groups (DRGs)** – A patient classification scheme which provides a means of relating the type of patients a hospital treats (ie, its case mix) to the costs incurred by the hospital. DRGs have been established as the basis of Medicare's hospital reimbursement system.
- **Planned Readmission** – A non-acute admission for a scheduled procedure for limited types of care to include obstetrical delivery, transplant surgery and maintenance chemotherapy/radiotherapy/immunotherapy.
- **Potentially Preventable Obstetrical Readmissions** – A readmission due to a preterm or post-partum complication, including but not limited to
  - o retained placenta
  - o retained products of conception
  - o post-partum sepsis
  - o other acquired hospital acquired condition
- **Potentially Preventable Readmission (PPR)** – Readmission to a hospital for a reason that is considered unplanned and potentially preventable.
- **Pre-Existing Condition** – A chronic health condition the patient had before the date of the admission.
- **Readmission** – Admissions to an acute, general, inpatient facility (IPF) occurring within 30 days from the date of discharge from the same facility. Neither the day of discharge nor the day of admission are counted when determining whether a readmission has occurred.
- **Related Medical Condition** – Medical condition or diagnosis that is related or associated to the original admission.

The ADMINISTRATIVE Policy Statement detailed above has received due consideration as defined in the ADMINISTRATIVE Policy Statement Policy and is approved.

- **Same or Similar Condition** – A condition or diagnosis that is the same or a similar condition as the diagnosis or condition that is documented on the initial admission.
- **Unrelated Medical Condition** – Medical condition or diagnosis that is not related or associated to the original admission.

#### D. Policy

- I. This administrative policy defines the payment rules for hospitals and acute care facilities that are reimbursed for inpatient or observational services for the following categories:
  - A. Same day Readmission or observational stay for a related condition within 1 day of inpatient discharge.
  - B. Same day Readmission or observational stay for an unrelated condition within 1 day of inpatient discharge.
  - C. Planned readmissions and/or leave of absence.
  - D. Unplanned admissions to an acute, general, short-term hospital occurring within 30 days from the date of discharge from the same IPF.
- II. An administrative review of all readmissions will take place based on the following Medicare readmission review criteria:
  - A. Readmission or observational stay within 2-30 days of inpatient discharge for a related condition:
    1. HAP CareSource will conduct an administrative review to ensure that billing guidelines were followed based on Chapter 3, Section 40.2.5 (Repeat Admissions) in the Medicare Claims Processing Manual which requires that the acute, general, short-term hospital combine the 2 admissions on 1 claim.
    2. If the member is readmitted within 1 day of inpatient discharge HAP CareSource will deny the claim as separate DRG's. The facility must submit the initial and the subsequent admission on 1 claim to be considered for reimbursement.
  - B. Same day readmission or observational stay for an unrelated condition criteria within 1 day of inpatient discharge:
    1. HAP CareSource will administratively deny within 1 day of discharge date of an inpatient claim. An administrative review will be conducted for readmissions that occur within 2-30 days of a previous discharge to ensure that billing guidelines were followed based on Chapter 3, Section 40.2.5 (Repeat Admissions) in the Medicare Claims Processing Manual which requires that the acute, general, short-term hospital to bill the claims separately but the claim that contains an admission date that is the same as the discharge date must include condition code B4 as indicated in the Medicare billing guidelines.
  - C. Planned readmission and/or leave of absence criteria:
    1. When a readmission to the same acute care facility or hospital is expected and the member does not require a hospital level of care during the timeframe between the two admissions, the member may be placed on leave of absence by the provider.

The ADMINISTRATIVE Policy Statement detailed above has received due consideration as defined in the ADMINISTRATIVE Policy Statement Policy and is approved.

- a. HAP CareSource follows the Medicare Inpatient Hospital Services billing guidelines found in the Medicare Claims Processing Manual, Chapter 3 for leave of absence billing guidelines which requires that the facility submit one claim and receive one combined DRG payment for both admissions.
  - b. Examples of a planned readmission include, but are not limited to, situations where surgery could not be scheduled immediately due to scheduling availability, a specific surgical team that is needed for the procedure is not available, bilateral “staged” surgery was planned, or when further treatment is indicated following diagnostic tests but cannot begin at the time of initial admission.
  - c. HAP CareSource reserves the right to request medical records to determine if the claim was properly billed.
  - d. Leave of absence does not apply to cancer chemotherapy or similar repetitive treatments.
- D. Unplanned readmission criteria:
1. HAP CareSource will review the clinical documentation on all readmissions to determine if the second admission was a potentially preventable readmission (PPR) based on the following guidelines:
    - a. The readmission is due to a premature discharge of patient.
    - b. Based on medically appropriate professionally recognized standard of health care, the member could have received the care from the readmission during the first admission.
    - c. The readmission is due to ineffective discharge planning.
      01. The following should be completed prior to discharge:
        - (1). A discharge planning evaluation including, but not limited to assessment of the following:
          - i. The likelihood of the need for appropriate post-hospital services including addressing rehabilitation needs
          - ii. appropriate arrangements for post-hospital care
          - iii. availability of appropriate services which would include services such as medical, transportation, meals, and household services
          - iv. Need for and feasibility of specialized medical equipment
          - v. Capacity for self-care, or alternatively to be cared for by others
          - vi. Criticality of the appropriate services
          - vii. Readmission risk score or severity score
          - viii. Member’s access to appropriate services
        02. A provider should take into account a number of factors when determining if member is ready for discharge including, but not limited to:
          - (1). Cognitive status
          - (2). Activity level and functional status
          - (3). Current home and suitability for member’s condition (i.e. stairs)

The ADMINISTRATIVE Policy Statement detailed above has received due consideration as defined in the ADMINISTRATIVE Policy Statement Policy and is approved.

- (4). Availability of family or community support
  - (5). Ability to obtain medications and services
  - (6). Ability to meet nutritional needs
  - (7). Availability of transportation for follow up care and
  - (8). Availability of community services
  - 03. Documentation should support the following discharge standards:
    - (1). A discharge plan that includes the provider(s) responsible for follow up care (The discharge planning evaluation should be used as a guide in the development of the discharge plan)
    - (2). All necessary medical information pertinent to illness and treatment, post-discharge goals of care was provided to the appropriate post-acute care service providers at the time of discharge
    - (3). Coordination and/or referrals with the HAP CareSource case manager, community agencies, and providers responsible for follow up care
    - (4). Completion of medication reconciliation/management
    - (5). Needed DME and supplies in place prior to discharge
    - (6). Scheduled appointments listed with dates, times, names, telephone numbers and addresses
    - (7). Member/guardian and family engagement as needed
  - E. Member non-adherence with treatment plan will be considered for payment if all of the following criteria is adequately documented:
    - 1. Physician orders were appropriately communicated to the member
    - 2. The member or guardian is mentally competent and capable of following the discharge instructions
    - 3. The member or guardian made an informed decision not to follow the discharge instructions
    - 4. The nonadherence is clearly documented in the medical record
- NOTE: A readmission may be medically necessary but may also be deemed preventable.
- F. The following readmission criteria listed below are excluded from administrative Review per this readmission policy
    - 1. If the member is being transferred from an out-of-network to an in-network facility or if the member is being transferred to a facility that provides care that was not available at the initial facility
    - 2. Transfers to distinct psychiatric units within the same facility. When transferring within the same facility, documentation must show that the diagnosis necessitating the transfer was psychiatric in nature and that the patient received active psychiatric treatment
    - 3. If the readmission is part of planned repetitive treatments or staged treatments, such as chemotherapy or staged surgical procedures
    - 4. Readmissions where the discharge status of the first discharge was "left

The ADMINISTRATIVE Policy Statement detailed above has received due consideration as defined in the ADMINISTRATIVE Policy Statement Policy and is approved.

- against medical advice (AMA)”
5. Obstetrical readmissions and
  6. Behavioral health readmissions

NOTE: Errors made at the receiving facility unrelated to the orders it received upon transfer (eg, falls, treatment delivery failure) will not result in a payment denial for the readmission.

- III. Prior authorization of the initial or subsequent inpatient stay or admission to observation status is not a guarantee of payment and are subject to administrative review as well as review for medical necessity at the discretion of HAP CareSource.
  - A. All inpatient prior authorization requests that are submitted without medical records will automatically deny which will result in a denial of the claim.

- IV. Post Service Review Process:
 

HAP CareSource reserves the right to monitor and review claim submissions to minimize the need for post service claim adjustments as well as review payments retrospectively.

  - A. Medical records for both admissions must be included upon request of claim review to determine if the admission(s) is appropriate or is considered a readmission. Failure from the acute care facility or inpatient hospital to provide complete medical records will result in an automatic denial of the claim.

- V. Provider preventable conditions, sentinel events and serious reportable events are not reimbursable.

E. Conditions of Coverage  
NA

F. Related Policies/Rules  
NA

G. Review/Revision History

DATE		ACTION
<b>Date Issued</b>	07/16/2025	New policy. Approved at Committee.
<b>Date Revised</b>		
<b>Date Effective</b>	01/01/2026	
<b>Date Archived</b>		

H. References

1. Case Review. Quality Improvement Organization Manual Chapter 4. US Centers for Medicare and Medicaid Services; 2014. Accessed June 27, 2025. [www.cms.gov](http://www.cms.gov)
2. Eliminating Serious, Preventable, and Costly Medical Errors – Never Events Center for Medicare & Medicaid Services; 2006. Accessed June 27, 2025. [www.cms.gov](http://www.cms.gov)
3. Goldfield NI, McCullough EC, Hughes JS, et al. Identifying potentially preventable

The ADMINISTRATIVE Policy Statement detailed above has received due consideration as defined in the ADMINISTRATIVE Policy Statement Policy and is approved.

- readmissions. Health Care Financing Rev. 2008;30(1):75-91. Accessed June 27, 2025. [www.ncbi.nlm.nih.gov](http://www.ncbi.nlm.nih.gov)
4. Hospital-acquired conditions. Centers for Medicare & Medicaid Services. Updated September 10, 2024. Accessed June 27, 2025. [www.cms.gov](http://www.cms.gov)
  5. Hospital Readmission Reduction Program (HRRP). US Centers for Medicare and Medicaid Services. Updated September 10, 2024. Accessed June 27, 2025. [www.cms.gov](http://www.cms.gov)
  6. List of SREs. National Quality Forum. Accessed June 27, 2025. [www.qualityforum.org](http://www.qualityforum.org)
  7. McIlvennan CK, Eapen ZJ, Allen LA. Hospital readmissions reduction program. *Circulation*. 2015;131(20):1796-1803. doi:0.1161/CIRCULATIONAHA.114.010270