



JENNIFER KENT
DIRECTOR

State of California—Health and Human Services Agency
Department of Health Care Services



EDMUND G. BROWN JR.
GOVERNOR

DATE: September 21, 2016

ALL PLAN LETTER 16-011
SUPERSEDES ALL PLAN LETTER 15-006

TO: ALL MEDI-CAL MANAGED CARE HEALTH PLANS

SUBJECT: REPORTING REQUIREMENTS RELATED TO PROVIDER
PREVENTABLE CONDITIONS

PURPOSE:

The purpose of this All Plan Letter (APL) is to inform all Medi-Cal managed care health plans (MCPs) of updated reporting requirements for encounter data resulting from provider preventable conditions (PPCs). These new PPC reporting requirements were issued by the federal Centers for Medicare & Medicaid Services (CMS) in rulemaking CMS-2390-F¹, dated March 30, 2016. This APL incorporates and supersedes APL 15-006.

BACKGROUND:

Pursuant to Title 42 of the Code of Federal Regulations (CFR), Sections 434.6(a)(12)(i) and 447.26, states are prohibited from permitting payment to Medicaid providers for treatment of PPCs. PPCs include both the “Health Care Acquired Conditions” (HCACs) defined in section 1886(d)(4)(D)(ii) and (iv) of the Social Security Act and “Other Provider Preventable Conditions” (OPPCs). The Attachment contains the minimum set of such conditions defined by CMS. CMS further defined OPPCs as conditions that 1) are identified by the State plan; 2) are reasonably preventable through the application of procedures supported by evidence-based guidelines; 3) have negative consequence for the beneficiary; 4) are auditable; and 5) include, at a minimum, the procedures listed in Table 1. As of July 1, 2012, CMS stopped making payments for HCACs that occur in an inpatient setting or for OPPCs that occur in any health care setting.

The Department of Health Care Services (DHCS) informed Medi-Cal fee-for-service (FFS) providers of reporting requirements in August 2012 by publishing announcements

¹ CMS-2390-F is available at: <https://s3.amazonaws.com/public-inspection.federalregister.gov/2016-09581.pdf>.

on its website newsroom² and through a Provider Bulletin on its website for Medi-Cal Providers.³ This information is available on the following webpages:

- DHCS guidelines are available on DHCS's website at:
http://www.dhcs.ca.gov/individuals/Pages/AI_PPC.aspx.
- DHCS Frequently Asked Questions are available at:
<http://www.dhcs.ca.gov/individuals/Pages/PPCFAQ.aspx>.

POLICY:

In rulemaking CMS-2390-F, CMS specified that MCPs must now report PPC-related encounters "in a form and frequency as specified by the State" per Title 42 CFR Section 438.3(g). Accordingly, MCPs must screen the encounter data, including data received from their network providers, for the presence of the PPCs included on Form DHCS 7107⁴ on a monthly basis.

Each MCP must report any identified PPCs pursuant to the instructions provided on Form DHCS 7107 and in accordance with the steps enumerated below. In the future, DHCS will transition to electronic submission of the forms to replace paper submission. At the time in which the online portal is available, DHCS will send a detailed communication to the plans with instructions for use of the portal.

MCPs must:

1. Review encounter data submitted by network providers for evidence of PPCs that must be reported using the Form DHCS 7107 beginning on the date of the issuance of this APL;
2. Complete the Form DHCS 7107 for each PPC and FAX to (916) 440-5060 or mail to the appropriate DHCS address at the Audits & Investigation (A&I) Division listed at the bottom of the form;
3. Issue a special notice informing all of their network providers that they must report PPCs to DHCS using the Form DHCS 7107;
4. Require their network providers to also send them a copy of the Form DHCS 7107 sent to the A&I Division; and
5. Retain copies of all submissions.

DHCS recommends that each MCP designate a staff member to screen and identify PPCs among the MCP's encounter data and ensure that a Form DHCS 7107 is completed and submitted to the A&I Division. When the Division receives the PPC reporting forms, its staff sort the information between Medi-Cal FFS data and MCP data,

² DHCS Medi-Cal newsroom is available at: http://files.medi-cal.ca.gov/pubsdoco/newsroom/newsroom_20473_1.asp.

³ Under "Reporting and Payment Adjustment for Provider Preventable Conditions" at: <http://files.medi-cal.ca.gov/pubsdoco/bulletins/artfull/acu201208.asp>.

⁴ DHCS 7107 is available at: http://files.medi-cal.ca.gov/pubsdoco/Forms/dhcs_7107.pdf.

as indicated on Line 11a of Form DHCS 7107. The Division then reports the MCP data to the Managed Care Operations Division (MCPD).

Each MCP's designated PPC screener can help identify PPCs among encounter data from MCP network providers who are not enrolled as Medi-Cal providers. Medi-Cal enrolled providers have already been informed of these requirements and are more likely to be reporting their PPCs to the A&I Division. In other cases, the designated PPC screener might identify PPCs in encounter data that network providers may have inadvertently overlooked. Therefore, MCPs must screen their encounter data for PPCs and issue a special notice informing all of their network providers of this reporting requirement.

MCPs are responsible for ensuring that their delegates comply with all applicable state and federal laws and regulations, and other contract requirements, including applicable APLs and Dual Plan Letters. DHCS readiness review process includes a review of each MCP's delegation oversight. MCPs must receive prior approval from DHCS for each delegate.

If you have any questions regarding this APL, please contact your MCPD Contract Manager.

Sincerely,

Original Signed by Nathan Nau

Nathan Nau, Chief
Managed Care Quality and Monitoring Division
Department of Health Care Services

Attachment: Provider Preventable Conditions⁵

Category 1 – Health Care-Acquired Conditions (For Any Inpatient Hospitals Settings in Medicaid)

- Foreign object retained after surgery
- Air embolism
- Blood incompatibility
- Stage III and IV pressure ulcers
- Falls and trauma; resulting in fractures, dislocations, intracranial injuries, crushing injuries, burns, electric shock
- Catheter-associated urinary tract infection (UTI)
- Vascular catheter-associated infection
- Manifestations of poor glycemic control; including: diabetic ketoacidosis, nonketotic hyperosmolar coma, hypoglycemic coma, secondary diabetes with ketoacidosis, secondary diabetes with hyperosmolarity
- Surgical site infection following:
 - Coronary artery bypass graft (CABG) - mediastinitis
 - Bariatric surgery; including laparoscopic gastric bypass, gastroenterostomy, laparoscopic gastric restrictive surgery
 - Orthopedic procedures; including spine, neck, shoulder, elbow
 - Cardiac implantable electronic device (CIED) procedures
- Deep vein thrombosis (DVT)/pulmonary embolism (PE) following total knee replacement or hip replacement **with pediatric and obstetric exceptions**
- Iatrogenic pneumothorax with venous catheterization

Category 2 – Other Provider Preventable Conditions (For Any Health Care Setting)

- Wrong surgical or other invasive procedure performed on a patient
- Surgical or other invasive procedure performed on the wrong body part
- Surgical or other invasive procedure performed on the wrong patient

⁵ Adapted from http://www.dhcs.ca.gov/individuals/Pages/AI_PPC.aspx, “Medi-Cal Guidance on Reporting Provider-Preventable Conditions” and DHCS Form 7107, available at: http://files.medi-cal.ca.gov/pubsdoco/Forms/dhcs_7107.pdf. Accessed September 7, 2016.