SAN FRANCISCO HEALTH PLAN

CO-70: Readmissions

APPROVAL/REVIEW/REVISION HISTORY			
Signature	**Title**	**Date**	**Action**
DocuSigned by: Nina Maruyama 9D4617B1400D431...	CCO	8/11/2026	New Policy
Signed by: Steve O'Brien 60DFB20814944C4...	CMO	7/30/2026	

SFHP POLICY AND PROCEDURE

Hospital Readmissions

Policy and Procedure Number:	CO-70
Department:	Utilization Management
Accountable Lead:	Clinical Operations Policy Analyst
Lines of Business and Coverage Programs Affected:	☒Medi-Cal ☒SFHP Care Plus (HMO D-SNP) ☒Healthy Workers HMO ☐Healthy SF ☐City Option ☐All lines of business and coverage programs as listed above

POLICY STATEMENT

San Francisco Health Plan (SFHP) does not allow reimbursement for claims that have been identified as a readmission to the same hospital for the same, similar, or related condition. SFHP aligns with the Centers for Medicare and Medicaid Services (CMS) criteria by utilizing the CMS guidelines to evaluate Same Day Readmissions, Planned Readmissions, and Leave of Absence.

SFHP partners with Machinify for hospital readmissions analysis and clinical validation to identify preventable readmissions within a 30-day time period. Hospital readmissions determined to be inappropriate or preventable according to the clinical review guidelines set forth in this policy will be denied payment or reimbursement. This policy is only applicable for facilities reimbursed for inpatient services by a diagnosis-related group (DRG) methodology.

SFHP is committed to promoting clinically effective, cost efficient, and improved health care through appropriate and safe hospital discharge of patients.

PROCEDURE

A. Inappropriate or preventable readmission

1. For a readmission that is determined to have been inappropriate or preventable according to the clinical review guidelines set forth below, SFHP may deny payment or reimbursement. A readmission is considered inappropriate or preventable if:
    a. The readmission was medically unnecessary

   b. The readmission resulted from a prior premature discharge from the same hospital or a related hospital.
   c. The readmission resulted from a failure to have proper and adequate discharge planning.
   d. The readmission resulted from a failure to have proper coordination between the inpatient and outpatient health care teams.
   e. The readmission was the result of circumvention of the contracted rate by the hospital or a related hospital.
2. SFHP will utilize clinical criteria and licensed clinical medical review to determine if the readmission is for
   a. The same or closely related conditions or procedure as the prior discharge.
   b. An infection or other complication of care
   c. A condition or procedure indicative of a failed surgical intervention.
   d. An acute decomposition of a coexisting chronic disease.
3. The following readmissions are excluded from 30-day readmission review:
   a. Cancer
   b. Neonatal/Newborn
   c. Obstetrical deliveries
   d. Patient is less than or equal to the age of one (1)
   e. Behavioral Health or admissions to substance abuse facilities
   f. Rehabilitation care: admission to a skilled nursing facility (SNF), long term acute care facility (LTAC) or inpatient rehabilitation facility (IRF).
   g. Sickle Cell Anemia
   h. Transplants
   i. Readmissions that are planned for repetitive or staged treatments or staged surgical procedures.
   j. Readmissions associated with malignancies, burns or cystic fibrosis.
   k. Readmissions where the index admission had a discharge status of “left against medical advice”
   l. Readmissions greater than or equal to 31 days from the date of discharge from the index admission
   m. Transfers from out-of-network to in-network facilities
   n. Transfers of patients to receive care not available at the first facility
   o. Critical Access Hospitals
4. Hospital Systems
   a. If a hospital is part of a larger system operating under the same agreement, and/or if it shares a tax identification number with one or more other hospitals, then any readmission within the same 30-day period to another hospital in that system, or to any hospital using the same tax identification number, will be treated as a readmission to the original hospital and will be subject to this policy.
5. Medical Records and Supporting Documentation
   a. Upon request from SFHP, a hospital must forward all medical records and supporting documentation of the initial admission and readmission.

b. The initial review of medical records will determine whether the readmission was clinically related to the initial admission.
c. Once the readmission is determined to be clinically related, the readmission will be further evaluated to determine whether the readmission was inappropriate and/or potentially preventable.
d. The review will evaluate the initial admission's appropriateness of discharge as well as the quality of the discharge plan.

6. Reimbursement
    a. Pre-Payment Review
        i. All hospital claims submitted for a member that qualify as a readmission within 30 days of a discharge from the same hospital or a related hospital are subject to clinical review
            1. Medical records for both the original and subsequent admission(s) will be requested for a claim selected for clinical review.
            2. If medical records are not received, the second claim will be denied.
        ii. Clinical information for the admission will be reviewed by Machinify to determine if the readmission was inappropriate, unnecessary, or preventable based on this policy.
        iii. If a readmission is determined to be inappropriate, SFHP will send written notification of the determination to the hospital and/or related hospital and payment for the readmission will be denied.
    b. Post-Payment Review
        i. SFHP may review payment retrospectively, if a prepayment review was not conducted.
            1. If a claim is determined to be related to a previous admission, the hospital must forward medical records for all related admissions to SFHP.
            2. If a readmission is determined to be inappropriate, SFHP will send written notification of the determination along with a request to the hospital to refund the applicable payment(s) for the readmission.
            3. If a hospital or related hospital does not refund the applicable payments), SFHP may recover the applicable payment for the readmission by offset against future payments.

MONITORING

A. At least annually, SFHP Utilization Management Department monitors its overall process for reducing transitions by analyzing admission rates for the entire population and determining actions to take to reduce potentially avoidable or unplanned transitions. Analysis includes patterns of both planned and unplanned admissions, readmissions, emergency department (ED) visits, repeat ED visits,

and admissions to both participating and non-participating facilities. Results of the analysis will be reported to the Quality Improvement Health Equity Committee (QIHEC).

DEFINITIONS

Clinically Related: An underlying reason for a subsequent admission that is plausibly related to the care rendered during or immediately following a prior hospital admission. A clinically related readmission may have resulted from the process of care and treatment during the prior admission (e.g., readmission for a surgical wound infection) or from a lack of post admission follow-up (lack of follow-up arrangements with a primary care physician) rather than from unrelated events that occurred after the prior admission (broken leg due to trauma) within a specified readmission time interval.

Hospital Readmission: An admission to the hospital within 30 days of discharge from an acute care hospital. For the purposes of calculating the 30-day window, neither the day of discharge nor the day or admission is counted.

Planned Readmission/Leave of Absence: An intentional readmission within 30 days to an acute care hospital that is a scheduled part of the patient's plan of care, but the patient does not require a hospital level of care. The facility may discharge and readmit the patient or may place the patient on leave of absence.

Potentially Preventable Readmission (PPR): A potentially preventable readmission is a readmission (re-hospitalization within a specified time interval) that is clinically related (as defined below) and may have been prevented had adequate care been provided during the initial hospital stay.

Same Day Readmission: An admission to the same acute care hospital on the same day as the previous admission.

AFFECTED DEPARTMENTS/PARTIES

Compliance & Regulatory Affairs
Health Services – Care Management
Health Services – Quality Improvement
Operations – Claims

RELATED POLICIES & PROCEDURES, DESKTOP PROCESS and PROCESS MAPS

REVISION HISTORY

Original Date of Issue: July 23, 2026
Revision Approval Date(s):

REFERENCES

1. CMS Publication 100-10 (Quality Improvement Organization Manual), Chapter 4, Section 4240 (Readmission Review) https://www.cms.gov/regulations-and-guidance/guidance/manuals/downloads/qio110c04.pdf
2. 42 CFR § 412.150 – 412.154 Payment adjustments under the Hospital Readmissions Reduction Program