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## 42 C.F.R. § 412.152

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### Definitions for the Hospital Readmissions Reduction Program.

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As used in this section and in § 412.154, the following definitions apply:

*Aggregate payments for all discharges* is, for a hospital for the applicable period, the sum of the base operating DRG payment amounts for all discharges for all conditions from such hospital for such applicable period.

*Aggregate payments for excess readmissions* is, for a hospital for the applicable period, the sum, for the applicable conditions, of the product for each applicable condition of:

- (1) The base operating DRG payment amount for the hospital for the applicable period for such condition or procedure;
- (2) The number of admissions for such condition or procedure for the hospital for the applicable period;
- (3) The excess readmission ratio for the hospital for the applicable period minus the peer-group median excess readmission ratio (ERR); and
- (4) The neutrality modifier, a multiplicative factor that equates total Medicare savings under the current stratified methodology to the previous non-stratified methodology.

*Applicable condition* is a condition or procedure selected by the Secretary—

- (1) Among the conditions and procedures for which—
  - (i) Readmissions represent conditions or procedures that are high volume or high expenditures; and
  - (ii) Measures of such readmissions have been endorsed by the entity with a contract under section 1890(a) of the Act and such endorsed measures have exclusions for readmissions that are unrelated to the prior discharge (such as a planned readmission or transfer to another applicable hospital); or

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