

# STATE OF CONNECTICUT HOSPITAL PAYMENT MODERNIZATION

## TRANSITION TO OUTPATIENT HOSPITAL AMBULATORY PAYMENT CLASSIFICATION

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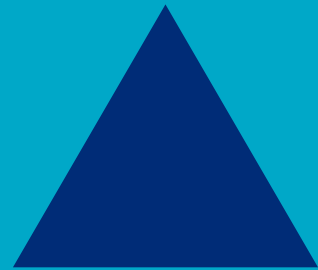
# AGENDA

- Welcome and Introduction.
- Project Overview.
- Payment Design and Policies.
- Data Modeling.
- Conversion Factor.
- Next Steps.

# INTRODUCTION



# PROJECT OVERVIEW



# PROJECT OVERVIEW

## CONTEXT REVIEW

- Hospital Payment Modernization.
- Phase II Focus — Outpatient.
- Guiding Principle — Follow Medicare with Limited Exceptions.
- Method Redesign — Not Budget Exercise.

# PROJECT OVERVIEW

## LAST MEETING “NEXT STEPS”

### Data Modeling

- Perform costing of claims.
- Model claims payments.
- Develop fiscal impact model.

### Payment Design and Policies

- Document payment approaches.
- Write issue papers.
- Identify exceptions to Medicare billing requirements.

# PROJECT OVERVIEW

## PROJECT PLAN OVERVIEW

Task	Timeframe
<b>Claims Data Acquisition</b>	Q1–Q2
<b>Payment Design and Policies</b>	
Identify Policy Exclusions	Q1–Q4
Identify Exceptions to Medicare Policies	Q1–Q4
Document Payment Approaches	Q2–Q4
<b>Data Modeling</b>	
Claims Analysis	Q1–Q3
Modeling and Fiscal Impact	Q3–Q4
<b>Peer Review</b>	Q1–Q4
<b>Target Development</b>	Q2–Q4

# PROJECT OVERVIEW

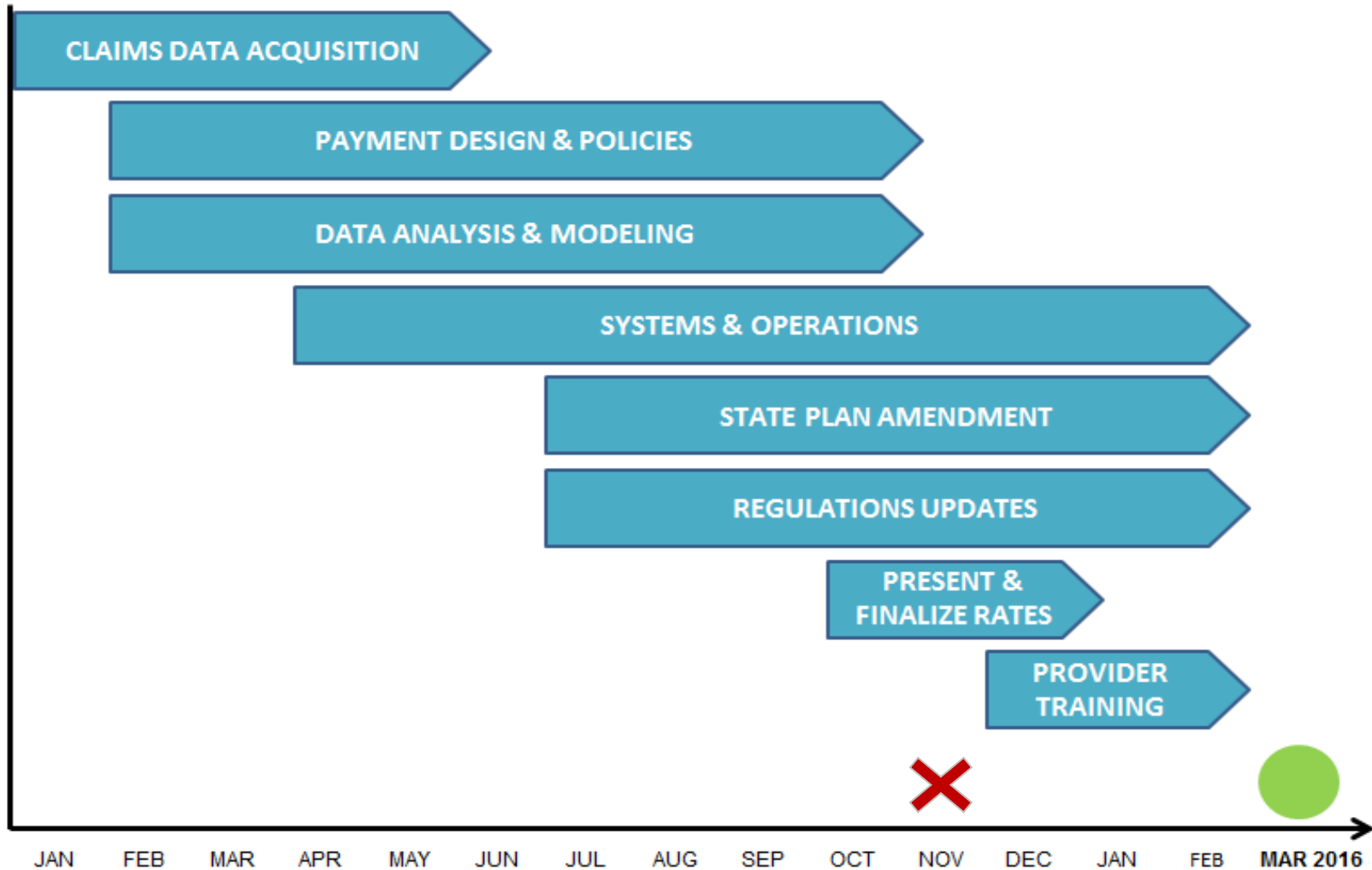
## PROJECT PLAN OVERVIEW (CONT'D)

Task	Timeframe
<b>Regulations and State Plan Amendment</b>	Q3–Q4+
<b>Communication Plan</b>	
Hospital Meeting #1 (web conference)	April 9
Hospital Meeting #2 (onsite at DSS)	July 9
Hospital Meeting #3 (web conference)	November 19
Additional Hospital Meetings	TBD
<b>Systems and Operations</b>	
Document APC Business Requirements	Q2–Q4
Support Medicaid Management Information System (MMIS) Implementation	Q3–Q4+



# PROJECT OVERVIEW

## TIMELINE REVIEW



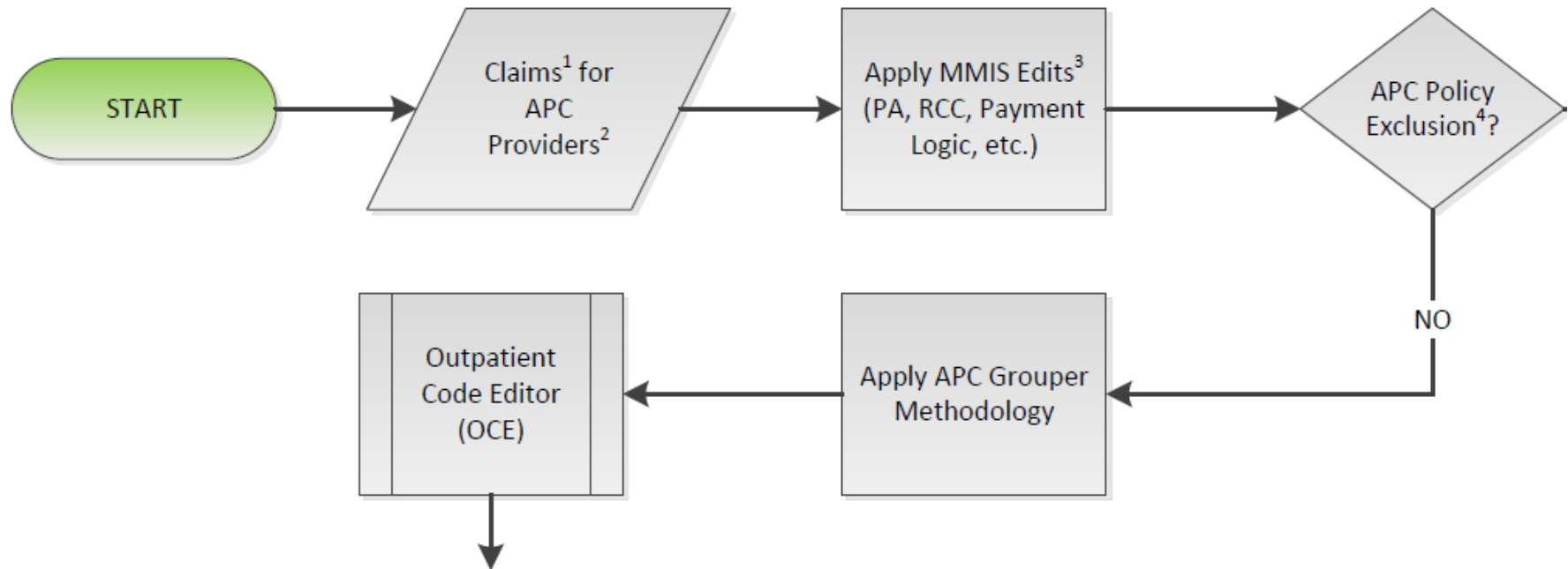
# ISSUE PAPERS

- APC Policy Changes
- APC System Updates
- APC Policy Exclusions
- Basis for Fiscal Modeling
- Connecticut (CT) Addendum B
- Edits and Billing Issues
- Outpatient Outliers
- Person-Centered Medical Home (PCMH)

# PAYMENT DESIGN AND POLICIES



# PAYMENT DESIGN AND POLICIES WORKFLOW — INITIAL DATA SCREENS



# PAYMENT DESIGN AND POLICIES

## INITIAL DATA SCREENS

- Claims:
  - Outpatient.
  - Outpatient Crossovers.
- APC Providers:
  - General Outpatient Hospital.
  - Chronic Disease Outpatient Hospital.
  - Psychiatric Outpatient Hospital.
- MMIS Edits include:
  - Deny payment for Professional Services (RCC 960+).
  - Assign CT Addendum B Payment Type.

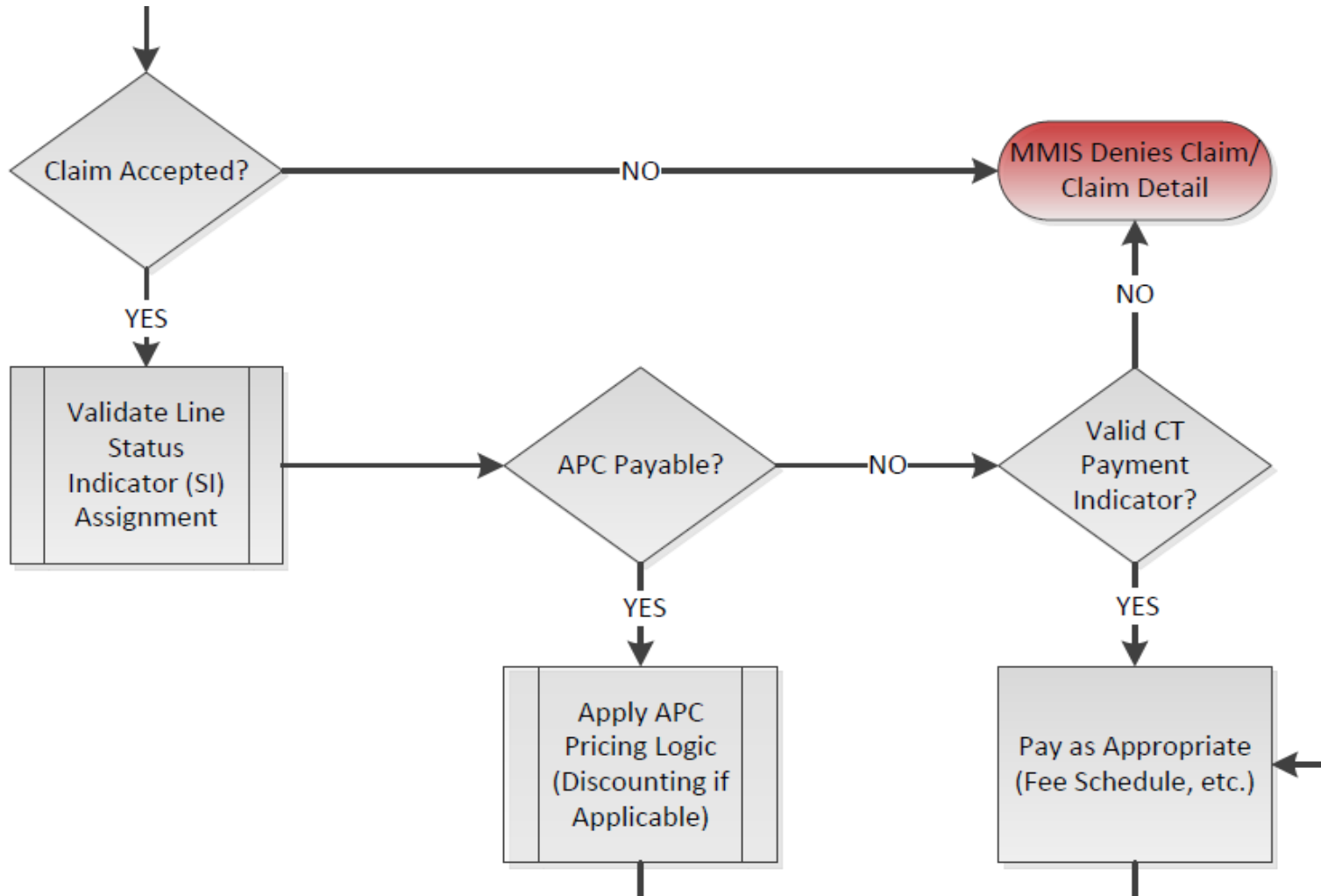
# PAYMENT DESIGN AND POLICIES

## APC POLICY EXCLUSIONS

- Most services will continue to be paid as they are currently.
- Routine behavioral health (BH) services will be paid based on procedure code using the Clinic-BH fee schedule.

Revenue Center Code (RCC)	Description
42x	Physical Therapy
43x	Occupational Therapy
44x	Speech Therapy
769	CARES
771	Vaccine Administration
90x, 91x	BH Treatment/Services
953	Tobacco Cessation — Group Counseling

# PAYMENT DESIGN AND POLICIES WORKFLOW — POST GROUPEE PROCESSING



# PAYMENT DESIGN AND POLICIES

## POST GROUPEL PROCESSING

- APC Payable:
  - APC payment:
    - Packaging/discounting.
    - Outliers.
- Not APC Payable:
  - If covered are paid on other CT fee schedules.
  - For example: certain lab and J codes that are separately payable.
- Calculate Final Payments:
  - APC payments — approximately 80 to 85%.
  - Non-APC payment — less than 10%.
  - Policy Exclusions — less than 10%.



# DATA MODELING



# DATA MODELING AND FISCAL IMPACT

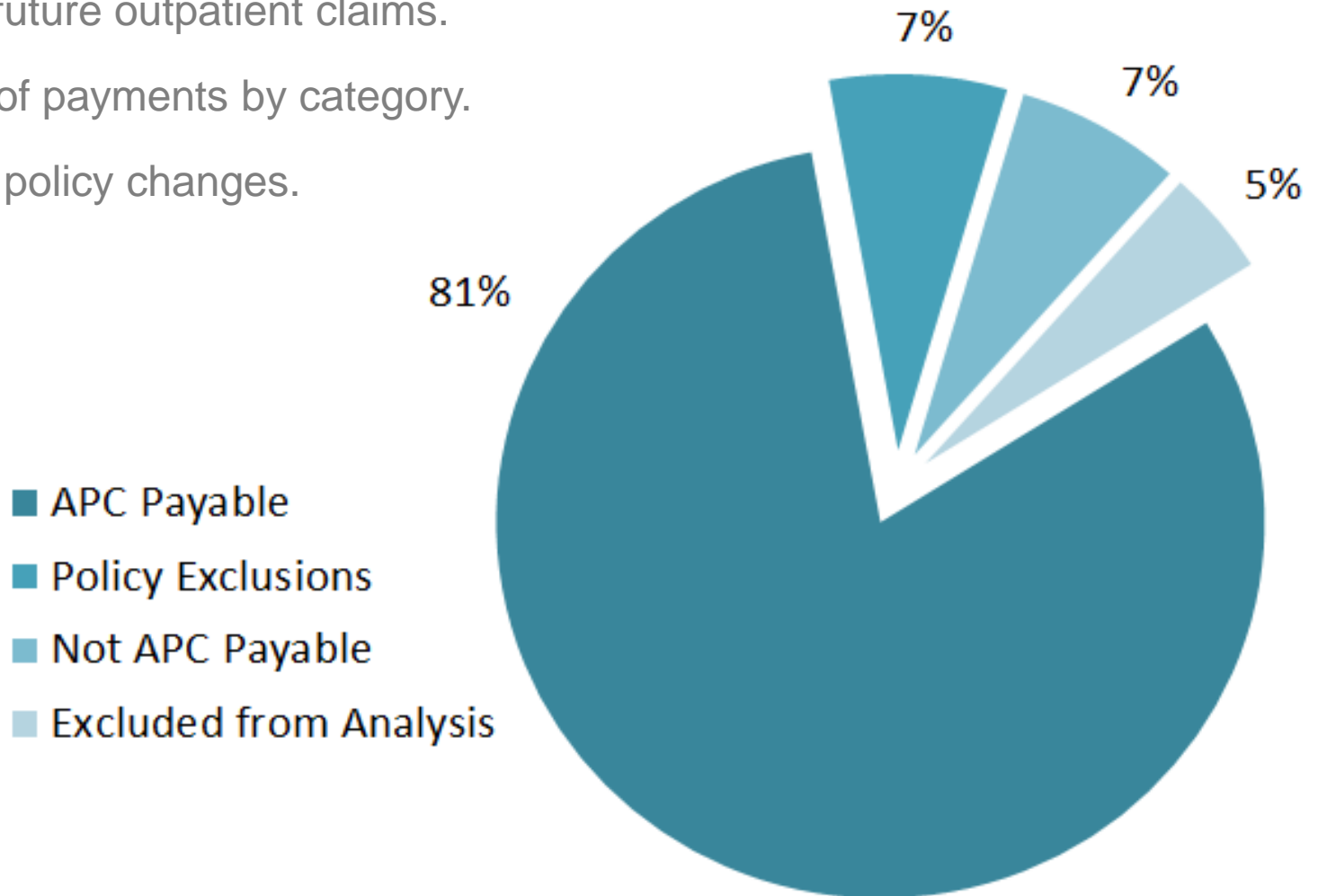
## DATA OVERVIEW

- Outpatient Claims.
- Dates of Services from May 1, 2014 through December 31, 2014.
- Paid through April 10, 2015.
- After February 2015 Mass Adjustments Applied.

Outpatient Claims Data	
Claim Details	5.56 million
Payments	\$440 million

# DATA MODELING AND FISCAL IMPACT ANALYTICAL DATA SET

- Universe of future outpatient claims.
- Percentage of payments by category.
- Adjusted for policy changes.



# DATA MODELING AND FISCAL IMPACT

## DATA VALIDATION

- Initial Claims Analysis:
  - Reviewed edits and identified billing issues.
- Full Claims Analysis:
  - Prior to Data Fixes:
    - Approximately 50% of claims rejected initially.
    - Approximately 53% of line items had an edit.
  - After Data Fixes:
    - Approximately 16% of claims rejected.
    - Approximately 5% of line items had an edit.
  - Revised Edits and Billing Issues Report.
  - Allowed Payment Adjustments to Reflect Policy Changes and Rate Adjustments.
  - Allowed Units Adjustment to Reflect Maximum Allowed Units.

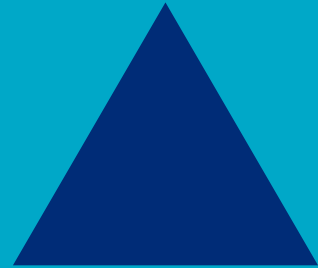
# DATA MODELING AND FISCAL IMPACT ALLOWED PAYMENT ADJUSTMENTS

- Allowed payments were adjusted for the following policy changes and provider rate changes:
  - PCMH Payment
  - Chest X-Ray
  - Dental Surgery (CPT 41899)
  - Screening Mammography
  - Provider Rate Changes

# DATA MODELING AND FISCAL IMPACT CONVERSION FACTOR ADJUSTMENTS

- Bundled Services:
  - RCC 456 — ER/Urgent
  - RCC 51x — Clinics
  - Other RCCs
- Routine Behavioral Health Services:
  - Simulated pricing based on HCPCS — impact negligible.

# CONVERSION FACTOR



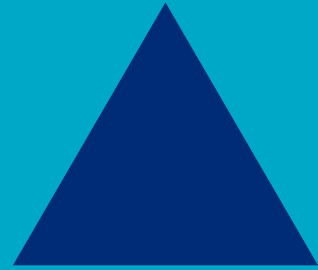
# CONVERSION FACTOR

- Data Modeling Still in Draft:
  - Complex environment.
  - Data limitations.
  - Goal: Most Accurate Results with Most Credible Data Set.
- Conversion Factor Estimate\*
  - \$71.75
- 2016 Medicare Conversion Factor\*
  - \$73.929

*\* Conversion factors shown before wage index adjustment applied.*



# NEXT STEPS



## NEXT STEPS



- Finalize Fiscal Impact Modeling.
- Obtain Stakeholder Feedback.



- Determine Initial Conversion Factor.
- Systems/Training/Implementation.

# QUESTIONS?

Please address any questions in writing to:

Kate McEvoy  
DSS Medicaid Director  
55 Farmington Avenue  
Hartford, CT 06105



# RESOURCES

**Connecticut Department of Social Services Reimbursement Modernization:**

<http://www.ct.gov/dss/cwp/view.asp?a=4598&q=538256>

**Connecticut Medical Assistance Program:**

[www.ctdssmap.com](http://www.ctdssmap.com)

**MAKE**



**TOMORROW,  
TODAY**