MERCER

STATE OF CONNECTICUT HOSPITAL PAYMENT MODERNIZATION

Stakeholder Web Conference Summary — October 2, 2014

Summary of Decisions and Follow-up Items

Topic	Notes	Decisions and Follow-up Items
Case Mix Increase	• The Connecticut Hospital Association (CHA) requested the newly available data for real case mix change be used to estimate real acuity. • The newly released OHCA data for 2013 is helpful and relevant. • 2014 partial year data is incomplete; Project Team uncomfortable using this data. • 2.09% is the all payer annual increase from 2012 to 2013 per OHCA annual report. • 1.2% is the broadest average all payer annualized increase over the most recent five years.	• Estimates to be used for real acuity: — 2012–2013: 2.09% — 2013–2014: 1.2% — 2014–2015: 1.2%
Application of Up-Coding Offset	• CHA requested the documentation and coding improvements (DCI) adjustment be phased in over time. • The context is different from Medicare. • DCI adjustment is a one-time adjustment to avoid overpayment — not a reduction to be phased in. • The market basket adjustment is a legislative topic.	• The DCI adjustment is a one-time adjustment to be applied in the first year. • The market basket adjustment is out of scope for this project.

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Outlier and Transfer Adjustments	• CHA requested the outlier and transfer adjustments not be hospital specific — but that uniform adjustments be made to all hospitals. • Applying the average to each hospital is inconsistent with the goal of hospital specific revenue neutrality. • This approach would move revenue from some hospitals to others. • Concern regarding some hospitals receiving less than revenue neutral payment. • CHA suggested an aggregate approach to revenue neutrality be used for outliers and transfers, which would not be revenue neutral by hospital. • Project team concerned about systematic redistributions of revenue across hospitals. • CHA suggested modeling the results to more concretely understand impacts.	• In order to maintain hospital specific revenue neutrality, outliers and transfers will be hospital specific. • Impact of outlier policy will be modeled and shared with stakeholders.
Physician Billing — Emergency Department (ED)	• CHA acknowledged that the Connecticut Department of Social Services (DSS) is still reviewing the request to have all physician services (inpatient and outpatient) be unbundled for January 1, 2015. • CHA requested that if DSS decides against unbundling all physician billing that they at a minimum unbundle the services for emergency department (ED) outpatient services, as this approach would reduce the complexity of billing for hospitals.	• DSS will continue to research the options of unbundling more than just inpatient services. • DSS must work within the constraint of cost neutrality. • DSS will also take into consideration the legislation regarding the unbundling of ED services.

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Cash Flow and Rate Validation	• CHA requested a contingency plan be in place to provide cash flow relief if needed. • DSS currently has a process with HP for issuing interim payments. • CHA requested rates be released by October 31, 2014.	• DSS will work with HP to provide information on the interim payment process.
Revenue Neutral Target Documentation	• Documentation of the revenue neutral target was provided. • Values are from the 2012 reconciliation. • Child behavioral health data is provided separately because it is excluded from the reconciliation. • In order to match to the reconciliation time period, nine months of claims data are being used.	• Follow-up conversation will be scheduled between Mercer and CHA.
Questions and Answers	**Q:** Will DSS reconsider its approach of normalizing the weights to 1.0? The hospitals request the weights not be normalized to 1.0. **A:** Yes. Based on the consensus of the hospitals requesting the weights not be normalized to 1.0, that request will be granted. **Q:** Please clarify the DCI adjustment calculation. **A:** Please see the revised issue paper "CT HPM Issue Paper - Coding Improvements.docx".	Please visit the DSS Reimbursement Modernization web site for links to meeting presentations, issue papers, FAQs, and other relevant information: http://www.ct.gov/dss/cwp/view.asp?a=4598&q=538256