

CONNECTICUT HOSPITAL PAYMENT MODERNIZATION TRANSITION TO APR-DRGS

October 20, 2014

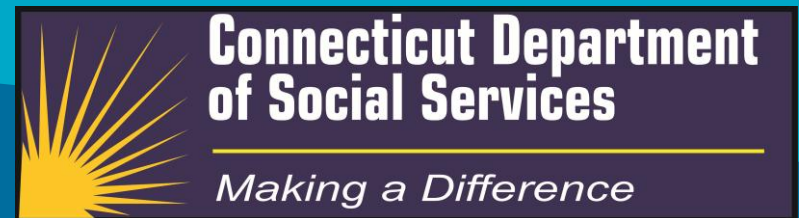
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Agenda

- Welcome and Introduction.
- Methodology Review.
- Revenue Neutral Rate Calculations:
 - Hospital Specific Target Calculations.
 - Hospital Specific Data Inputs.
- Sample Rate Package.
- Next Steps.
- Questions and Answers.



INTRODUCTION



METHODOLOGY REVIEW

Methodology Review

General

Topic	Approach
All Patient Refined Diagnosis Related Groups (APR-DRG) grouper version.	APR-DRG version 31.
APR-DRG implementation date.	Admissions on or after January 1, 2015.
Included hospitals.	General acute care hospitals.
Excluded hospitals.	Non-general acute care hospitals: rehabilitation, psychiatric, long-term acute care, and other specialty hospitals. (Connecticut Hospice is excluded.)
Out-of-state and border hospitals.	APR-DRGs based on statewide average.

Methodology Review

General (cont'd)

Topic	Approach
Included populations.	All populations paid for by the Connecticut Department of Social Services (DSS).
Disproportionate share hospital (DSH).	DSH program payments will remain outside of the APR-DRG payment system.
Direct graduate medical education (GME).	GME payments will remain outside of the APR-DRG payment system.
Relative weights.	3M standard national weights. Weights will not be normalized to 1.0.

Methodology Review Rates

Topic	Approach
Claim period and reconciliation period.	Nine months of 2012 claims (January–September 2012); 2012 reconciliation (January–September 2012).
Base rate determination.	Hospital-specific base rates with revenue neutral targets.
Capital and operating costs.	Capital and operating costs will be combined to form a single base rate.
Hospital based physicians.	Hospital based physicians will not be included in APR-DRG inpatient payment system and will bill directly under the professional fee schedule.
Indirect medical education (IME) factor.	IME factor will not be applied in year one.
Documentation and coding improvements (DCI).	5% DCI adjustment factor to be applied in year one, tracked against aggregate case mix index (CMI) increase and offset by allowable real acuity estimates.

Methodology Review

Pricing Logic

Topic	Approach
Outlier methodology.	High cost outliers will be identified and eligible for additional payment.
Transfers.	<p>Transferring hospital: prorate based the average length of stay of the DRG; use the number of days on the claim plus one day (not to exceed the APR-DRG payment).</p> <p>Receiving hospital: standard APR-DRG rate.</p> <p><i>Transfer payment logic applies to discharge status = 02 (short-term hospital), 05 (cancer center or children's hospital) — with the exception of DRG values 580 and 581 (neonates).</i></p>
Three day rule.	Post and pay in 2015 and implement later.

Methodology Review Pricing Logic (cont'd)

Topic	Approach
Health care acquired conditions (HCAC).	For a selected group of HCACs the claim allowed amount will be calculated without consideration of the HCAC. If the claim is eligible for an outlier payment, the cost used to calculate the outlier payment will be reduced to reflect the estimated cost of the HCAC.
Transplants.	Transplants will be paid using standard APR-DRG methodology.
Organ acquisition costs.	Heart, lung, pancreas, liver, and kidney organ acquisition costs will be paid in addition to the APR-DRG payment.
Inpatient (IP) behavioral health (adult).	Hospital specific behavioral health per diem rate.
IP behavioral health (child).	Hospital specific behavioral health per diem rate. <i>(Discharge delay per diem rate, as applicable.)</i>
Physical rehabilitation.	Rehabilitation per diem rate.

Methodology Review

Pricing Logic (cont'd)

Topic	Approach
Indemnity payments — Third Party Liability (TPL).	No change to current process, except allowed amount based on APR-DRG, not per diem.
Partial eligibility/spend down.	Pay a per diem (APR-DRG payment divided by average length of stay) for eligible days, not to exceed the APR-DRG payment.
Crossover claims.	No change to current process.

REVENUE NEUTRAL RATE CALCULATIONS

Revenue Neutral Rate Calculations

Target Development

Item from 2012 Reconciliation	Include in Target?	Notes
Lower of: 1) target amount; or 2) IP operating costs (excluding capital, provider-based physicians, and medical education).	Y	2012 behavioral health and rehabilitation will be separately identified.
Capital-related costs for Medicaid IP routine and ancillary services.	Y	Capital costs based on 2012 reconciliation amounts.
Program provider-based physician costs.	N	Hospital based physicians will bill directly under the professional fee schedule.
Organ acquisition costs (kidney, heart, and liver).	N	Heart, lung, pancreas, liver, and kidney organ acquisition costs will be paid outside of the APR-DRG system.
Heart and liver transplants.	Y	Transplants will be paid via APR-DRG.
Costs for burn units certified by the American Burn Association.	Y	Burn admissions will be paid via APR-DRG.
Direct GME payments.	N	GME will be handled as a separate calculation and payment.
Indemnity payments — other party payors.	N	TPL recoveries will be removed at the time of claims adjudication.
HCAC payment adjustment.	N	Claims will be reduced for HCAC at the time of claims adjudication.

Revenue Neutral Rate Calculations

Hospital Specific Target Calculations

Sample Hospital

Lower of:			
a) 2012 Reconciliation Target Amount		\$18,085,432	Page 7, line 42
b) IP Operating Costs (excluding capital, provider-based physicians, and medical education)		\$25,836,331	Page 7, line 39
Lower of 2012 Reconciliation Target or IP Operating Costs		\$18,085,432	
add: Capital-Related Costs	+	\$1,987,228	Page 7, lines 35 and 36
add: Heart and Liver Transplants	+	\$0	Page 8, lines 2a and 2b
add: Burn Units	+	\$0	Page 8, Line 2c
add: Medicaid Allowed Payments for Child BH Claims (paid but not included in reconciliation)	+	\$950,000	Child BH claim set from DSS/HP
subtract: Estimated Hospital Based Physician Portion for Child BH (\$22.66 per child BH day)	-	\$22,660	Days from child BH claim set from DSS/HP
Hospital Specific Revenue Neutral Target	=	\$21,000,000	

Source: 2012 Medicaid Reconciliation (unless noted otherwise)

SAMPLE RATE PACKAGE

Sample Rate Package

Final rate package will contain the following:

- Revenue neutral rate calculation and supporting detail.
- APR-DRG Version 31 weights.
- Hospital claims data.
- Payment generator.

Sample Rate Package (cont'd)

- To have results sent, please submit the following information to:
CT_DRG@mslc.com
- Hospital Name.
- Hospital Medicare Provider Number.
- Hospital Medicaid Provider Number(s).
- Contact Person Name.
- Contact Person Title.
- Contact Person Telephone Number.
- Contact Person Email Address.

NEXT STEPS

Next Steps

- Finalize outlier methodology.
- Finalize hospital specific rate packages.
- Next Stakeholder web conference:
 - Thursday, October 30, 2014.
- Additional HP provider training.
- January 1, 2015 implementation.

QUESTIONS AND ANSWERS

Resources

Connecticut Department of Social Services Reimbursement Modernization Website:

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

Connecticut Medical Assistance Program Website:

www.ctdssmap.com



Please address any additional questions in writing to:

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



