

CONNECTICUT HOSPITAL PAYMENT MODERNIZATION TRANSITION TO APR-DRGS

September 18, 2014

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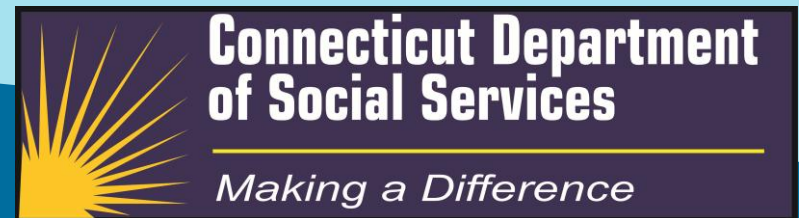
Scott Simerly, PhD, Myers and Stauffer

Agenda

- Welcome and introduction.
- Follow up from September 3, 2014 web conference.
- Three Day Rule.
- APR-DRG list.
- Phase-in.
- Project timelines.
- Questions and answers.



INTRODUCTION



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



FOLLOW UP FROM SEPTEMBER 3, 2014 WEB CONFERENCE

Follow Up: Meeting Format and Frequency

- The Connecticut Department of Social Services (DSS) to schedule bi-weekly web conferences with the Connecticut Hospital Association (CHA) committee for Thursdays at 2:00 pm EST starting on September 18, 2014.
- Frequency: Every two weeks.
- Host/Facilitator: DSS/Mercer.
- Invitees: CHA Committee, all hospitals, HP .
- Location: Web conference.
- Purpose: Information sharing about transition to All Patient Refined Diagnosis Related Groups (APR-DRG) methodology, including time for questions and answers.
- Agenda: Mercer/DSS will set the agenda considering suggested topics and questions provided by invitees.

Follow Up: Derivation of “Real Acuity”/Coding Improvements

- Base rates will be adjusted for a documentation and coding improvements (DCI) expected improvement of 5%; the concept of reserve is not intended to withhold funds, but to minimize any impact on cash flow.
- DSS and Mercer have reviewed and confirmed the best estimate of real acuity increase estimate of 1%.
- If warranted, any refund will be paid back to hospitals by mid-2016, but every effort will be made to shorten this timeline. It has been noted that the timing of this potential adjustment is approximately one year earlier than the current reconciliation, and the amount (estimated to be 0%, maximum 5%) is lower than current reconciliation for many hospitals.
- DCI reserve/refunds cannot accurately be attributed hospital by hospital.
- See revised issue paper “CT HPM Issue Paper - Coding Improvements”.

Follow Up: Outlier Policy/Revenue Neutrality

- Outlier policy is an important component of APR-DRG payment methodology.
- Outlier policy will be modeled with varying levels including high thresholds and scenarios will be provided to CHA and hospitals.
- See “CT HPM Issue Paper - Outlier Policy and Approach”.
- See “CT HPM Issue Paper - Revenue Neutrality” for additional analysis of the impact of outliers on revenue neutrality.

Follow Up: Transfer Policy/Revenue Neutrality

- Transfer policy is an important component of APR-DRG payment methodology.
- Transfers from a Medical admission to a Behavioral Health stay will not trigger transfer payment policy.
- Transfer policy applies to claims with discharge status of: 02 and 05 — these are medical to medical transfers. There is a very small volume of these transfers.
- CHA will provide three hospital volunteers to work with DSS and CHN on medical/psych admits.
- See “CT HPM Issue Paper - Transfer Payment Policy and Approach”.
- See “CT HPM Issue Paper - Revenue Neutrality” for additional analysis of the impact of transfers on revenue neutrality.

Follow Up: Behavioral Health (BH) and Rehab Per Diems

- DSS published the BH and rehab per diem rates on the DSS Reimbursement Modernization web site:

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

THREE DAY RULE

Three Day Rule

- The three day payment window (Three Day Rule) requires that hospitals bundle the technical component of all outpatient diagnostic services and related non-diagnostic services (e.g. therapeutic) with the claim for an inpatient stay when services are furnished to a beneficiary in the three days preceding an inpatient admission.
- In order to satisfy revenue neutrality in year one, DSS intends to implement the “Three Day Rule” in a post and pay in 2015 and begin denying claims by January 1, 2016 to coincide with the transition of outpatient services to Ambulatory Payment Classifications.



APR-DRG LIST

APR-DRG List

- The list of APR-DRGs for version 31 will be provided to hospitals.

PHASE-IN

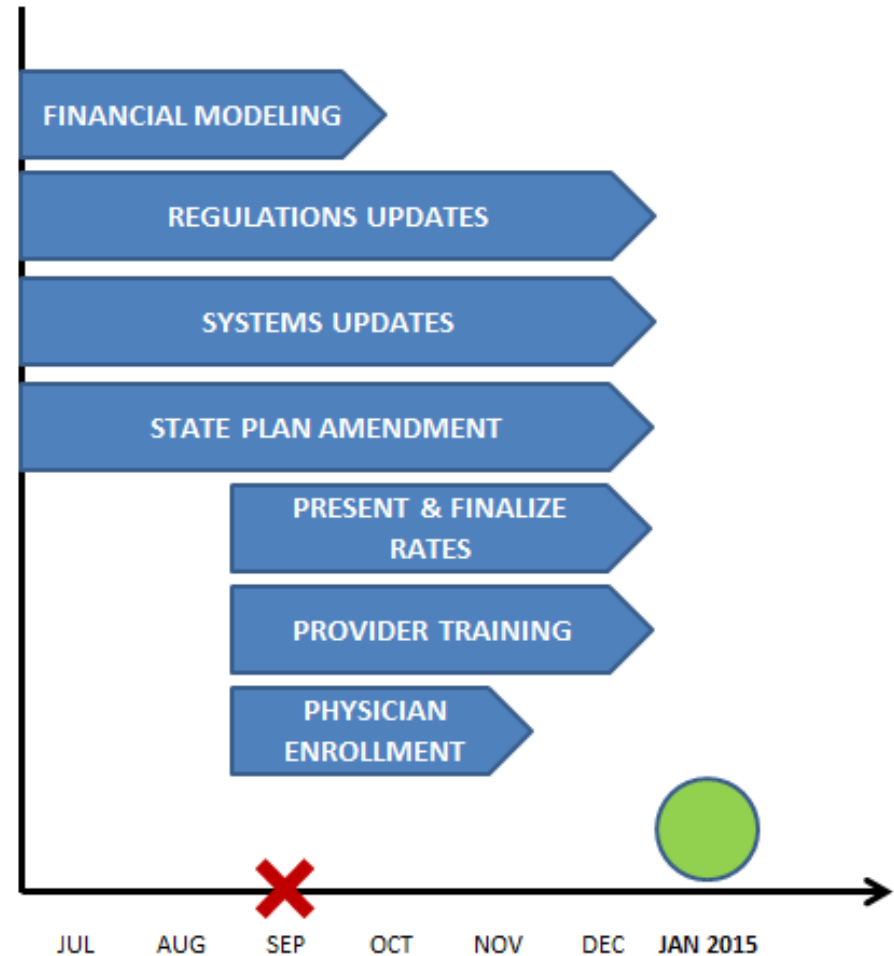
Phase-In

- Phase-in discussions will begin in early 2015.

PROJECT TIMELINES

Project Timelines

- October 2, 2014 — stakeholder web conference.
- October 2014 — provider training provided by HP
- Late October/early November — stakeholder meeting for presentation of rates.
- January 1, 2015 — implementation of APR-DRGs.



QUESTIONS AND ANSWERS

Resources

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Please address any additional questions in writing to:

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