

# *Outpatient Hospital Payment Reform*

Transition to Enhanced Ambulatory Patient Groupings (EAPGS)

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# *Introduction*



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# *Current Payment Methodology*

- “Percent of Charge” Methodology
- For most outpatient hospital claims:

$$\begin{aligned} & \text{CLAIM PAYMENT} = \\ & \text{SUBMITTED CHARGES FROM HOSPITAL} \\ & \quad \times \\ & \quad \text{HOSPITAL COST-TO-CHARGE RATIO} \\ & \quad \times \\ & \quad \text{OUTPATIENT MEDICAID PERCENTAGE} \end{aligned}$$



# *Current Payment Methodology*

## RECONCILIATION PROCESS

- Requires Audited Cost Report from HCPF Contractor
- Determine audited cost-to-charge ratios
- Can be several years after services for reconciliations to occur



# *ENHANCED AMBULATORY PATIENT GROUPING (EAPGs)*



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# *EAPGs*

- APGs (Ambulatory Patient Groups) developed by 3M for CMS in early nineties
- CMS refined this and created APCs (Ambulatory Patient Classifications) in mid-nineties
  - Highly specific to Medicare
- Interest in a better system from Medicaid / private entities
  - Led to EAPGs



# *Who is using EAPGs?*

- Massachusetts
- New York
- Virginia
- Wisconsin
- Washington
- New Hampshire
- Others?



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# Data Elements of an EAPG

- Generally, EAPGs are mutually exclusive “collections” of related procedure or diagnosis codes

## EAPG 0001 PHOTOCHEMOTHERAPY

### HCPCS CODES

96567	Photodynamic tx skin	96912	Photochemotherapy with uv-a
96900	Ultraviolet light therapy	96913	Photochemotherapy uv-a or b
96910	Photochemotherapy with uv-b		

## EAPG 0002 SUPERFICIAL NEEDLE BIOPSY AND ASPIRATION

### HCPCS CODES

10021	Fna w/o image	42400	Biopsy of salivary gland
10022	Fna w/image	49180	Biopsy abdominal mass
19000	Drainage of breast lesion	50200	Renal biopsy perq
19001	Drain breast lesion add-on	50390	Drainage of kidney lesion
20200	Muscle biopsy	54500	Biopsy of testis
20205	Deep muscle biopsy	54800	Biopsy of epididymis
20206	Needle biopsy muscle	55000	Drainage of hydrocele
37200	Transcatheter biopsy	57500	Biopsy of cervix
38220	Bone marrow aspiration	60100	Biopsy of thyroid
38221	Bone marrow biopsy	60300	Aspir/inj thyroid cyst

## EAPG 0003 LEVEL I SKIN INCISION AND DRAINAGE

### HCPCS CODES

10030	Guide cathet fluid drainage	40801	Drainage of mouth lesion
10040	Acne surgery	40806	Incision of lip fold
10060	Drainage of skin abscess	41005	Drainage of mouth lesion
10061	Drainage of skin abscess	41015	Drainage of mouth lesion
10080	Drainage of pilonidal cyst	41800	Drainage of arm lesion



# Data Elements of an EAPG

- Each EAPG has a relative weight associated with it

EAPG	EAPG Description	Outpatient Claims Only	
		Final Weight	Weight Type
1	PHOTOCHEMOTHERAPY	0.1062	CO Weight
2	SUPERFICIAL NEEDLE BIOPSY AND ASPIRATION	2.1726	Scaled National Weight
3	LEVEL I SKIN INCISION AND DRAINAGE	1.0783	CO Weight
4	LEVEL II SKIN INCISION AND DRAINAGE	2.8646	CO Weight
5	NAIL PROCEDURES	0.5012	CO Weight
6	LEVEL I SKIN DEBRIDEMENT AND DESTRUCTION	0.7637	CO Weight
7	LEVEL II SKIN DEBRIDEMENT AND DESTRUCTION	4.8652	CO Weight
8	LEVEL III SKIN DEBRIDEMENT AND DESTRUCTION	5.0272	Scaled National Weight
9	LEVEL I EXCISION AND BIOPSY OF SKIN AND SOFT TISSUE	4.7628	CO Weight

(only preliminary weights - not final)



# *How do hospitals get paid?*

$$\begin{aligned} \text{DETAIL-LEVEL PAYMENT} &= \\ &\text{HOSPITAL BASE RATE} \\ &\times \\ &\text{EAPG ADJUSTED RELATIVE WEIGHT} \end{aligned}$$



# *Adjusted Weight?*

- There are interactions between EAPGs based on EAPG types. Majority of EAPGs are of type:

SIGNIFICANT PROCEDURE

ROUTINE ANCILLARY

MEDICAL VISIT



# Packaging

- Will occur when a Significant Procedure EAPG is present with a Routine Ancillary EAPGs
- Payment for Routine Ancillary is 0 - costs included in Significant Procedure EAPG

CPT Code	EAPG Assigned	Payment Element	Payment Action	Payment Discount
31545	063 Level II Endoscopy of Upper Air Way	Significant Procedure	Full Payment	100%
88331	390 Level I Pathology	Routine Ancillary	Packaged	0%
82435	402 Basic Chemistry Tests	Routine Ancillary	Packaged	0%
93000	413 Cardiogram	Routine Ancillary	Packaged	0%
00322	380 Anesthesia	Routine Ancillary	Packaged	0%



# *Multiple Significant Procedures?*

- Consolidation
- Discounting



# *Consolidation*

- Occurs if two Significant Procedure EAPGs are considered clinically similar by software
- Can also occur when two lines are assigned the same Significant Procedure
- Payment for consolidated EAPGs is 0 - costs included in other Significant Procedures.



# Consolidation

Weight will be set to zero for consolidated EAPG.

CPT Code	EAPG Assigned	Payment Element	Payment Action	Payment Discount
31545	063 Level II Endoscopy of Upper Air Way	Significant Procedure	Full Payment	100%
31515	062 Level I Endoscopy of Upper Air Way	Related Procedure	Consolidated	0%



# Discounting

- Occurs if two Significant Procedure EAPGs are considered unrelated:

CPT Code	EAPG Assigned	Payment Element	Payment Action	Payment Discount
31545	063 Level II Endoscopy of Upper Air Way	Significant Procedure	Full Payment	100%
42405	252 Level I Facial and ENT Procedures	Unrelated Procedure	Discounted	50%

- 50% for second, 25% for all further significant procedures

# *Medical Visits*

- Visits where no Significant Procedure was performed, indicated as a Medical Visit by procedure code
- EAPG is assigned by primary diagnosis code
- Routine Ancillaries still package



# *In Summary ...*

Table 6. Overview of EAPG Payment System

Primary EAPG Type	Items Included in the Base EAPG Payment	Items for Which Additional Payment is Permitted
Significant Procedure or Therapy	Routine Ancillaries Incidental Procedures Supplies Drug (except chemo and selected drugs and biologicals) Anesthesia	Significant Unrelated Procedures with any Applicable Discounts Non-Packaged Ancillaries Chemo and selected drugs and biologicals
Medical Visit	Packaged Routine Ancillaries Incidental Procedures Supplies Drugs (except chemo and selected drugs and biologicals)	Non-Packaged Ancillaries Chemo and selected drugs and biologicals
Ancillary Only		All "Ancillary Only" Items Are Paid Separately



# *Questions??*



# *Contact Information*

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