Provider Summary of Hospital Stakeholder Engagement Meeting 3/6/2020

Welcome Message and Meeting Etiquette (Slides 1-5, Time 00:00:00-00:03:18)

- Introductions
- 2020 Meeting Schedule
- Agenda
- Next meeting **May 1, 2020 9:00 am-12:00 pm**

Inpatient Topics/Questions Submitted (Slides 6-7, Time 00:03:18-00:08:36)

Pending Topics for Response or Additional Research:

- PAR – Referral from Physician to Evaluate and Treat.
- Member Notification – Proper notification and resolution documents needed to supply to the Department

Answered Topics:

- RAEs
- HMS Audit Process – Retraction of Payment when found client has TPL

System Change Request (SCR) Updates (Slide 8, Time 00:08:36-00:09:45)

- LTAC and Rehab Per Diem (44201) – SCR was completed and went live 02/27/2020.
- Separating Claims for Baby and Mom/Transgender Edits (42992). Currently has an updated manual workaround.

HMS Audits – Presented by Ashley Dirienzo (Slide 9, Time 00:09:45-00:35:11)

- How HMS Audits work and why the Department performs these audits
- Retraction errors will be corrected by the end of March 2020. Claims that will not be retracted will be communicated by the HMS team.
- Duplicate/Timely Filing issues
- Educational posters to promote disclosing all insurances to Providers
- Bill to update the system to show Third Party Liability (TPL) for Providers when submitting a claim to lower impacted claims for review.
- Additional clarification for 365-day rule for filing
- Communicating future changes
- Accessing the JPEGs for Member Posters
- Timeframe for introducing TPL information into the system
- Manually adding information as a secondary payer
- Medicare Part B Clarification
- Outstanding overpayments to Provider
- Process where the Commercial Carrier has paid the Department directly

Hospital Peer Groups and Definitions (Slide 10, Time 00:35:11-00:37:35)

- We are still considering options for peer groups
- The peer group definitions will be used to impact components of the payment methodology (e.g. base rate add-ons, weight sets, etc.)
- These peer groups will be developed to align with other Colorado initiatives like the Public Option and the Hospital Transformation Program

Myers and Stauffer presented by Joe Gamis, Kelly Swope and Brad Zuzenak (Slides 11-17, Time 00:37:35-00:54:11)

Hospital Inpatient Base Rates (Slide 12, Time 00:37:35-00:39:36)

The Department is working with Myers and Stauffer to explore inpatient base rate reform. This process involves:

- Establishing an underlying base rate methodology
- Evaluating hospital-specific and peer group add-ons
- Achieving budget neutrality in the new system

Hospital Inpatient Base Rates (Slides 13-15, Time 00:39:36-00:54:11)

<u>Underlying Base Rate Methodology:</u>

- Initially looked at a cost-based approach (presented in January meetings)
    - Process involved costing Medicaid claims for each hospital
    - Options for hospital-specific, peer group, or statewide rates
- Now looking into the national operating standardized amounts for a statewide rate as the starting point
    - Every hospital starts with the same underlying base rate
        - Published annually in Federal Register
            - FFY 2020 = $5,796.63
    - Add-ons will adjust each hospitals base rate

<u>Add-Ons to Evaluate:</u>

- Medical Education
    - DGME – Direct Graduate Medical Education
    - IME – Indirect Graduate Medical Education
- Current Nursery/NICU add-ons
    - Still necessary with Mother/Baby claim splits?
- Peer group Add-On
    - Single Add-on amount per established peer group

- Can be calculated using aggregated hospital cost or prior reimbursement.

Timeline:

- Targeting July 1, 2021 implementation
- Mom/baby claim separation impact on modeling
- Continued updates at stakeholder engagement meetings

****00:46:30 – Technical issues related to sound, cut recording so presentation jumps****

Separating Baby from Mother's Claim (Slides 18-31, Time 00:54:11-01:41:05)

- For years, the Department was asked to separate birth claims into two separate claims since there was significant extra work done by hospitals to combine their claims for just Medicaid
- The Department seriously started discussing making this change going back to July 2017
- Ongoing work for 3 years and we want to thank you for both your participation and your patience as we worked through the necessary changes
- Estimated implementation date is 7/1/2020
- DRGs involved in this Analysis – Table provided

Steps involved in estimating change in payment:

- Estimate number of claims for babies born who did not stay after Mother left
- Table Provided – Claim Type and Approximate Claim Count CY 2018

Steps involved in estimating change in payment:

- Use National DRG Weights, Average Length Of Stay and Trim Point for delivery and neonate DRGs since the standard in the US is to separate mother's delivery and baby birth claims.
- We must therefore use the National DRG Weights since Colorado weights currently combine mother and baby on delivery claims.
- **Data Source:** 3M HSRV National DRG Weight Table Version 33.

3M APR-DRG National HSRV Weight Table Ver 33

- 3M calculates two sets of national weights, "standard" and "hospital-specific relative values" (HSRV).
- The standard weights reflect hospital charges as a measure of resource use for each APR DRG relative to the average inpatient stay.
- The HSRV weights include adjustments to reduce the effect on weights of the differences among hospitals in how they charge.

- 3M recommends HSRV weights as the more accurate reflection of true differences in relative resource use across APR DRGs at the national level.
- Policy Adjustments / Adjusting to CO Weights for budget neutral change in payments
- Table representing adjustments provided
- DRG 589 has received a policy weight adjustment since the inception of APR-DRGs on 1/1/2014. (Table Provided)
- Out of 18 claims paid since 1/1/2014, all but 3 (83%) were paid using the "lower of" exception where hospitals are paid billed charges.
- This policy adjustment has created a situation where the DRG, particularly Severity of Illness=4, appears to be broken.
- The Department has suspended this policy adjustment.
- We will continue to monitor DRG 589 going forward.
- Prepare a comparison of the old payments (current state) vs. new payments by Claim Types. (Table Provided)

  Hospitals who may have a reduction in estimated payment going forward look like this:

- Have an above average number of Neonate transfers coming into hospital
- AND/OR had 0 missing baby claims to make up change in Neonate payment
- AND/OR Had at least one large 598-4 claim that paid the billed amount during CY2018
- AND/OR Hospitals with a Case Mix Index (CMI) lower than the estimated **.2029** for well baby neonate claims.

Slides 28-30, Tables provided to show ***estimated*** changes in Hospital reimbursement.

- If you would like to see your own numbers in more detail, please contact Diana Lambe at diana.lambe@state.co.us with the names and Medicaid IDs of your hospitals
- The modified portion of DRG Weight Table (DRGs for Delivery & Neonates) has been uploaded to the Hospital Stakeholder Engagement Meeting website for your use in estimating how the change will affect your hospital reimbursement.

Outpatient Topics/Questions Received (Slide 32, Time 01:41:05-01:41:24)

Inquiries were not received and none currently pending.

EAPG Module Update (Slide 33, Time 01:41:24-01:44:12)

- 3M Plans to release new module 03/26/2020
    - Quarterly CPT/HCPCS updates

    - April 1, 2020 implementation date anticipated
    - No changes in Colorado payment policies
- EAPG Version 3.10 will remain in effect
- Integration of NCCI/MUE for greater accuracy in a future version, timing to be determined

Drug EAPG Re-Weighing (Slides 34-40, Time 01:44:12-01:57:41)

- Feedback from several Critical Access and Medicare Dependent Hospitals (CAHs and MDHs) regarding the discrepancy in EAPG payment in relation to drug costs in outpatient setting
    - Analysis has shown that providing outpatient hospital drugs is more costly for these hospitals than their counterparts
- CONCEPT: Rebalance EAPG drug weights such that Critical Access and Medicare Dependent Hospitals see payment in greater alignment with drug costs
- In order to provide relief to such hospitals providing outpatient drugs, drug EAPG weights are proposed to be increased
- Since EAPG weights are based on averages an increase to one group of hospitals will necessarily cause a decrease for another group.
- Non-CAH non-MDH rural hospitals and urban independent hospitals will not have a change in drug EAPG weights.

Listing of Drug v 3.10 EAPGs (Table Provided) (Slide 36)

Hospitals with Drug Payment Increase (Table Provided) (Slide 37)

Hospitals with Neutral Drug Payment (Table Provided) (Slide 38)

Hospitals with Drug Payment Decrease (Table Provided) (Slide 39)

- Re-weights proposed to be effective June 1, 2020
- Dedicated meetings held on January 31 and February 14 (see Hospital Stakeholder Engagement Meetings page)
- Regulatory requirements:
    - State Plan Amendment
    - Update to Colorado Rule
        - Initial reading to Medical Services Board scheduled for March 13, 2020
- System Updates

JW Modifier Adjustments (Slide 41, Time 01:57:41-01:59:02)

- Payment Policy requires reporting of JW modifier when appropriate
- Such drugs are not reimbursed per Colorado payment policy
- Mass adjustments November 2019 did not include all impacted claims
- 203 claims remaining since 10/31/2016

Vagus Nerve Stimulation (VNS) Access to Care (Slide 42, Time 01:59:02-01:59:55)

Staffing Update (Slide 43, Time 01:59:55-02:00:41)

Congratulations to Andrew Abalos our new Manager of Facility Rates.

Welcome Justen Adams our new Hospital Policy Specialist

Questions, Comments and Solutions (Slide 43, Time 02:00:41-02:02:21)

- Data request from the ACC team for Behavioral Health claims
- UM Inbox – Only submit claims that are Prior Authorization (PAR) related