

Topic: Colorado Outpatient Rate Reform
Date: Every 2 weeks on Tuesday, from Tuesday, January 21, 2014 to Tuesday, February 18, 2014
Time: 2:00 pm SMT (4:00 pm, EST)
Meeting Number: 765-133-442
Meeting Password: stakeholder

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Colorado Department of Health Care Policy and Financing Outpatient Hospital Rate Reform

Stakeholder Meeting
January 21, 2014



Agenda

- Stakeholder Timeline
- Review of Last Meeting
- Goals of Outpatient Hospital Rate Reform
- APCs and EAPGs - Review
- Discussion
- Next Steps
- Contact Information



Stakeholder Decision Making Timeline

Dec 2013

Jan 2014

Feb 2014

Goals

Determine Department's intention to use 1293 money to overhaul payment for outpatient hospital services.

Goals

Demonstrate which grouper is the best option using analysis and feedback received through outreach efforts.

Goals

Select and communicate the chosen payment methodology.

December 2013

Put together a workgroup with a mixed representation of hospitals.

January 7, 2014

OP Rate Reform Kickoff Meeting

Discuss payment methods currently available: APC vs. EAPG

February 4, 2014

Determine the new payment methodology (prospective) based on the support of the majority and PCG's recommendations,

January 21, 2014

Gather feedback from the hospitals regarding payment methods presented.

February 18, 2014

Communicate to all the hospitals the selection (provider bulletins, etc).

February 25, 2014

Wrap up



Review of Last Meeting

- On January 14, 2014, conducted first WebEx to discuss outpatient hospital rate reform
 - Current Colorado Payment Methodology
 - Goals of Outpatient Hospital Rate Reform
 - Overview of Outpatient Options: APCs and EAPGs
 - Comparison of APCs and EAPGs
 - Discussion



Review of Last Meeting

Will the Department be implementing the outpatient rate reform methodology prior to the release of ICD-10?

- No, the new outpatient reimbursement methodology will be implemented after October 1, 2014
- The Department needs to know about the new methodology to make accommodation to the new MMIS
 - The new MMIS implementation date is expected by 2016
- The implementation date will be established after the selection of the methodology
- Any outpatient reimbursement methodology that is implemented will be capable of incorporating ICD-9 and ICD-10 codes



Review of Last Meeting

Will APCs affect Critical Access Hospitals?

- While Medicare does not reimburse Critical Access Hospitals using APCs, any payer, such as Colorado Medicaid, can choose to implement a reimbursement methodology that utilizes the APC system and apply it to Critical Access Hospitals
- Critical Access Hospital are treated by Colorado Medicaid as any other hospital
 - Therefore, the new methodology will affect all the hospitals the same way

What are the Department's financial goals of the implementation of a new outpatient hospital reimbursement methodology?

- The Department's goal is maintain budget neutrality through this process
- Reimburse providers more accurately for services provided
- Move away from cost settlements



Review of Last Meeting

What is the attitude of hospitals in other states that have implemented EAPGs?

- There is an interstate support group that meets monthly to discuss EAPG challenges with 3M
 - PCG is a part of this on-going discussion
- PCG has direct experienced with EAPG implementation in Wisconsin
 - EAPGs were implemented on April 1, 2013
 - Hospitals are on board with EAPGs now, but initially, there were concerns about the changes, especially related to the financial impact of the shift in reimbursement methodology

Goals of Outpatient Hospital Rate Reform

- Goals of prospective payment system:
 - More accurately classify the full range of outpatient service episodes
 - More accurately account for the intensity of services provided and
 - Motivate outpatient service providers to increase efficiency and effectiveness
- Two recommended outpatient hospital payment methodologies:
 - Ambulatory Patient Classifications (APCs)
 - Enhanced Ambulatory Patient Groupings (EAPGs)



Comparison of APCs and EAPGs

	APC (Medicare)	EAPG
Methodology	Primarily a payment classification system and fee schedule of individual outpatient procedures/services	Outpatient visit classification system, which places patients and services into clinically coherent groups
Efficiency	Minimal packaging of ancillaries and bundling of procedures	Comprehensive packaging and bundling
Comprehensiveness	Excludes many services, which are then covered under other fee schedules	Covers all medical outpatient services
Medical Payment Basis	Medical APCs pay based on self-reported effort (duration of patient contact)	Medical APGs pay based on patient's condition (diagnosis and procedure). Greater clinical focus
Setting and Scope	Applicability limited to payment for facility cost for hospital based outpatient services and ambulatory surgery centers	Broader applicability to other services and settings (e.g., Mental Hygiene, Physical Therapy, and Occupational Therapy) and to performance reporting
Unit of Service	Payment structure based on services utilization	Payment structure based on patient visit
Local Control	Subject to federal decisions on editing and payment policy	Provides for local control of payment policies
Integral Measurement Methodology	Large volume of fee schedule payments limit development of broad comparative values such as Case Mix Index	Claim weights provide foundation for evaluation of outpatient care using CMI type methodology, due to inclusion of all services in classification system

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Comparison of APCs and EAPGs

APC Pros	APC Cons
Payments are not determined by costs or charges	Cost barriers to implementation may exist
Reflects what services the provider administered to the patient	Can incentivizes hospitals to provide more services
Utilizes the efforts of Medicare for weights	Medicare population not necessarily reflective of Medicaid population
Public domain software tool	Minimal use of diagnostic information
Can be adapted to meet Colorado needs	Adaptations can be expensive and time consuming
	Uses evaluation and management (E&M) codes to establish payment levels for ER and clinic visits - Lack of national guidelines for hospital use of evaluation and management codes leaves hospitals to subjectively define visit levels
	Currently, no complex logic to pay for lab services, therapies (reimburse on fee schedule)

Comparison of APCs and EAPGs

EAPG Pros	EAPG Cons
Payments are not determined by costs or charges	Cost barriers to implementation may exist
Can be adapted to meet Colorado needs	3M™ proprietary software tool
Reflects current coding and billing practices	Adaptations can be expensive and time consuming
Designed to describe a broader, non-Medicare population	
Reimburses providers more adequately for the level of care being delivered to patients	
Relies on diagnosis coding for visits, thus eliminating subjectivity	
Leverages data already submitted to Medicaid programs on claim forms	
Suitable for any outpatient setting	
Covers full spectrum of outpatient services	

Discussion

- Hospital feedback of APC – EAPG payment methodologies



Next Steps

- Gather written feedback from the hospitals
- Determine which OP payment methodology to select
- Hospital communication



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