



Dear Hospital Provider,

Thank you for the services you provide to our Health First Colorado (Colorado's Medicaid Program) members. The Department of Health Care Policy & Financing (the Department) and DXC Technology (DXC) are diligently working to resolve outstanding issues you have raised related to the Colorado interChange system claims processing and Enhanced Ambulatory Patient Groups (EAPG) pricing. The Department is committed to keeping you updated as progress continues to be made.

The purpose of this letter is to provide a consolidated status update and link to resources and documentation related to hospital claims processing and pricing issues, with an emphasis on outpatient hospital claims paid under the EAPG pricing methodology.

### **Claims Processing Issues**

Claims processing issues include incorrect payment, denial, or suspense of claims/claim lines, and incorrect pricing of paid claims. A description and the resolution status of known issues can be found at the link below. This page is updated regularly and is a good source of information for known claims processing issues; however, it is not an all-inclusive list:

<https://www.colorado.gov/pacific/hcpf/known-issues>

Recently resolved issues and outstanding issues of note include the following:

#### *Incorrect Denial of Laboratory Codes*

Claims for laboratory codes 80047 - 89398 provided to members for the ICD-10 diagnoses listed below were incorrectly denying for Explanation of Benefits (EOB) 2580 – “The services must be billed to the HMO/PHP/BHO listed on the eligibility inquiry.” These codes are not part of the BHO contract and need to be billed Fee-for-Service (FFS).

Resolution: These issues were resolved on 9/28/17. DXC will reprocess any impacted claims; providers do not need to resubmit claims.

#### *Incorrect Denial of E&M Procedure Codes*

Claims for certain E&M codes provided to members were incorrectly denying for Explanation of Benefits (EOB) 2580 – “The services must be billed to the HMO/PHP/BHO listed on the eligibility inquiry.” These codes are not part of the BHO contract, and are not part of the Access Kaiser contract and need to be billed Fee-for-Service (FFS).

Resolution: These issues were resolved on 9/28/17. DXC will reprocess any impacted claims; providers do not need to resubmit claims.

#### *Incorrect Denial of Medicare Crossover Claims*

The system is currently denying crossover claims for services that are covered by Medicare but not Medicaid. The Colorado interChange system should reimburse these claims based on the Medicare assigned coinsurance and deductible.

Resolution: The Department does not currently have an ETA for resolution, but will provide further communication on this issue as it becomes available.

## Provider Enrollment Issues

Provider enrollment continues to be an area where some hospitals are encountering difficulties with claims processing. There are several different types of enrollment issues that have been the most problematic for hospitals. These include failing to enroll as a provider for certain types of services (ambulance/transportation services, for example), multiple clinics enrolling the same rendering provider multiple times, and enrolling multiple Medicaid IDs under a single NPI.

Enrollment issues can result in denial or suspense of all or a portion of your claims. If you are experiencing denials that include denial reasons codes related to enrollment, please contact the DXC Provider Services Call Center for resolution. Contact information is included in the Key Resources section of this communication.

## EAPG Known Issue

### *"Lesser of Pricing" Logic*

Reimbursement for outpatient hospital services is currently lower than intended due to claims processing and provider enrollment issues such as those described above. Additionally, with your help, the Department has identified an impactful technical issue with how the EAPG methodology applies "lesser of pricing" logic. Lesser of pricing logic compares billed charges to maximum Medicaid pricing, and pays the lesser of the two. In cases where line level charges are lower than the EAPG calculated amount for the line, the billed charges are used to determine the reimbursement amount rather than EAPG calculated amount. This results in lower than intended reimbursement when the charges associated with lines that bundled with other lines do not have their associated charges included in the lesser of pricing logic comparison. Another way to describe this issue is that the system is comparing bundled rates against individual lines' charges instead of comparing bundled rates against bundled groups of lines' aggregated charges.

Because billing practices and charge amounts dictate whether or not lesser of logic will result in lower than intended reimbursement, the impact of this issue varies significantly from hospital to hospital; in fact, many hospitals are minimally impacted by this issue. In aggregate, the Department estimates that state-wide aggregate outpatient reimbursement will be 8-10% higher when this issue is fully resolved. Again, because billing practices vary from hospital to hospital, this result cannot be interpreted as what to expect for any given hospital's change in reimbursement once the modification is made.

Resolution: A 3M software update modifying the lesser of pricing logic to accommodate all hospital billing/charging practices was implemented on 10/20/17. DXC will reprocess any impacted claims; hospitals do not need to resubmit claims.

## Key EAPG Issues Still Under Investigation

There are major four areas that the Department, DXC, and specific hospitals are partnering to investigate further to determine if pricing is functioning as intended under the EAPG pricing methodology or general claims processing. These areas include, 1) recurring services such as outpatient infusion, 2) 340B drugs, 3) laboratory services, and 4) duplicate payments.

The Department intends to complete investigation and identify appropriate resolutions of these issues by the first week of November where possible. For those hospitals that have provided examples and analysis to support our investigation in these areas, thank you. Your partnership as we navigate the simultaneous implementation of a new system and a new pricing methodology is greatly appreciated.

## Strategy and Timeline

The Department and DXC are working to resolve all significant issues related to outpatient claims processing and the EAPG pricing logic by the end of October. This will allow DXC to begin reprocessing impacted claims beginning in early November. Given the volume of claims to be reprocessed, the Department and DXC anticipate the reprocessing of claims (which includes claims paid 10/31/16 – 10/20/17) to take 6-8 weeks. Reprocessing will begin with claims that have paid through DXC, then progress to claims that were submitted to Xerox and not reprocessed by DXC. Regular status updates will be provided in the biweekly EAPG stakeholder engagement meeting.

## General Billing Issues

### *Professional Services*

Hospitals have indicated that there is a need for greater clarity regarding billing for professional fees. The billing instructions for professional fees are located at the bottom of page 7 of the UB 04 billing manual: [https://www.colorado.gov/pacific/sites/default/files/UB-04\\_IP\\_OP%20v1\\_3.pdf](https://www.colorado.gov/pacific/sites/default/files/UB-04_IP_OP%20v1_3.pdf)

“Costs associated with professional services by salaried physicians are included in the hospital's rate structure and cannot be billed separately to the Health First Colorado. Do not bill professional fees (revenue codes 0960-0989) for emergency and outpatient services as an 837 Institutional (837I) electronic transaction or on the UB-04 claim form.

Professional fees for services provided in the emergency room by contract physicians must be billed by the physician as an 837 Professional (837P) electronic transaction or on the CMS 1500 claim form using the appropriate HCPCS codes. The Health First Colorado payment is made to the physician.”

This is long-standing billing policy for Medicaid and there was no intended change with the EAPG or interChange implementations. If hospitals are seeing a change in this regard then we encourage them to supply the Department with specific examples so that we can investigate further.

The intent of the policy is to prevent double payment for services. As hospital-specific rates were calculated using a combination of institutional claim data and hospital cost reports, costs associated with salaried physician services billed on an institutional claim are included in payment for outpatient hospital services via the EAPG methodology. Salaried physicians billing separately on professional claims would therefore result in duplicative payment.

The Department understands that this policy may need to be updated for greater clarity or to account for the evolving cost structures/billing practices of hospitals. The Department will continue to evaluate this policy through the hospital stakeholder engagement meetings to ensure the policy aligns with the intent of avoiding duplicate payments for professional services.

## Key Resources

### *EAPG Documentation*

The Department has been working with hospitals and the Colorado Hospital Association on the development and implementation of the EAPG methodology for several years. The public meeting recordings, presentations, and other important EAPG documentation back to September of 2015 can be found here: <https://www.colorado.gov/pacific/hcpf/outpatient-hospital-payment>

### *EAPG Stakeholder Engagement Meetings*

The Department holds bi-weekly stakeholder meetings to discuss EAPG related implementation issues. This forum allows you to hear what other hospital providers are experiencing, to share what issues you are having, and to solicit support in bringing EAPG related issues to resolution.

### *Hospital Engagement Meetings*

EAPGs were also discussed in detail at the bi-monthly engagement meetings before that topic was separated out to provide more frequent updates. Documentation from those meetings can be found here: <https://www.colorado.gov/pacific/hcpf/hospital-engagement-meetings>

If you would like to be added to the contact list for future invitations, please fill in the information on the following webpage and select the "Hospital Engagement Meeting" box:  
<https://visitor.r20.constantcontact.com/manage/optin?v=001HfxrbpGNWZ0IZnPP6t3PG2s9XPNI8ZvgFjSkvSnhIy8z9JmHyp6DeoLJ3saT6x0SeqRR1ub149uoXxe1ok4jTzfMSQ0BN7S5vclIRO7gdY=>

If you are having trouble signing up through the link above, then contact Andrew Abalos at [Andrew.Abalos@state.co.us](mailto:Andrew.Abalos@state.co.us), or Elizabeth Quaife at [Elizabeth.Quaife@state.co.us](mailto:Elizabeth.Quaife@state.co.us).

### *DXC Provider Services Call Center*

The DXC Provider Services Call Center should serve as your first point of contact for all claims processing and enrollment issues/questions. Staff in the call center are trained to answer these types of questions and have ready access to common issues and their resolution.

The Provider Services Call Center can support you with the following:

- Claims Processing
- Enrollment/Revalidation
- New Provider Web Portal Questions/Issues
- Eligibility Verification
- Provider Warrant Information
- Trading Partner Enrollment
- X12 Transaction Support
- Claims Status Information

The Provider Services Call Center can be reached at 1-844-235-2387, 7:00 A.M. – 5:00 P.M. MST Monday, Tuesday, and Thursday; and 10:00 A.M. – 5:00 P.M. Wednesday and Friday.

### **Overview/Summary**

Simultaneously implementing a new claims processing system, the EAPG methodology, and revalidating all providers created a challenging set of problems for all parties involved. Thank you again for your patience as the Department and DXC continue to identify and resolve issues related to each.

It is important to note that the Department cannot fully evaluate the impact of implementing the EAPG methodology until claims processing issues that result in incorrect payment, denial, or suspense of claims or claim lines are largely resolved and all providers are correctly enrolled and billing. This is due to the fact that the EAPG methodology will over or under pay if there are missing claim lines due to claims processing or billing errors. That said, the Department is modeling and reviewing examples to the best of its ability as the claims processing system continues to improve and stabilize. As the Department and DXC continue to resolve more and more claims processing issues, the Department will be better able to evaluate the EAPG reimbursement methodology and the impact of that policy change, which will continue to be

refined as appropriate.

If you are experiencing challenges, the resources and contacts provided above will help you understand and bring them to resolution. It is important that claims processing questions are directed to the Department's claims processing contractor (DXC) for resolution, but if you have concerns about the EAPG policy that you feel are not being adequately addressed in the biweekly EAPG stakeholder meetings, you are welcome to reach out to John Bartholomew, Chief Financial Officer, through his executive assistant Timothy Bergman. Timothy can be reached at [Timothy.Bergman@state.co.us](mailto:Timothy.Bergman@state.co.us).

Thank you,

Health First Colorado (Colorado's Medicaid Program)

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