



COLORADO

Department of Health Care
Policy & Financing

Department of Health Care Policy & Financing
1570 Grant Street
Denver, CO 80203

December 15, 2017

RE: Outpatient Hospital Reimbursement

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 and Financing (the Department) and DXC Technology (DXC) are diligently working to resolve outstanding issues you have raised related to the Colorado interChange 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 continued consolidated status updates and links 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. This is the second update of this form. The prior letter dated October 25th, 2017 can be found on our website at the following link:

[Outpatient Hospital Reimbursement 10-25-2017](#)

Claims Processing Issues

Many claims processing issues have been resolved to-date, but work is ongoing. 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:

Correct denial of duplicate claims vs denial of individual lines

Duplicate claims for outpatient hospital claims were being allowed if extra lines were added to the claim and only the extra lines were paying at an incorrect rate. Our understanding is that this was intended to inform the Department of additional information that was received by the provider after the original claim was submitted.

Our mission is to improve health care access and outcomes for the people we serve while demonstrating sound stewardship of financial resources.
www.colorado.gov/hcpf



Page 2

However, this additional information should be submitted as a claim adjustment instead of a new claim with duplicative information. These duplicative claims are now being denied in total to indicate that the original claim should be adjusted.

EAPG Resolved Issues

"Lesser of Pricing" Logic

The Department has resolved an impactful technical issue with how the EAPG methodology applied "lesser of pricing" logic at the line level. In cases where line level charges are lower than the EAPG calculated amount for the line, the billed charges were used to determine the reimbursement amount rather than EAPG calculated amount. This resulted in lower than intended reimbursement when the charges associated with lines that bundled with other lines did not have their associated charges included in the lesser of pricing logic comparison. Another way to describe this issue is that the system was comparing bundled rates against individual lines' charges instead of comparing bundled rates against bundled groups of lines' aggregated charges. This has now been resolved and billed charges are being bundled and compared to the bundled EAPG calculated amounts.

Because billing practices and charge amounts dictate whether the 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 mass adjusted. 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 claims are adjusted.

Resolution: A software update modifying the lesser of pricing logic to accommodate all hospital billing/charging practices was implemented on 12/5/2017. DXC will reprocess any impacted claims; hospitals do not need to resubmit claims.

Laboratory Services

Some laboratory services were denying for incorrect matches to revenue codes or procedure codes. This was interfering with the grouping logic for EAPGs and creating inappropriate payments. These edits have been corrected and laboratory services are now being passed through the grouper to create correct payments.

Strategy and Timeline

The Department is in the process of adjusting claims to reflect recent fixes to the EAPG methodology. These claim adjustments should be completed soon after the end of the year and we are striving to complete as many as possible by the end of the year. After these adjustments are completed the Department will reassess the comparison between



current payments and projections based on the historical payment methodology. This comparison will initially incorporate a comparison across the entire EAPG payment methodology, by each hospital, and by each EAPG. Additionally, the Department welcomes any suggestions of other comparisons that should be made.

Based on this analysis the Department will develop refinements to the EAPG methodology. The success of future changes is highly dependent on receiving robust input from our providers. To that end, the analysis and these refinements will be discussed at the EAPG engagement meetings where hospitals are encouraged to provide feedback.

If further changes are warranted, the Department will work collaboratively with providers on implementation strategies that accommodate budgetary and federal compliance restrictions.

Future Refinements of the EPAG methodology

Pharmaceuticals associated with EAPG claims

Pharmaceuticals (including pharmaceuticals procured through the 340B program) associated with outpatient hospital claims continue to be a source of concern among hospital providers. The Department is investigating both short and long term solutions to these concerns through the EAPG engagement meetings. In the short term, the Department is researching a change to the 340B discount percentage that will more accurately reflect the discounts that covered 340B entities receive. In the long term, the Department is investigating the feasibility of carving out most or all pharmaceuticals from the EAPG methodology. Carved out pharmaceuticals would be paid according to the fee schedule. The Department welcomes any feedback associated with this proposed course of action.

Base Rate Setting Methodology

The Department is committed to developing an on-going methodology of setting EAPG base rates separate from the budget neutral base rates set during implementation. The most recent model that was presented has one standard base rate that has separate adjustments for both rural/critical access (CAH) and graduate medical education hospitals. It would also remove the separate hospital base rate categories of rural, urban, and pediatric. Instead the per hospital base rate adjustment for rural/CAH or a per claim adjustment for pediatric clients would be applied. The standard base rate calculation and adjustments are still being discussed in the biweekly EAPG meetings. These meetings can be accessed through the following link:

<https://www.colorado.gov/pacific/hcpf/outpatient-hospital-payment>



Page 4

Other EAPG refinements

The Department is open to other refinements to the EAPG methodology. Input and feedback can be shared through the EAPG meetings referenced in preceding weblink or by contacting Kevin Martin at kevin.martin@state.co.us.

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. The next meeting occurs on January 12th and can be accessed through the preceding link.

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=001HfxrbpGNWZ0IZnPp6t3PG2s9XPNI8ZvgFdjsKvSnhIy8z9JmHyp6DeoLJ3saT6x0SeqRR1ub149uoXxe1ok4jTzfMSQ0BN7S5vcLiRO7gdY%3D>

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



Page 5

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 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 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 challenges for all parties involved. Thank you again for your patience as the Department and DXC continue to identify and resolve issues related to each.

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.

Thank you,

Health First Colorado (Colorado's Medicaid Program)

