EAPG Billed Amount Redistribution

The interChange system relies on the 3M EAPG Grouper module to price outpatient hospital claims. In its pricing calculations, the EAPG Grouper used to price a line item at the lower of its assigned EAPG Adjusted Weight multiplied by the billing hospital's EAPG Base rate (known as the EAPG Payment) **or** the submitted charges of each line item. This comparison is known as the "lower of" logic. Please see Table 1 for a sample claim processed through the EAPG Grouper for a provider with a rate of 200.00:

Detail	EAPG Type	Billed Amount	Adjusted EAPG Weight	EAPG Payment	Payment Action	Paid Amount
1	Unassigned	21.50	0	0.00	No Payment	0.00
2	Significant Procedure	264.00	1.5636	312.72	Paid on Billed Amt	264.00
3	Significant Procedure	74.00	0.7818	156.36	Paid on Billed Amt	74.00
4	Ancillary	40.00	0.1814	36.28	EAPG Payment	36.28
5	Routine Ancillary	70.00	0	0.00	Packaged	0.00
6	Routine Ancillary	90.00	0	0.00	Packaged	0.00
7	Routine Ancillary	44.00	0	0.00	Packaged	0.00
Total		**603.50**	**2.5268**	**505.36**		**374.28**

Table 1 - Previous EAPG "Lower of" Functionality

This pricing logic ignores that outpatient line items describing ancillary services may have their payment "bundled" into Significant Procedures billed elsewhere on the outpatient hospital claim. Since the charges for the ancillary services that are "bundled" into a Significant Procedure are generally not included in the billed amount for the Significant Procedure alone, it is likely that the submitted charges will be less than the EAPG Payment for a line describing a Significant Procedure.

As of 3M's service pack released on October 12, 2017 the Department has implemented a change in the 3M Grouper software for Colorado's reimbursement scheme. Instead of comparing the line level charges as submitted on the claim for each service on the outpatient claim to the EAPG Payment, the line level charges will be re-calculated prior to the "lower of" comparison. This redistribution will provide a more accurate comparison of each line's charges to the EAPG Payment by recognizing the charges of the line items that do not generate payment on their own.

The redistributed billed amounts are based on the sum of the line level charges reaching the EAPG Grouper and the Adjusted EAPG Weights. See Table 2 for the same sample claim from Table 1 processed using this method:

Detail	EAPG Type	Billed Amount	Adjusted EAPG Weight	Redistributed Billed Amount	EAPG Payment	Payment Action	Paid Amount
1	Unassigned	21.50	0	0.00	0.00	No Payment	0.00
2	Significant Procedure	264.00	1.5636	373.45	312.72	EAPG Payment	312.72
3	Significant Procedure	74.00	0.7818	186.72	156.36	EAPG Payment	156.36
4	Ancillary	40.00	0.1814	43.33	36.28	EAPG Payment	36.28
5	Routine Ancillary	70.00	0	0.00	0.00	Packaged	0.00
6	Routine Ancillary	90.00	0	0.00	0.00	Packaged	0.00
7	Routine Ancillary	44.00	0	0.00	0.00	Packaged	0.00
Total		**603.50**	**2.5268**	**603.50**	**505.36**		**505.36**

Table 2 - Example of EAPG Claim Processed using Redistributed Billed Amounts

Each row of the Redistributed Billed Amount can be calculated by multiplying the **Total Billed Amount** by that line's **Adjusted EAPG Weight divided by the visit's Total Adjusted EAPG Weight.**

The redistribution provides a more accurate payment for its Significant Procedures as it factors in the charges for services that either do not require HCPCS by NUBC standards (line 1), or the charges for the packaged services (lines 5, 6, and 7). It is also important to note that the redistributions will be performed **by visit**. In other words, outpatient claims utilizing span billing will have charge amounts redistributed based on date of service. Claims describing Emergency Room visits (identified by claims using revenue codes 045X) or Observation visits (identified by claims using revenue codes 076X) may have multiple dates of service (e.g. a Medicaid member has services occur spanning over midnight). In such instances, all charges will be considered as part of a single visit.

Redistributions will not consider non-covered services identified by the non-covered revenue codes on Appendix Q and other services not covered in the outpatient hospital setting (Dialysis, Hemodialysis). The functionality for removing charges for non-covered revenue codes is scheduled to be implemented in 3M's software in the service pack scheduled for release on November 16th, 2017.

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