

Hospital Payment Policy Advisory Council
DMAS Board Room
December 2, 2010, 2 PM – 4PM
Minutes

Council Members:

Chris Bailey, VHHA
Donna Littlepage, Carilion
Dennis Ryan, CHKD
Kim Snead, JCHC
Michael Tweedy, DPB
Scott Crawford, DMAS
William Lessard, DMAS

Other DMAS Staff:

Carla Russell
Jodi Kuhn
Priya Rajesh

Other Attendees:

Jay Andrews, VHHA
Mathew Stanley, Elwood Consulting

I. Introductions

Members of the council and other attendees introduced themselves.

II. EAPG Overview

William Lessard provided background on the process of revising the outpatient hospital payment methodology. Mr. Lessard summarized the benefits of EAPG versus APC and reviewed the regulatory procedures dependent on whether there is budget language.

III. DMAS EAPG Implementation for Outpatient Hospital Services

- a. Carla Russell reviewed the current EAPG implementation timeline.
 - i. Work orders for systems changes have been submitted.
 - ii. Feedback from the HPPAC needed for the NOIRA process.
 - iii. Notification to providers regarding proper/complete coding prior to implementation.
 - iv. In spring DMAS and HPPAC will meet to review the payment models/cost projections and a work order will be placed for doing the respective changes.
 - v. In the October 3M EAPG release, hospitals can buy the software and test it before the implementation date of January 1, 2012.
 - vi. Questions/Concerns
 1. Donna Littlepage expressed concerns about the timeline being aggressive and providers potentially having little time to react. Mr. Lessard indicated that the final implementation schedule can be adjusted if necessary.
- b. Carla Russell reviewed data validation issues.
 - i. Identified incomplete coding as a barrier to accurate cost projections.
 - ii. Most of the MCO data already has the necessary coding details.
 - iii. Questions/Concerns

1. Mr. Lessard addressed concerns from Mr. Bailey regarding the use of MCO data.
2. Mr. Bailey questioned if Spring would be the first opportunity to see the analysis, including hospital specific projections to which Ms. Russell responded, yes.
3. Mr. Ryan expressed concerns about the data DMAS is using for the modeling. He asked how determinations would be made in terms of large payment fluctuations that may be incurred by individual hospitals under the new payment methodology.

c. Base Rates

- i. DMAS would come up with a budget neutral rate developed with FFS data.
- ii. Lab billing will be moved from the CMS-1500 billing form to the UB-04 billing form.
- iii. Ms. Russell mentioned the possibility of three different base rates: Ambulatory Surgical Center, Outpatient Clinic, and Emergency Room services. The same weights would be used for all three.
- iv. Ms. Russell mentioned that inflation will be taken into consideration to develop the base rates.
- v. Service authorization requirements for therapies after five visits across all providers will need to be accounted for.
- vi. Questions/Concerns
 1. Ms. Littlepage raised concerns about the data Medicaid has available, recounting problems that Medicare experienced. Mr. Lessard indicated that DMAS rebases case rates differently from CMS and also recalibrates the cost periodically.
 2. Mr. Ryan asked for clarification on the cost data that DMAS will use. Ms. Russell responded CY 2009. Inpatient hospitals will be re-based in July 2013 and outpatient and inpatient could potentially be done on the same schedule.

d. Weights

- i. Discussion on possible ways to develop Virginia weights. DMAS could hire a contractor and use FFS & MCO data to establish Virginia specific weights or adopt the weights used by New York Medicaid. Mr. Lessard mentioned New Hampshire is using New York weights and we could consider it first time around and assess the outcome.
- ii. As a first step, DMAS will model hospital outpatient reimbursement using New York weights.
- iii. Questions/Concerns
 1. Ms. Russell pointed out that New York updates their weights quarterly. They have a lot of exceptions integrated into the New York specific software supplied by 3M.
 2. Mr. Ryan asked why New York Medicaid had several false starts while adopting EAPG. Ms. Russell answered it was primarily due various exceptions including therapy services and mental health services.

3. Mr. Ryan asked if DMAS would develop weights statewide or provider specific for which Ms. Russell answered that weights would be statewide only.
 4. Currently, the MMIS does not accept modifiers to procedure codes. The modifiers are sometimes used in grouping. DMAS will research the potential impact of this and an implementation strategy.
 5. Mr. Bailey wanted to know more about the federal regulatory requirements for laboratory services. Mr. Lessard answered that Medicaid cannot pay more than Medicare for laboratory services and DMAS will have to justify to CMS that the reimbursement of laboratory services meets federal requirements.
- e. Capital Percentage
- i. Ms. Russell mentioned the option of integrating capital into the base rate, therefore, eliminating cost settlement.
 - ii. Mr. Lessard emphasized wanting to move away from cost-settlement for reimbursement.
 - iii. Ms. Littlepage asked which hospitals were putting money into capital and Mr. Lessard indicated that hospital outpatient capital for Medicaid patients is not a large revenue stream. On average, Medicaid reimbursement of hospitals is 14% of total revenue, capital is 10% and outpatient is about one-third of that.
- f. Summary of DMAS Deliverables
- i. Develop and distribute models containing hospital specific impacts of converting to EAPG including the option of including capital percentage in the base rate and consideration of the source of weights.
 - ii. Communicate with facilities regarding additional required coding for EAPG reimbursement.

IV. Capital Reimbursement

- a. The earlier discussion about outpatient capital reimbursement was expanded to include DMAS interest in making inpatient capital reimbursement prospective as well.
- b. Both inpatient and outpatient capital reimbursement will be on the agenda for future HPPAC meetings.

V. Disproportionate Share Hospital (DSH) Payments

- a. Mr. Lessard provided a brief overview of DSH payments and reviewed the 2008 and 2009 DSH utilization handout. The committee discussed some of the hospital specific changes in utilization.
- b. Mr. Bailey proposed annual DSH adjustments. The discussion was not completed because of time and will be on the spring HPPAC agenda.

VI. Next Steps

- a. Mr. Lessard and Mr. Bailey summarized deliverables and next steps. Mr. Lessard discussed agenda topics for the spring meeting including DSH calculations and review of EAPG models.

Meeting Adjourned 4:05pm