



Rebasing of Hospital Reimbursement – Grouping and Repricing

VA DMAS

January 25, 2024

Scott Simerly
Mal Ferguson
Josh Mihm
Guidehouse

Agenda

- I. Current Status
- II. Outpatient
- III. Inpatient
 - a. Cost Template
 - b. Wage Index
- IV. Freestanding Psych
- V. Upcoming Activities

Current Status

Virginia Medicaid Rebasing Milestones and Deliverables																
#	Milestones	Start Date	End Date	December				January				February				Comments
				1	8	15	22	1	8	15	22	1	8	15	22	
8	Reprice Inpatient DRG Claims	10/23/2023	12/10/2023	Active	Active	Completed	Completed	Completed	Completed	Completed	Completed	Completed	Completed	Completed	Completed	Ready for next stage
9	Reprice Inpatient Per Diem Claims	11/25/2023	12/20/2023	Active	Active	Active	Active	Active	Active	Active	Active	Active	Active	Active	Active	Ready for next stage
10	Reprice Outpatient EAPG Claims	11/8/2023	12/20/2023	Active	Active	Active	Active	Active	Active	Active	Active	Active	Active	Active	Active	Ready for next stage
11	APR DRG State-Specific Weights	12/10/2023	12/20/2023	Active	Active	Active	Active	Active	Active	Active	Active	Active	Active	Active	Active	Draft ready. Will produce version with IME removed.
12	Draft Modeling of DRG Rates and Parameters	12/15/2023	1/22/2024	Not Active	Not Active	Not Active	Not Active	Not Active	Not Active	Not Active	Not Active	Not Active	Not Active	Not Active	Not Active	Working on first draft
13	Draft Modeling of Psych/Rehab Per Diems	12/11/2023	1/22/2024	Not Active	Not Active	Not Active	Not Active	Not Active	Not Active	Not Active	Not Active	Not Active	Not Active	Not Active	Not Active	Working on rates. Working on freestanding psych draft model
14	Draft Modeling of EAPG Rates and Parameters	12/18/2023	1/22/2024	Not Active	Not Active	Not Active	Not Active	Not Active	Not Active	Not Active	Not Active	Not Active	Not Active	Not Active	Not Active	Workin on first draft
15	Rebasing Presentation to DMAS and Stakeholders	1/22/2024	1/22/2024	Not Active	Not Active	Not Active	Not Active	Not Active	Not Active	Not Active	Not Active	Not Active	Not Active	Not Active	Not Active	
16	Finalize DRG Rates and Payment Parameters	1/22/2024	3/15/2024	Not Active	Not Active	Not Active	Not Active	Not Active	Not Active	Not Active	Not Active	Not Active	Not Active	Not Active	Not Active	
17	Finalize Psych/Rehab Per Diems	1/22/2024	3/15/2024	Not Active	Not Active	Not Active	Not Active	Not Active	Not Active	Not Active	Not Active	Not Active	Not Active	Not Active	Not Active	
18	Finalize EAPG Rates and Payment Parameters	1/22/2024	3/15/2024	Not Active	Not Active	Not Active	Not Active	Not Active	Not Active	Not Active	Not Active	Not Active	Not Active	Not Active	Not Active	
19	Final Presentations to DMAS and Stakeholders	3/29/2024	3/29/2024	Not Active	Not Active	Not Active	Not Active	Not Active	Not Active	Not Active	Not Active	Not Active	Not Active	Not Active	Not Active	

- Completed
- Active
- Not completed, but no projected delay
- Not completed, potential for delay
- Not Active

Outpatient

- Repricing complete
- Reviewed the handling of 340B costs and payments
- We have started the Base Rate determination and modeling

Inpatient

- Repricing complete
- Validating draft of DRG Weight Set
- We have started the Base Rate determination and modeling
- Cost Template
- Wage Index

Provider Cost Summary Template*

Inpatient Provider Cost Summary									
Provider Name: XXXXXXXXXX									
Provider NPI: XXXXXXXXXX									
Wage Index: X.XX									
Revenue Code	Revenue Code Description	Claims	Days	Claim Line Billed Amt	Cost Center Used	Cost Factor (Per Diem or CCR)	Est Hospital Oper Cost	Est Hospital Oper Cost Infl to Common Point (1/1/2023)	Est Hospital Oper Cost Inflated to Common Point and Wage Index Adjusted
		A	B	C	D	E	F=E *(B or C)	G=F* Inflation Factor	H=G/Wage Index
0120	Semi-private 2 bed (medical or general)	54	542	\$ 2,294,354	30.00	\$2,089.06	\$ 1,132,271	\$ 1,228,514	\$ 1,301,636
0123	Semi-private 2 bed (medical or general)-	1,339	13,288	\$ 52,741,490	30.00	\$2,089.06	\$ 27,759,429	\$ 30,118,981	\$ 31,911,700
0127	Semi-private 2 bed (medical or general)-	230	3,054	\$ 18,205,494	31.01	\$2,255.36	\$ 6,887,869	\$ 7,473,338	\$ 7,918,161
0128	Semi-private 2 bed (medical or general)-	11	552	\$ 2,073,864	31.00	\$2,549.97	\$ 1,407,583	\$ 1,527,228	\$ 1,618,131
0170	Nursery-general classification	3	356	\$ 1,721,392	43.00	\$1,719.05	\$ 611,982	\$ 664,000	\$ 703,522
0172	Nursery-premature newborn-level II (co	146	9,202	\$ 40,187,616	31.02	\$1,733.87	\$ 15,955,072	\$ 17,311,253	\$ 18,341,640
0173	Nursery-newborn-level III (intermediate	166	16,328	\$ 117,296,114	31.02	\$1,733.87	\$ 28,310,629	\$ 30,717,033	\$ 32,545,349
0174	Nursery-newborn-level IV (intensive car	184	3,482	\$ 34,685,036	31.02	\$1,733.87	\$ 6,037,335	\$ 6,550,509	\$ 6,940,403
0180	Leave of absence-general classification	3	12	\$ -	30.00	\$1,719.05	\$ 20,629	\$ 22,382	\$ 23,714
0189	Leave of absence-other leave of absenc	5	30	\$ -	30.00	\$1,719.05	\$ 51,572	\$ 55,955	\$ 59,286
0200	Intensive care-general classification	14	116	\$ 1,068,676	31.00	\$2,549.97	\$ 295,797	\$ 320,939	\$ 340,042
0203	Intensive care-pediatric	424	7,062	\$ 54,280,880	31.00	\$2,549.97	\$ 18,007,888	\$ 19,538,559	\$ 20,701,518
0206	Intensive care-post ICU; redefined as int	252	3,326	\$ 19,914,410	35.00	\$1,954.27	\$ 6,499,902	\$ 7,052,394	\$ 7,472,161
0250	Pharmacy-general classification	1,968	-	\$ 73,620,693	73.00	0.2533	\$ 18,648,121	\$ 20,235,768	\$ 21,440,226
0255	Pharmacy-drugs incident to radiology-su	342	-	\$ 254,192	73.00	0.2533	\$ 64,387	\$ 69,869	\$ 74,027
0260	IV therapy-general classification	1,005	-	\$ 3,305,814	71.00	0.2298	\$ 759,676	\$ 824,141	\$ 873,195
0270	Medical/surgical supplies-general classif	1,225	-	\$ 26,821,182	71.00	0.2298	\$ 6,163,508	\$ 6,686,533	\$ 7,084,524
0274	Medical/surgical supplies-prosthetic/ortho	14	-	\$ 6,381	71.00	0.2298	\$ 1,466	\$ 1,591	\$ 1,686
0278	Medical/surgical supplies-other implants	446	-	\$ 9,597,675	72.00	0.4119	\$ 3,953,283	\$ 4,289,072	\$ 4,544,363
0300	Laboratory-general classification	1,964	-	\$ 29,345,096	60.00	0.2812	\$ 8,251,841	\$ 8,952,420	\$ 9,485,279
0310	Laboratory pathological-general classifc	278	-	\$ 1,088,751	60.00	0.2812	\$ 306,157	\$ 332,149	\$ 351,919
0311	Laboratory pathological-cytology	26	-	\$ 112,800	60.00	0.2812	\$ 31,719	\$ 34,412	\$ 36,461
0320	Radiology diagnostic-general classificatio	765	-	\$ 4,552,732	54.00	0.1951	\$ 888,238	\$ 963,955	\$ 1,021,331

*For Demonstration Purposes Only – Only a limited number of revenue codes are shown in the example

Wage Index

Hospital's estimated cost is **divided** by the hospital's wage index prior to rate setting to remove the impact of wage differences

After initial average cost-based rates are calculated, the hospital group rate is **multiplied** by the hospital's wage index to produce final hospital rates

Wage Index Adj Cost = Raw Cost/Wage Index

Wage Index Adj Hospital Rate = Hospital Base Rate*Wage Index

Wage Index Assignment

Wage Index is used to adjust provider cost/rates for inpatient DRGs, Outpatient EAPGs, freestanding psych facilities, and rehabilitation and psychiatric DPU per diems.

- A. Use value assigned by CMS to each hospital's geographic region Metropolitan Statistical Area (MSA), not the value Medicare assigns to the hospital
- B. Use the Reclassified value for the region
- C. For facilities in rural areas, assign the reclassified wage index for the nearest MSA
- D. Using values from Federal Fiscal Year 2022 as that most closely aligned with the hospital cost report timeframes

Wage Index

Hospital Name	FFY 2022 Geo Labor Mkt	Labor Mkt Description	FFY 2022 VA Mcd Nearest Area Cd	FFY 2022 VA Mcd Nearest Area Description	FFY 2022 Wage Index
Alleghany Regional Hospital	49	Rural	40220	Roanoke, VA	0.8512
Augusta Medical Center	44420	Staunton, VA			0.9645
Bath County Community Hospital	#N/A		40220	Roanoke, VA	0.8512
Bedford Memorial Hospital	31340	Lynchburg, VA			0.8738
Blue Ridge Behavioral Healthcare	#N/A		40220	Roanoke, VA	0.8512
Bon Secours Memorial Regional Medical Center	40060	Richmond, VA			0.9204
Bon Secours Richmond Community Hosp	40060	Richmond, VA			0.9204
Bon Secours Saint Francis Medical Center	40060	Richmond, VA			0.9204
Bristol Regional Medical Center	28700	Kingsport-Bristol, TN			0.7096
Buchanan General Hospital	49	Rural	28700	Kingsport/Bristol, VA	0.7901
Carilion Franklin Memorial Hospital	40220	Roanoke, VA			0.8512
Carilion Medical Center	40220	Roanoke, VA			0.8512
Carilion New River Valley Med Cntr	13980	Blacksburg/Christianburg/Radford			0.8519
Carilion Tazewell Community Hosp	49	Rural	13980	Blacksburg/Christianburg/Radford, VA	0.8519
Carillion Giles Memorial Hospital	#N/A		13980	Blacksburg/Christianburg/Radford, VA	0.8519
Catawba Hospital	#N/A		40220	Roanoke, VA	0.8512
Contra Specialty	#N/A		31340	Lynchburg, VA	0.8738
Central State Hospital	#N/A		40060	Richmond, VA	0.9204
Chesapeake General Hospital	47260	VA Beach-Norfolk-Newport News, VA			0.8940
Childrens Hospital of Kings Daughter's	#N/A		47260	VA Beach/Newport News/Norfolk, VA	0.8940

FFY – Federal Fiscal Year
Geo – Geographic

Mkt – Market
Mcd - Medicaid

Freestanding Psych Per Diem Status

- Cost Report Data extracted
- Currently populating Rate Setting Worksheet and validating information

January/February Activities

DRG Weight Setting

Rate Setting and Payment Models