

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Department of Health Care Finance



Office of the Senior Deputy Director/Medicaid Director

Transmittal # 15-31

TO: All Medicaid Fee-For-Service Hospitals

FROM: Claudia Schlosberg, J.D. 
Senior Deputy Director/State Medicaid Director

DATE: September 3, 2015

SUBJECT: Implementation of the Outpatient Hospital Payment Methodology

This transmittal provides notice and guidance on the implementation of the outpatient hospital payment methodology for Fiscal Year (FY) 2015. The FY 2015 methodology is effective for all outpatient hospital medical services with dates of discharge occurring on or after October 1, 2014.

Notice

On August 27, 2015, the Centers for Medicare and Medicaid Services (CMS) approved the State Plan Amendment (SPA) establishing the District's FY 2015 outpatient hospital reimbursement methodology. The Department of Health Care Finance (DHCF) shall reimburse for outpatient services by a prospective payment system (PPS) under the Enhanced Ambulatory Patient Grouping (EAPG) classification system. The SPA replaced Attachment 4.19-B, Part I of the District of Columbia State Plan for Medical Assistance, and became effective for all outpatient medical services with dates of discharge occurring on or after October 1, 2014.

Implementation Guidance

The effective date of the SPA is October 1, 2014. DHCF is providing the following guidance -- with the aim of mitigating unintended complications with implementing these policies.

- **Three-day window** - Under the SPA, Attachment 4.19-B, Part I, Section G – a hospital must include the diagnoses, procedures, and charges for all outpatient diagnostic services provided to a Medicaid beneficiary within one to three days prior to an inpatient admission, at the same hospital, as part of the inpatient claim. All hospital outpatient services that occur on the same day as an inpatient admission at the same hospital are also considered part of the inpatient stay and as such are not separately payable.

This policy applies to general hospitals, both in-District and out-of-District, with the exception of specialty hospitals (described under SPA Attachment 4.19-A, Part II) and Maryland hospitals. As this policy was not in effect under the prior payment methodology, DHCF cannot enforce it retrospectively. Accordingly, this policy will be enforced on outpatient hospital claims with a first date of service beginning September 4, 2015.

- **Observation** - Services with an observation status may be paid separately under the EAPG payment method. In order to receive separate reimbursement under the EAPG, claims must include at least eight (8) consecutive observation hours (billed as units of service). Observation hours in excess of forty-eight (48) shall not be covered.
- **Ambulatory Surgery Centers** - Ambulatory surgery centers will continue to be paid on the ambulatory surgery grouper. Bill types 0830-0838 are designated for ambulatory surgery centers and as such should not be billed for outpatient hospital services.
- **Exceptions to Reimbursement Under the EAPG Classification System**
 1. Vaccines for children administered in the outpatient hospital setting shall not be payable under the EAPG if they are currently paid under the federal government's Vaccine for Children (VFC) program. Vaccines for adults shall be covered and paid under the EAPG pricing.
 2. Professional services provided by physicians are not included in the EAPG payment method and shall be billed separately. Payment for physicians' services shall be made in accordance with the DHCF's Medicaid fee schedule.
 3. Claims originating from Maryland hospitals, St. Elizabeth's Hospital, and managed care organizations shall be excluded from EAPG pricing.
 4. Partial hospitalization services are not payable under the EAPG methodology.

Claims Processing/ Recycling

Except for the policies outlined above, DHCF will recycle all outpatient hospital claims during the week of September 7, 2015 to retroactively comport with the standards established in the SPA. This retroactive recycling of claims will be applied to all claims with a first date of service after September 30, 2014

In the meantime, DHCF will continue to communicate information about the new payment methods at <https://www.dc-medicaid.com/dcwebportal/home>.

If you have any questions, please contact Sharon Augenbaum, Medicaid Reimbursement Analyst, at (202) 442-6082 or e-mail Sharon.Augenbaum@dc.gov