

DC Medicaid

Specialty Hospital Project
Per Diem Training

August 20, 2014

Government Healthcare Solutions

Payment Method Development



Agenda

- Introductions
- Background
- APR-DRG overview
- Payment details
- System support
- Questions

Disclaimer

- This material is solely the responsibility of the Xerox Corporation, in its capacity as a consultant to DHCF
- The information in this presentation is descriptive of the APR-DRG grouper version 31
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Background

Background

- Evaluate and recommend a prospective payment method for five specialty hospitals:
 - Psychiatric Institute of Washington (PIW)
 - Hospital for Sick Children (HSC)
 - National Rehabilitation Hospital (NRH)
 - Specialty Hospital of Washington-Capitol
 - Specialty Hospital of Washington-Hadley
- Replace flat-rate per diem models with a prospective payment system
- Allow District to better understand what is being paid for
- Be defensible, transparent and durable
- Change effective October 1, 2014

Specific Issues

- Outpatient services at these hospitals will be included in the Outpatient Hospital Project
- Five hospitals are excluded from the APR-DRG project
- Coding quality

Current payment method

- Specialty hospitals paid on a hospital specific per diem
- Days are paid the same without consideration of the complexity of the patient or care
- For the most part, each hospital's rates are re-stated annually based on cost audit process

New Method

- APR-DRG adjusted per-diem
 - Impacts rehabilitation, specialty psychiatric and pediatric LTCH:
 - National Rehabilitation
 - Psychiatric Institute of Washington
 - Hospital for Sick Children
- APR-DRG adjusted per-stay
 - Impacts adult LTCH
 - Capitol Hill
 - Hadley

APR-DRG Overview

What Are APR-DRGs?

- All Patients Refined Diagnosis Related Groups (APR-DRG) is a classification system that classifies patients with a similar pattern of resource intensity & into clinically meaningful patient groups.
- Focus is expanded from resource consumption to include:
 - Resource Intensity: the relative volume and types of diagnostic, therapeutic and bed services used in the management of a particular disease
 - Severity of Illness: the extent of physiologic decompensation or organ system loss of function
 - Risk of Mortality: the likelihood of dying
- There are a manageable number of DRGs which encompass the range of all patients seen on an inpatient basis
- The patient characteristics used in the definition of the DRGs are limited to information routinely collected

What Are APR-DRGs? (cont.)

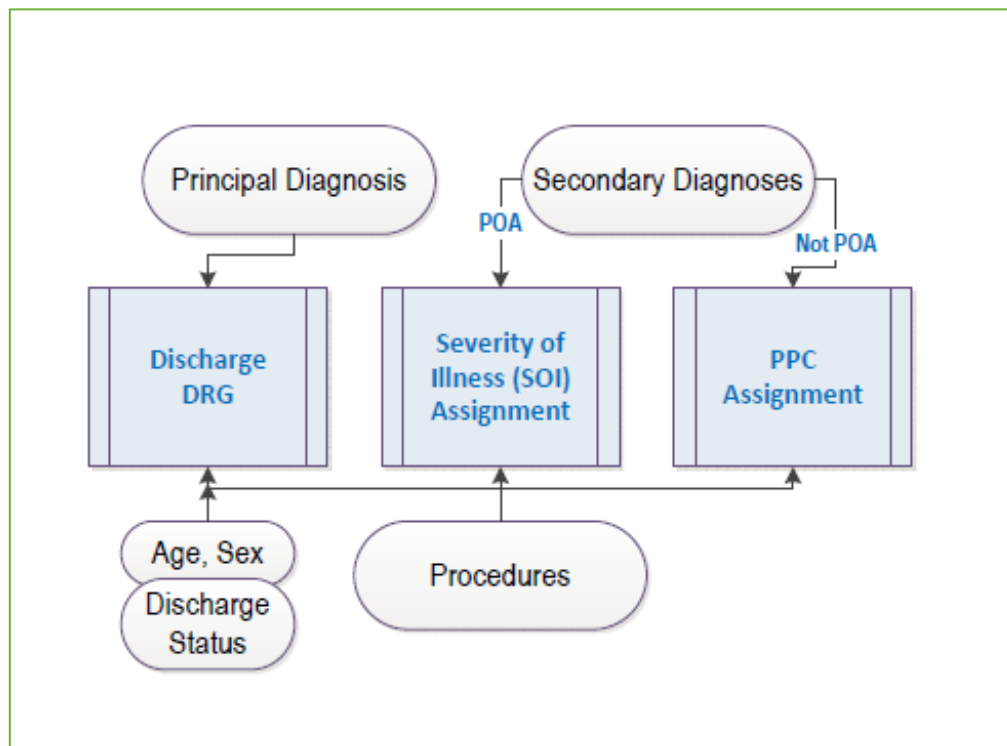
- APR-DRGs are a clinical model that has been extensively refined with historical data
 - Different clinical models are developed for different types of patients
 - Clinical models verified with data
 - Hospitals
 - State Agencies input
 - New literature evaluated
 - New code set
 - Final decisions were always clinical with two-tier peer review
- Transparent criteria

What are APR-DRGs? (cont.)

- 3M APR-DRGs are designed to describe the complete cross-section of patients seen in acute care hospitals
- 3M APR-DRGs form a clinically coherent set of severity of illness and risk of mortality adjusted patient groups
- Developed in early 1990s by 3M and National Association of Children's Hospitals (formerly NACHRI)
- Intended to be suitable for all patients, especially obstetrics, newborns, NICU babies, general pediatrics, and medically complex children
- Widely used for research, analysis and payment
 - Understand the patients being treated, costs incurred, expected services and outcomes
 - Identify areas for improvement in efficiency, documentation, and potential quality problems

Structure of APR-DRGs

DRG 002-4 Base DRG - SOI



APR-DRG	APR-DRG Description	Relative Weight
002-1	Heart &/Or Lung Transplant	9.5322
002-2	Heart &/Or Lung Transplant	11.3558
002-3	Heart &/Or Lung Transplant	16.027
002-4	Heart &/Or Lung Transplant	24.7273
141-1	Asthma	0.3506
141-2	Asthma	0.4946
141-3	Asthma	0.7464
141-4	Asthma	1.4218
560-1	Vaginal Delivery	0.307
560-2	Vaginal Delivery	0.3477
560-3	Vaginal Delivery	0.5057
560-4	Vaginal Delivery	1.3646

High severity of illness and risk of mortality are characterized by multiple serious diseases and the interaction of those diseases.

General Steps in Calculating the Allowed Amount

- Group each stay to APR-DRG and use relative weight
- Hospital's base rate (per diem or for the stay)
- Incorporate specific payment adjustments
 - Outlier payments, transfers, etc.

Payment details

Per diem method

Per diem payment method

- Each hospital stay, or interim claim, is assigned an APR-DRG
- Each APR-DRG has a relative weight
- The allowed amount is calculated by:

Hospital base rate
X
APR-DRG relative weight
X
Covered days
+
Transfer adjustment (if applicable)

Changes in policy

- Interim claims will continue as previously allowed
- New day of discharge adjustment will be added to final allowed amount:
 - If transfer to another acute hospital, last day (day of discharge) will be paid at the appropriate casemix adjusted per diem

System support

Where to find Information

DC Medicaid Webportal

- <http://www.dc-medicaid.com>
 - Select Provider Type Specific Information from the left task panel
 - Select Hospital Link
 - Select Billing Manual Link

Specialty Hospital FAQ is also available from the Webportal

This FAQ document which provides DC Medicaid policy, payment and billing information about the new outpatient hospital payment method. FAQs are periodically updated and distributed to hospitals.

- <http://www.dc-medicaid.com>
 - From the “What’s Hot” section on the home page, select “DC Medicaid Specialty Hospital Project” when presented.

Questions

For Further Information

For more information on Medicaid payment methods, please go to www.xerox.com/Medicaid

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