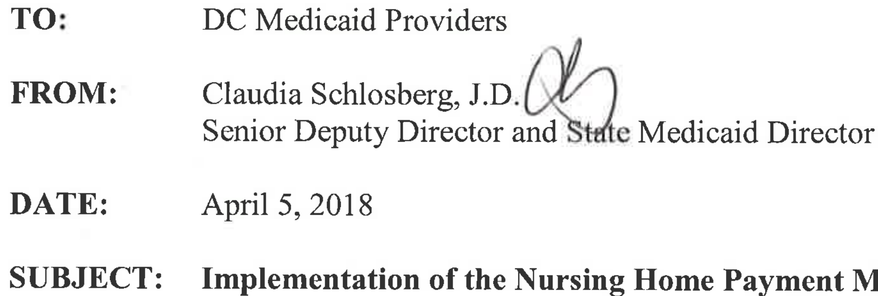
GOVERNMENT OF THE DISTRICT OF COLUMBIA
Department of Health Care Finance

Office of the Senior Deputy Director/Medicaid Director

Transmittal # 18-13



TO: DC Medicaid Providers

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

DATE: April 5, 2018

SUBJECT: **Implementation of the Nursing Home Payment Methodology**

This transmittal provides notice and guidance on the implementation of the nursing home payment methodology. The methodology is effective for all nursing home services with dates of services occurring on or after February 1, 2018.

Notice

On March 19, 2018, the Centers for Medicare and Medicaid Services (CMS) approved the State Plan Amendment (SPA) establishing the District's new nursing home reimbursement methodology. Under this new methodology, the Department of Health Care Finance (DHCF) shall reimburse in-District nursing homes through a prospective payment system (PPS) using the Resource Utilization Group (RUG-IV) Grouper 48 classification system. This SPA replaced Attachment 4.19-D, Part 1 of the District of Columbia State Plan for Medical Assistance, and is effective for all nursing home services with dates of service occurring on or after February 1, 2018.

Implementation Guidance

Since the new payment method is effective for all nursing home services effective February 1, 2018, the implementation will be made retroactive to that date. As earlier stated in Transmittal 17-31-Notification to Nursing Facilities Transitioning from RUG-III to RUG-IV, in order for claims to pay correctly, the following edits and additional information will apply in the processing of nursing home claims :

- The new payment method will price claims based on the RUG-IV code applicable to the resident.
- The claim line for nursing facility services (revenue code 0101) will require a valid HIPPS code on the line for all services February 1, 2018, and later. The HIPPS code must be valid for Medicaid, i.e., contains:
  – a valid Medicaid RUG-IV code (first three characters), plus

– a Medicaid-appropriate assessment indicator code (last two characters, usually "60" or "01")

- Leave days expected to be paid (revenue codes 0183 or 0185) require a valid HIPPS code on the line level
  – 0183 Therapeutic leave
  – 0185 Hospital
- The HIPPS/RUG code must be from the most current MDS assessment for the resident that is not later than the last date of service on the claim

Hospice Claims

Federal rules stipulate that a Medicaid beneficiary residing in a nursing home and elect's hospice benefit is considered a *"hospice patient".* Therefore, we are currently working to operationalize changes to allow hospice providers to submit claims in accordance with CMS's guidance and the new nursing home reimbursement methodology effective February 1, 2018. Interim and final guidance will be provided in a separate transmittal.

Add on Payments – Vent patients, Bariatric patients and Behaviorally complex patients

- Vent patients – will continue to use revenue code 0410 – No HIPPS/RUG code required and the Medicaid add-on price is $380/day
- Bariatric patients – will require billing using revenue code 0229 – No HIPPS/RUG code required and the Medicaid add-on price is $39/day
- Behaviorally complex patients – will require billing using revenue code 0919 – No HIPPS/RUG code required – Medicaid add-on price is $82/day

Prior Authorization (PA)

- Nursing homes will be required to obtain PAs for special needs payments (including vents). New PA numbers will be required for ongoing vent patients
  - Note that for patients with multiple PA-related conditions, a single PA covering the full set of conditions is required – Multiple overlapping PAs cannot be used for the same patient
  - PAs may be granted for up to 90 days

Claims Processing/Recycling

In consonance with the implementation guidance discussed above, DHCF will recycle all nursing home claims no later than June 1, 2018 to retroactively comport with the standards established in the SPA. The retroactive recycling of claims will be applied to all claims with a first date of service on or after February 1, 2018 submitted on or prior to April 6, 2018, with valid Medicaid RUG-IV code and HIPPS code.

Claims submitted after April 6, 2018, will be processed using the new reimbursement methodology logic. Claims submitted without the required RUGS/HIPPS code will be denied and will have to be resubmitted by providers.

In the meantime, DHCF will continue to communicate information about the new payment methodology on the agency's website: https://dhcf.dc.gov/page/2018-dhcf-medicaid-updates-01

If you have any questions, please contact Andrea Clark, Reimbursement Analyst, Office of Rates, Reimbursement and Financial Analysis, at (202) 724-4096 or email andrea.clark@dc.gov.

cc: Medical Society of the District of Columbia
DC Hospital Association
DC Primary Care Association
DC Health Care Association
DC Home Care Association
DC Behavioral Health Association
DC Coalition of Disability Service Providers