

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Department of Health Care Finance



Office of the Director

Transmittal # 15-11

TO: All Medicaid Fee-For-Service Hospitals

FROM: Claudia Schlosberg *Melvin Byrd Jr*
Senior Deputy Director/ State Medicaid Director
Department of Health Care Finance

DATE: **APR 21 2015**

SUBJECT: Implementation of the Inpatient Hospital Payment Methodology

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

Notice

On April 13, 2015, the Centers for Medicare and Medicaid Services (CMS) approved the State Plan Amendment (SPA) establishing the District's FY 2015 inpatient hospital reimbursement methodology. The SPA replaced Attachment 4.19-A, Part I of the District of Columbia State Plan for Medical Assistance, and became effective for all inpatient medical services with dates of discharge occurring on or after October 1, 2014.

Implementation Guidance

Although the effective date of the SPA is October 1, 2014, however, the Department of Health Care Finance (DHCF) cannot retroactively implement some of the reimbursement policies outlined in the SPA. Specifically, DHCF is providing the following guidance -- with the aim of mitigating unintended complications with implementing these policies.

- **Prior Authorization (PA)** – Under SPA, Attachment 4.19-A, Part I, Section U. – prior authorization is required for all non-emergency, inpatient admissions. This policy was not in effect under the previous approved payment methodology; therefore, we are unable to enforce this policy retrospectively. Accordingly, the requirement to obtain prior authorization for all non-emergency inpatient admissions will be enforced effective beginning May 4, 2015. Therefore, beginning May 4, 2015, claims for non-emergency inpatient hospital discharges will not be paid unless the appropriate PA accompanies the claim.

- **Three-day window** - Under SPA, Attachment 4.19-A, Part I, Section V – 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, as part of inpatient claim. As this policy also was not in effect under the prior payment methodology, DHCF cannot enforce it retrospectively. Accordingly, this policy will also be enforced effective beginning May 4, 2015.
- **Transfer Adjustments** – Under SPA, Attachment 4.19-A, Part I, Section N – the transfer policy will be continued with a modification. DHCF will adjust the transfer logic to include eight additional patient status codes.

Claims Processing/ Recycling

Except for the policies outlined above, beginning May 11, 2015, DHCF will recycle all inpatient medical services claims to retroactively comport with the standards established in the SPA. This retroactive recycling of claims will be applied to all claims for discharges occurring between October 1, 2014 through April 30, 2015. Based on available billing processing time frames, the recycling process may take up to six weeks.

In the meantime, DHCF will continue to communicate information about the new payment methods on <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