

CONNECTICUT HOSPITAL PAYMENT MODERNIZATION

Frequently Asked Questions (FAQs) — October 29, 2014

Transition to Inpatient Diagnosis Related Groups (DRGs)

General

What is the implementation date for the DRG payment methodology?

Admissions on or after January 1, 2015.

What DRG grouper will be used?

3M's All Patient Refined Diagnosis Related Groups (APR-DRG).

With the delay of ICD-10, will there also be a delay in the inpatient Modernization methodology?

The department's plans to implement APR-DRG on January 1, 2015 have not changed. We will provide an update if this timing changes for any reason.

What version of the APR-DRG grouper will be used?

Version 31.

Would DSS consider using the 3M national standard weights, as opposed to Connecticut-specific weights?

Yes, 3M national standard weights will be used. Please see the issue paper, "CT HPM Issue Paper - 3M National Weights 20140812 DRAFT" for additional details on this topic.

Would DSS consider not normalizing the relative weights to 1.0?

Yes, per request by the hospitals, the weights will not be normalized to 1.0 for year one.

Would DSS consider eliminating the outlier and transfer policies for year one?

The outlier and transfer policies are important components of the DRG payment methodology. Please see the issue papers, "CT HPM Issue Paper - Outliers 20141029" and, "CT HPM Issue Paper - Transfers 20140819 DRAFT" for additional details on these topics.

Would DSS consider eliminating the Indirect Medical Education (IME) adjustment for year one?

Yes, IME portions of the rates will not be distinguished in year one. Please see the issue paper, "CT HPM Issue Paper - IME 20140819 DRAFT" for additional details on this topic.

Will any services be paid separately from the APR-DRG methodology?

Yes. Organ acquisition costs will be paid on a pass-through basis. Behavioral health and rehabilitation claims will be paid per diem rates.

When will hospital-specific rates be available?

Hospital-specific rates are scheduled to be issued on November 5, 2014.

Base Rate Calculations

What are the Medicaid Cost Report line item references for the hospital-specific target derivation?

The hospital-specific targets are comprised of target amount (the lower of page 7, line 42 or page 7, line 39), plus capital (page 7, lines 35 and 36), transplants (page 8, lines 2a and 2b) and burn unit

(page 8, line 2c). Target amounts do not include provider-based physician costs, graduate medical education (GME), organ acquisition, indemnity, or health care acquired conditions. Pediatric behavioral health payments, which are not reflected on the reconciliation, will be included in the hospital specific targets.

What data will be used for the hospital-specific base rate calculation?

The final data set includes nine months of 2012 paid claims (January–September 2012) in order to begin with the implementation of Administrative Services Organization coverage in January 2012, and include claims that match the 2012 reconciliation.

Documentation and Coding Improvements (DCI)

Would it be more accurate to use Medicaid-specific data to derive the “real acuity increase” statistic?

Please see the issue paper, “CT HPM Issue Paper - Coding Improvements 20141009” for additional details on this topic.

If practice patterns move low intensity cases to outpatient settings in future years, resulting in higher acuity inpatient cases, will the DCI adjustment reduce payment inappropriately?

No, this is a one-time adjustment. Please see the issue paper, “CT HPM Issue Paper - Coding Improvements 20141009” for additional details on this topic.

What is the timing of the reserve payment?

DSS will review the case-mix index for inpatient claims that have been processed by June 30, 2016 and, if warranted, make the reserve payment to hospitals by July 31, 2016.

What is the maximum refund?

The maximum refund is 5%, which is the total amount of the DCI reserve.

Will a DCI adjustment be applied in future years?

This is intended to be a one-time adjustment for the first year of implementation. Future adjustments for DCI are not anticipated at this time.

Supplemental Payments

How will Disproportionate Share Hospital (DSH) payments be handled under the DRG methodology?

Federal DSH program payments will be handled as they are currently and, as such, will not be incorporated into the APR-DRG prospective payment system.

How will Graduate Medical Education (GME) payments be handled under the DRG methodology?

GME is not incorporated into the APR-DRG prospective payment system. DSS will perform calculations similar to those currently incorporated in the reconciliation, but the timing of that process has not yet been defined.