

HCA APR-DRG and EAPG Rebasing

Revised February 2017



COMMUNITY HEALTH PLAN
of Washington™

Inpatient and Outpatient Pricing Effective 11/01/2014 to Current

- Inpatient pricing
 - From AP DRG to APR DRG
 - HCA is using 3M Standard Weights
 - Pricing goes through Optum
- Outpatient pricing
 - From APC to EAPG
 - HCA is using 3M National Weights
 - Pricing goes through Optum

Enhanced Ambulatory Patient Groups (EAPGs)

Enhanced Ambulatory Patient Groups (EAPGs) Defined

EAPGs are a patient classification system designed to explain the amount and type of resources used in an ambulatory visit. Patients in each EAPG have **similar clinical characteristics** and **similar resource use and cost**.

EAPGs were developed to encompass the full range of ambulatory settings including same day surgery units, hospital emergency rooms, and outpatient clinics.

EAPGs cannot address nursing home services, inpatient services, or miscellaneous services like transportation.

EAPG Methodology

- EAPG extends OPPS methodology to additional services.
- EAPG does not have as many carve-outs as APC.
- Laboratory and radiology are folded into the OPPS claims payment.
- Larger service groups like significant services will get higher payment, unlike labs and radiology.
- EAPG pays more for major services, and less for ancillary services.
- The base rate is 392.59. No change on 10/01/2016 rate file.

HCA Specifics on EAPG

EAPG **exclusions** per HCA:

- DME
- PT
- Rehab
- These services are processed through the OPPS fee schedule

Corneal transplants and **diabetic education** are paid at a specific rate.

Pediatric services – HCA will apply an adjustment of 1.35 for EAPG services for children under the age of 18 at any hospital.

Cancer drugs – HCA will apply an adjustment of 1.10 for chemo and pharmacotherapy EAPGs. This is built into the EAPG weights.

Consolidated and **ancillary** EAPGs - HCA will pay \$0 on procedures grouped to consolidate.



EAPG Based Payment System

Each EAPG has an associated relative weight for payment.

Weights indicate the relative resource utilization among all ambulatory services.

Resource intensive services have higher weights.

EAPG payment for a visit is computed as the sum of the payment weights for all non consolidated, non packaged EAPGs with applicable multiple procedure discounts applied.

Incentive for efficient use of routine ancillary services is created by significant procedure consolidation and by the packaging of routine ancillaries into a base visit payment.

No incremental payment for routine, low cost ancillaries (blood chemistry, chest x-ray, EKG, etc.).

EAPG Types

<u>EAPG Type</u>	<u>Description</u>
1	Per Diem
2	Significant Procedure
21	Physical Therapy & Rehab
22	Mental Health & Counseling
23	Dental Procedure
24	Radiologic Procedure
25	Other Diagnostic Procedure
3	Medical Visit
4	Ancillary
5	Incidental
6	Drug
7	DME
8	Unassigned

Three Types of Procedures in the EAPG System

Significant procedures: Normally scheduled, constitutes the reason for the visit, and dominates the time and resources expended during the visit.

Example: excision of skin lesion, stress tests

Ancillary tests and procedures: Ordered by the primary physician to assist in patient diagnosis or treatment.

Example: immunizations, plain films, laboratory tests

Incidental procedure: An integral part of a medical visit and is usually associated with professional services.

Example: range of motion measurements

Packaging – the General Concept

EAPG standard logic includes:

- Consolidation (significant procedure consolidation)
- Ancillary packaging
 - Significant procedure consolidation
 - Same EAPG
 - Clinical (related procedures)
- Uniform list of ancillary EAPGs
- Always packaged when other EAPG is present

EAPG Payment Calculation

EAPG calculation =
EAPG relative weight x Hospital-specific
conversion factor x Discount factor (if
applicable) x Policy adjustor (if applicable)

EAPG Payment Rate Files

Sample EAPG weights effective 07/01/2014:

Washington State Health Care Authority		
EAPG Relative Weights		
Effective July 1, 2014		
V 3.7 EAPG	EAPG Description	Raw National Weight
1	PHOTOCHEMOTHERAPY	0.1059
2	SUPERFICIAL NEEDLE BIOPSY AND ASPIRATION	0.8843
3	LEVEL I SKIN INCISION AND DRAINAGE	0.4809
4	LEVEL II SKIN INCISION AND DRAINAGE	2.3133
5	NAIL PROCEDURES	0.1135
6	LEVEL I SKIN DEBRIDEMENT AND DESTRUCTION	0.5356
7	LEVEL II SKIN DEBRIDEMENT AND DESTRUCTION	0.8734

Outpatient rates:

<http://www.hca.wa.gov/medicaid/hospitalpymt/pages/outpatient.aspx>



EAPG Payment Rate Files, cont.

Sample EAPG rates effective 07/01/2014:

Washington State Health Care Authority						
EAPG Conversion Factors						
Effective July 1, 2014						
NPI	Facility Name	Statewide Standardized Amount	FFY 2014 Labor Share	FFY 2014 Wage Index	Medical Education Adjustment (GME)	EAPG Conversion Factor
		A	B	C	D	$E = A * ((C*B) + (1-B)) * (D)$
1801887658	Adventist Medical Center - Portland	392.59	0.600	1.1398	1.00000	425.52
1255327201	Auburn Regional Med Ctr - Auburn	392.59	0.600	1.1583	1.00000	429.88
1154563963	Bonner General Hospital - Sandpoint	392.59	0.600	0.7729	1.00000	339.10
1841258639	Capital Med Ctr- Olympia	392.59	0.600	1.1289	1.00000	422.95

Outpatient rates:

<http://www.hca.wa.gov/medicaid/hospitalpymt/pages/outpatient.aspx>



Diagnosis Related Group Payment Method (APR-DRG)



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APR-DRG Methodology

- Severity of illness (SOI) is a 4th digit to increase specificity on services.
- Outliers will be determined based on a fixed loss threshold of 40,000.
- Cost established based on billed charges x RCC.
- Loss is determined as the cost beyond the base DRG payment, if loss is over 40,000 it becomes an outlier.
- The outlier adjustment factor will vary based on SOI:
 - SOI 1 or 2 will pay 80% of cost above that threshold
 - SOI 3 or 4 will pay 95% of cost above threshold
- There will not be a pediatric adjustor as in AP-DRG.

HCA specifics on APR-DRG

- HCA uses 3M APR-DRG “standard” national weights.
- All **transplant, bariatric services, detoxification, rehabilitation, psychiatric and LTAC** provider claims with acute DRGs carved out of the DRG system.
- **Rate updates** - rates updated annually beginning July 2015. Rate updates will include new wage and education adjustments.
- **Medical education** – HCA will not change the medical education adjustment in inpatient rates.
- **Charge cap** - payment will be limited to billed charges
- **Caesarean delivery** - HCA will pay Caesarean deliveries at the corresponding relative weights. Moving back to standard relative weights for these services.

APR-DRG Payment Calculation

APR-DRG Calculation =
The DRG specific relative weight x hospital
specific DRG

APR-DRG Payment Rate Files

Sample of APR-DRG inpatient hospital rate file:

Washington State - Health Care Authority
 Inpatient Hospital Rates - Proposed Medicaid Rates_Assessment Program
 Effective November 1, 2014
 See Notes related to rates
 First Posted: October 15, 2014 Last Update: October 15, 2014

Hospital Inpatient MEDICAID Payment Rates and Inpatient and Outpatient RCC												
Name	Type	NPI	Mcare	DRG_Conv_Factor	Psych_Per Diem	Rehab_Per Diem	Detox_Per Diem	Cup_Per Diem	Bariatric_Case Rate	RCC	Medicaid & State OP (See Notes)	CPE Cost_Factor
Adventist Medical Center	Bordering_city	1033191309	380080	8,373.17	711.55	1,214.77	946.09	n/a	n/a	0.183	0.088	
Bonner General Hospital	Bordering_city	1154563963	131328	8,373.17	711.55	1,214.77	946.09	n/a	n/a	0.183	0.088	
Capital Medical Center	In_state	1841258639	500139	8,795.63	711.55	1,276.06	993.82	n/a	n/a	0.196	0.098	
Cascade Behavioral Hospital	In_state	1124456967	504011	8,373.17	711.55	1,214.77	946.09	n/a	n/a	0.325	0.156	
Cascade Valley Hospital	In_state_CPE	1073566246	500080	9,050.00	719.00	1,313.00	1,023.00	n/a	n/a	0.468	0.224	0.463
Central Washington Hospital	In_state	1306883228	500016	9,003.46	711.55	1,306.21	1,017.30	n/a	n/a	0.397	0.190	
Columbia Memorial Hospital	Bordering_city	1134146939	380026	8,373.17	711.55	1,214.77	946.09	n/a	n/a	0.183	0.088	
Deaconess Hospital	In_state	1356528289	500044	8,950.75	789.95	1,298.56	1,011.35	n/a	n/a	0.235	0.113	
Evergreen Hospital Medical Center	In_state_CPE	1033174933	500124	9,050.00	719.00	1,313.00	1,023.00	n/a	n/a	0.303	0.145	0.300
Fairfax Hospital	In_state	1053327890	504002	n/a	789.95	n/a	789.95	n/a	n/a	0.197	0.095	
Ferry County Memorial Hospital	CAH-detox	1508999816	501322	n/a	n/a	n/a	946.09	n/a	n/a	n/a	n/a	

Inpatient hospital rates:

<http://http://www.hca.wa.gov/billers-providers/claims-and-billing/hospital-rates-and-billing-guides>



APR-DRG Payment Rate Files, cont.

Sample of APR-DRG grouper file:

State of Washington Health Care Authority								
ALL PATIENT REFINED GROUPE - RELATIVE WEIGHTS (Effective July 1, 2014 forward) - VERSION 31.0								
Notes:								
*PA means Prior authorization by RSN required								
The average length of stay on this table is used to calculate transfer payments for claims paid under the DRG method								
For average length of stay for utilization review, refer to "Average Length of Stay for Utilization Review" table								
APR DRG	SOI SUBCLASS	MDC	DRG Description	Type of Service	Payment Method	Relative Weight 31.0	Average Length of Stay	
001	1		LIVER TRANSPLANT &/OR INTESTINAL TRANSPLANT	Transplant	RCC	N/A	N/A	
001	2		LIVER TRANSPLANT &/OR INTESTINAL TRANSPLANT	Transplant	RCC	N/A	N/A	
001	3		LIVER TRANSPLANT &/OR INTESTINAL TRANSPLANT	Transplant	RCC	N/A	N/A	
001	4		LIVER TRANSPLANT &/OR INTESTINAL TRANSPLANT	Transplant	RCC	N/A	N/A	
002	1		HEART &/OR LUNG TRANSPLANT	Transplant	RCC	N/A	N/A	
002	2		HEART &/OR LUNG TRANSPLANT	Transplant	RCC	N/A	N/A	
002	3		HEART &/OR LUNG TRANSPLANT	Transplant	RCC	N/A	N/A	
002	4		HEART &/OR LUNG TRANSPLANT	Transplant	RCC	N/A	N/A	
003	1		BONE MARROW TRANSPLANT	Transplant	RCC	N/A	N/A	
003	2		BONE MARROW TRANSPLANT	Transplant	RCC	N/A	N/A	
003	3		BONE MARROW TRANSPLANT	Transplant	RCC	N/A	N/A	
003	4		BONE MARROW TRANSPLANT	Transplant	RCC	N/A	N/A	

APR-DRG grouper file:

<http://http://www.hca.wa.gov/billers-providers/claims-and-billing/hospital-rates-and-billing-guides>



Other Impacts to Payment Methodologies

- **Modifiers** that may have EAPG impact:
 - e.g. 25–Distinct service, 27–Multiple E&M encounters, 50-Bilateral procedure, 52–Discontinue service, 59-Distinct procedure, 73-Terminated procedure.
- **Clinical edits**
 - Institutional claims use Medicaid NCCI edits and Optum’s CES editing implemented 11/04/2016.
 - **Multiple significant procedure discounting**– When multiple significant procedures or therapies are performed, a discounting of the EAPG payment is applied. Discounting refers to a reduction in the standard payment rate for an EAPG. Discounting recognizes that the marginal cost of providing a second procedure to a patient during a single visit is less than the cost of providing the procedure by itself.
- **Coordination of benefits** – Amount paid by other insurance reduces the allowable

Questions?

- For more information, see also
 - HCA’s outpatient billing guideline, <http://hca.wa.gov/assets/billers-and-providers/outpatienthospitalservices-bi-20161001.pdf>
 - Medicaid’s National Correct Coding Initiative page, <https://www.medicaid.gov/medicaid/data-and-systems/ncci/index.html>
 - Washington State Hospital Association’s EAPG presentation, <http://studylib.net/doc/5592587/eapgs--washington-state-hospital-association>
- In addition, providers may contact cs.claimsdistribution@chpw.org