



Roderick L. Bremby, Commissioner

Effective Date: 01/01/2015
Colleen Ryan (860) 424-5195

TO: General Acute Care Hospitals, Children's Hospitals, Chronic Disease Hospitals, Psychiatric Hospitals, and Free-Standing Birth Centers

RE: Inpatient Hospital Payment Modernization/All Patient Refined-Diagnostic Related Group (APR-DRG)

The purpose of this policy transmittal is to notify hospitals that, as required by section 17b-239 of the Connecticut General Statutes, the Department of Social Services (DSS) is changing inpatient hospital reimbursement for general acute care hospitals and children's hospitals from the current model of interim per diem rates and case rate settlements to an APR-DRG system where hospital payments will be established prospectively. **These changes do not apply to chronic disease hospitals, psychiatric hospitals or free-standing birth centers.** The goals of the conversion are:

1. administrative simplification for hospital providers and the Department through consistency with established Medicare reimbursement policies;
2. greater accuracy in matching reimbursement amounts to relative cost and complexity;
3. greater capacity to partner with Medicare, commercial insurers and other payers in developing innovative payment strategies that reward improved quality as opposed to greater quantity of care; and
4. greater transparency in the payment methodology.

The payment methodology that has been chosen for use in Connecticut is 3M All Patient Refined Diagnosis Related Groups (APR-DRG) Grouper. This transmittal provides important information regarding DSS' implementation of this payment system, which will apply to general acute care and children's hospital inpatient stays with a date of admission on or after January 1, 2015.

REGULATIONS CONCERNING INPATIENT HOSPITAL SERVICES

The draft Regulation concerning Inpatient Hospital Services has been posted to the DSS Website. The draft regulations can be accessed via the Department of Social Services website. Go to www.ct.gov/dss, and then select "Publications," then "Policies and Regulations," then "Notices of Intent, Operational Policies, and Proposed Regulations," and then "Regulations Concerning Inpatient Hospital Services."

The regulation has also been posted to the www.ctdssmap.com website. To access the regulation go to "Publications," then "Provider Manuals Chapter 7," and then choose "Hospital Inpatient" from the drop down menu. The provisions of these regulations are effective January 1, 2015 pursuant to Sec. 17b-239(i) of the Connecticut General Statutes. The Department is implementing these policies and procedures in draft regulation form pending final adoption.

GENERAL OVERVIEW

- Claims where the date of admission is prior to January 1, 2015 will be processed using the current payment methodology.
- Claims associated with dates of admission of January 1, 2015 or later will process using the APR-DRG methodology.
- APR-DRG will apply to inpatient stays in general acute care hospitals and children's hospitals, including out-of-state and border hospitals enrolled in the Connecticut Medical Assistance Program (CMAP). It will not apply to chronic disease hospitals, psychiatric hospitals, or free-standing birth centers whose payment methodology will not change.
- APR-DRG payments will be made using hospital-specific base rates for in state hospitals. For out-of-state and border hospitals, the base rate will be the in-state weighted average base rate. Hospitals will receive notification regarding their specific base rate from the DSS Reimbursement Unit.
- Base payments will be set prospectively; there will no longer be a cost settlement for claims associated with admissions as of January 1, 2015 or later.

- Cost settlement will continue for claims with admission dates through December 31, 2014.
- Comprehensive information on DRG payments can be found at www.ctdssmap.com by selecting the “Hospital Modernization” Web page. This page will provide additional details regarding how payment information will be communicated on the remittance advice, special processing, DRG payment calculator and relative weights.
- Additional information is available on the DSS website at www.ct.gov/dss by selecting “Programs & Services,” and then “Programs A to Z,” then “Medicaid Hospital Reimbursement,” then select “Reimbursement Modernization.”

HOSPITAL BASED PRACTITIONERS

Professional services furnished by a hospital-based practitioner for hospital inpatient services must be billed on a professional claim and will be reimbursed outside of the APR-DRG classification system. All professional services must be billed on the CMS 1500 and will be reimbursed based on the fee schedule applicable to the practitioner’s provider type. Practitioners must comply with all regulations, policies, billing requirements, and procedures applicable to their provider type. Each practitioner performing services in the hospital setting must either enroll in CMAP as a billing provider or enroll as a performing provider associated to an appropriate practitioner group. Enrolled practitioners may not balance bill Medicaid clients.

For more information regarding practitioner and group CMAP enrollment please refer to Provider Bulletin 2014-60 “Reimbursement for Practitioner Services Rendered in a Facility Setting” and Provider Bulletin 2014-68 “Hospital Based Practitioners – Inpatient Services.” Hospitals should also refer to www.ctdssmap.com, and then select “Hospital Modernization,” then “Inpatient Payment Methodology,” then select “Hospital Based Practitioners – Inpatient Services.”

SPECIAL PROCESSING

A summary of the Department’s policy on certain special pricing situations is provided below. Please be aware that this is a summary and the provider should refer to the policy and/or processing documents located on the Department’s website at:

<https://www.ctdssmap.com/CTPortal/Hospital%20Modernization/tabId/143/Default.aspx>

Interim Billing

A hospital may submit an interim claim for payment only if an inpatient stay is 29 days or more.

Partial Eligibility/Spent Down

There are circumstances in which some, but not all, of an inpatient hospital stay will be covered by the Connecticut Medical Assistance Program. For these situations, payment will be prorated based on the number of covered days in relation to the total length of stay for the applicable DRG. This policy applies to recipients who gain Medicaid eligibility during a hospital stay.

The payment of the prorated claim is calculated by using the following steps:

Partial Eligibility prorated payment = Base DRG Payment * (number days eligible) / (through date – admit date)

Please note that claims must be submitted for the **entire stay with all the charges and services** related to the admission despite partial eligible stays.

Outliers

The Department recognizes that, due to the complexity of the illness or other complicating conditions, there are stays that are costly in relation to other stays within the same APR-DRG assignment. These stays qualify for an outlier payment designed to cover expenses that are not predictable by the diagnosis, procedures performed, and other data captured by the DRG grouper. Only a small percentage of claims are expected to qualify for an outlier payment.

Transfers

In the event that a client is transferred from one acute care general hospital to another, payment to the receiving hospital will follow the standard APR-DRG reimbursement. The hospital from which the client transferred is subject to a transfer adjustment. The discharge values that are considered to be a transfer are 02 transferred to a short-term hospital and 05 transferred to cancer center or children’s hospital.

The payment of the initial transfer claim payment is based on a prorated payment calculated by using the following steps:

(Base DRG Payment /ALOS) * (LOS +1)

Health Care-Acquired Conditions

The Connecticut Medical Assistance Program will not pay for services identified as Health Care-Acquired Conditions (HCACs). The predetermined list of diagnosis codes that DSS considers to be a HCAC, if there was no indication that the condition was present on admission, will not be considered when assigning the APR-DRG for the claim.

Non-DRG Payments/Per Diem Payments

APR-DRG payment with limited exceptions will be applied to all inpatient claims from acute care hospitals. Some examples of exceptions include admissions where there is a transfer to a completely different service within the same institution, such as from a medical service to a behavioral health or rehabilitation service. Any services not reimbursed by the DRG will be paid based on a per diem rate. The Department will provide additional guidance prior to implementation.

Prior Authorization

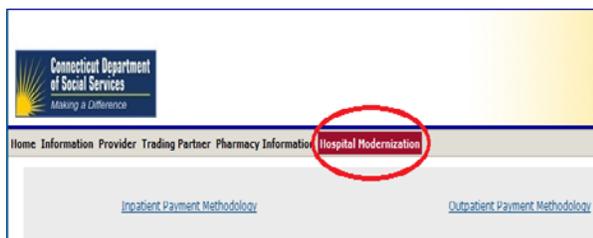
Prior authorization continues to be required on all inpatient stays except labor and delivery. Behavioral health claims will be authorized by Value Options and non-behavioral health claims will continue to be authorized by Community Health Network of Connecticut (CHNCT). Concurrent and post payment review will be required in circumstances specified by the Department.

Transplants/Organ Acquisition

Transplant services will be reimbursed through the APR-DRG methodology. Acquisition of certain organs will be reimbursed via an additional payment on the claim. Acquisition of the heart, liver, kidneys, pancreas, and lungs will be manually priced based on the submission of RCC 81X. This list of organs may be modified from time to time.

HOSPITAL PAYMENT MODERNIZATION WEB PAGE

In preparation for the impending changes, a new web page titled "Hospital Modernization" has been added on the www.ctdssmap.com Web site. This web page was developed to provide further guidance and information regarding inpatient hospital reimbursement methodologies.



The Hospital Modernization page will provide the most current information on the APR-DRG reimbursement. This page will include Quick Links, DRG Provider Publications, Hospital FAQs, Hospital Important Messages, DRG Calculator, Provider Training, Provider Manuals and Contact information.

The "Hospital Modernization" Web page is currently available and will be continuously updated throughout the year. Please refer to this page periodically for any updates. Additional information is available on the DSS Reimbursement Home Page. Go to www.ctdssmap.com, and then select "Hospital Modernization," then select "DSS Reimbursement Home Page" under DSS links.

Posting Instructions: Policy transmittals can be downloaded from the Connecticut Medical Assistance Program Web site at www.ctdssmap.com

Distribution: This policy transmittal is being distributed to holders of the Connecticut Medical Assistance Program Provider Manual by HP Enterprise Services.

Responsible Unit: For policy issues, contact Colleen Ryan at (860) 424-5195.

For rate issues, contact Roberta Cecil at (860) 424-5932.

Date Issued: December 2014.