

# HCA APR-DRG and EAPG Rebasing

*Revised March 2023*



**COMMUNITY HEALTH PLAN**  
of Washington™

The power of community

# Inpatient and Outpatient Pricing





# Inpatient and Outpatient Pricing

- 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)





# 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 OPSS methodology to additional services.
- EAPG does not have as many carve-outs as APC.
- Laboratory and radiology are folded into the OPSS 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.



# 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 for Behavioral Health and Substance Abuse
2	Significant Procedure
21	Physical Therapy & Rehab
22	Behavioral Health & Counseling
23	Dental Procedure
24	Radiologic Procedure
25	Diagnostic or Therapeutic Procedures
3	Medical Visit
4	Ancillary
5	Incidental
6	Drugs
7	DME and Supplies
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 07/01/2022:

Washington State Health Care Authority			
EAPG Relative Weights			
Effective July 1, 2022			
Updated June 2, 2022			
<i>Please note:</i>			
1. The Health Care Authority is employing the Modeled Normalized v3.16 Weight.			
2. The weights for EAPG grouper version 3.16 should not be loaded and applied using EAPG grouper version 3.11 and vice-versa.			
EAPG	EAPG Description	3M v3.16 National Weight	Modeled Normalized v3.16 Weight
0002	SUPERFICIAL NEEDLE BIOPSY AND ASPIRATION	1.056673	1.038973
0003	LEVEL I SKIN INCISION AND DRAINAGE, DEBRIDEMENT, DESTRUCTION, OTHER RELATED PX	0.273633	0.269050
0004	LEVEL II SKIN INCISION AND DRAINAGE, DEBRIDEMENT, DESTRUCTION, OTHER RELATED PX	1.837178	1.806402
0005	NAIL PROCEDURES	0.109751	0.107912
0009	LEVEL I SKIN EXCISIONS, BIOPSIES, AND REPAIRS	0.745616	0.733126
0010	LEVEL II SKIN EXCISIONS, BIOPSIES, AND REPAIRS	1.922662	1.890455
0011	LEVEL III SKIN EXCISIONS, BIOPSIES, AND REPAIRS	2.958702	2.909140
0016	SIMPLE WOUND REPAIR AND TREATMENT	0.312789	0.307549
0017	INTERMEDIATE WOUND REPAIR AND TREATMENT	0.629126	0.618588
0018	COMPLEX WOUND REPAIR AND TREATMENT	1.678708	1.650587
0019	MOHS MICROGRAPHIC SURGERY	1.594954	1.568236
0020	LEVEL I BREAST PROCEDURES	2.341314	2.302094
0021	LEVEL II BREAST PROCEDURES	5.418859	5.328085
0022	LEVEL III BREAST PROCEDURES	11.396702	11.205790
0023	LEVEL I FOREARM AND WRIST PROCEDURES	2.894525	2.846037
0024	LEVEL II FOREARM AND WRIST PROCEDURES	9.498448	9.339335
0025	LEVEL I SHOULDER AND UPPER ARM PROCEDURES	7.466622	7.341545
0026	LEVEL I KNEE AND LOWER LEG PROCEDURES	5.218113	5.130701
0027	LEVEL I HIP AND FEMUR PROCEDURES	5.727672	5.631725
0028	LEVEL I SPINE PROCEDURES	7.787477	7.657025
0029	LEVEL II SPINE PROCEDURES	17.155220	16.867845
0033	LEVEL I HAND PROCEDURES	2.216290	2.179164
0034	LEVEL II HAND PROCEDURES	3.675254	3.613688

The above chart is only an example; please check the following link for current outpatient rates:  
<https://www.hca.wa.gov/billers-providers-partners/prior-authorization-claims-and-billing/hospital-reimbursement>



# EAPG Payment Rate Files, cont.

Sample EAPG rates effective 01/01/2023:

Washington State Health Care Authority					
EAPG Conversion Factors					
Effective January 01, 2023 and after					
Updated 02/28/2023					
NPI	FACILITY NAME	STATEWIDE STANDARDIZED AMOUNT	FY 2023 WAGE INDEX	MEDICAL EDUCATION ADJUSTMENT (GME)	EAPG CONVERSION FACTOR
1003367491	Unity Center of Behavioral Health-Portland	378.91	1.1985	1.013635	429.82
1003991845	Providence Portland Medical Center	378.91	N/A	N/A	387.73
1013074061	EvergreenHealth Monroe (Valley General Hosp)	378.91	1.1557	1.000000	414.31
1033107214	Swedish Memorial Hospital Edmonds Campus - Edmonds	378.91	1.1557	1.000000	414.31
1033174933	Evergreen Hosp Med Ctr-Kirkland	378.91	1.1557	1.000000	414.31
1053357244	Skagit Valley Hospital	378.91	1.1418	1.019142	419.02
1053359729	Harborview Medical Center-Seattle	378.91	1.1557	1.172492	485.77
1053373480	Yakima Valley Memorial Hosp - Yakima	378.91	1.0437	1.000216	388.93
1073510277	St John Medical Ctr - Longview	378.91	1.1792	1.000000	419.65
1073566246	Cascade Valley Hosp - Arlington	378.91	1.1557	1.000000	414.31
1093713091	St Francis Hosp-Federal Way	378.91	1.1557	1.005863	416.74
1114015971	Providence ST Vincent Med Ctr	378.91	N/A	N/A	387.73
1134146939	Columbia Memorial Hospital - Astoria	378.91	N/A	N/A	387.73
1134178999	PeaceHealth Southwest Washington Medical Center	378.91	1.1985	1.011448	428.89
1144471715	Providence Sacred Heart Med Ctr - Spokane	378.91	1.0534	1.029565	402.61
1154378859	Grays Harbor Community Hosp-Aberdeen	378.91	1.0701	1.000000	592.27
1154563963	Bonner General Hospital - Sandpoint	378.91	N/A	N/A	387.73

The above chart is only an example; please check the following link for current outpatient rates:  
<https://www.hca.wa.gov/billers-providers-partners/prior-authorization-claims-and-billing/hospital-reimbursement>

# Diagnosis Related Group Payment Method (APR-DRG)





# 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. 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 effective 02/01/2023:

Washington State - Health Care Authority Inpatient Hospital Rates - Medicaid Rates Effective February 1, 2023													
First Posted: January 15, 2023		Last Update:											
See notes related to rates below													
Name	Type	NPI	Mcare	QIP Eligibility	DRG Conv Factor	Psych Per Diem	Withdrawal Per Diem	Rehab Per Diem	LT Psych Per Diem	IP RCC	State and Medicaid		
											OP RCC	CUP Per Diem	CPE Cost Factor
Adventist Medical Center	Bordering City	1801887658	380060	N	8,473.71	711.55	984.56	1,150.42	n/a	0.153	0.041	n/a	n/a
Bonner General Hospital	Bordering City	1154563963	131328	N	8,473.71	711.55	984.56	1,150.42	n/a	0.153	0.041	n/a	n/a
Cascade Behavioral Health Hospital	In State Psych	1124456967	504011	N	n/a	829.30	1,029.79	n/a	n/a	0.420	n/a	n/a	n/a
Cascade Valley Hospital	In State CPE	1073566246	500060	Y	8,951.68	718.67	1,040.09	1,215.30	n/a	0.231	0.062	n/a	0.229
Cedar Hills Hospital	Border Psych	1528231826	384012	N	n/a	711.55	984.56	n/a	n/a	0.153	n/a	n/a	n/a
Central Washington Hospital	In State	1306883228	500016	Y	8,871.41	1,350.22	1,030.77	1,204.40	n/a	0.337	0.090	n/a	n/a
CHI Franciscan Rehabilitation Hospital	Rehab	1245756410	503026	N	n/a	n/a	n/a	1,210.57	n/a	0.406	0.110	n/a	n/a
Columbia Memorial Hospital	Bordering City	1134146939	381320	N	8,473.71	711.55	984.56	1,150.42	n/a	0.153	0.041	n/a	n/a
Covington Medical Center	In State	1326564071	500154	Y	8,951.68	718.67	1,040.09	1,215.30	n/a	0.201	0.054	n/a	n/a
Evergreen Health Kirkland	In State CPE	1033174933	500124	Y	8,951.68	718.67	1,040.09	1,215.30	n/a	0.263	0.071	n/a	0.261
Evergreen Health Monroe	In State CPE	1013074061	500084	Y	8,951.68	797.85	1,040.09	1,215.30	n/a	0.323	0.087	962.95	0.320
Fairfax Hospital	In State Psych	1053327890	504002	Y	n/a	837.59	1,040.09	n/a	n/a	0.293	n/a	n/a	n/a
Ferry County Memorial Hospital	CAH Detox	1508899816	501322	N	n/a	n/a	984.56	n/a	n/a	n/a	n/a	n/a	n/a
Fred Hutchinson Cancer Center AKA Seattle Cancer Care Alliance	In State	1164493847	500138	Y	13,557.63	n/a	1,575.26	1,840.62	n/a	0.383	0.103	n/a	n/a
Gritman Medical Center	Bordering City	1619988144	131327	N	8,473.71	711.55	984.56	1,150.42	n/a	0.153	0.041	n/a	n/a

The above chart is only an example; please check the following link for current Inpatient hospital rates:  
<https://www.hca.wa.gov/billers-providers-partners/prior-authorization-claims-and-billing/hospital-reimbursement>



# APR-DRG Payment Rate Files, cont.

Sample of APR-DRG grouper file effective 07/01/2022:

State of Washington Health Care Authority							
ALL PATIENT REFINED GROUPE - RELATIVE WEIGHTS (Effective July 1, 2022 forward) - VERSION 38.0							
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							
Version 33 rates should not be used with version 38 and vice versa							
APR DRG	SOI	MDC	DRG Description	Type of Service	Payment Method	V 38 Relative Weight <sup>1</sup>	Average Length of Stay <sup>2</sup>
001	1		LIVER TRANSPLANT AND/OR INTESTINAL TRANSPLANT	Transplant	RCC	N/A	N/A
001	2		LIVER TRANSPLANT AND/OR INTESTINAL TRANSPLANT	Transplant	RCC	N/A	N/A
001	3		LIVER TRANSPLANT AND/OR INTESTINAL TRANSPLANT	Transplant	RCC	N/A	N/A
001	4		LIVER TRANSPLANT AND/OR INTESTINAL TRANSPLANT	Transplant	RCC	N/A	N/A
002	1		HEART AND/OR LUNG TRANSPLANT	Transplant	RCC	N/A	N/A
002	2		HEART AND/OR LUNG TRANSPLANT	Transplant	RCC	N/A	N/A
002	3		HEART AND/OR LUNG TRANSPLANT	Transplant	RCC	N/A	N/A
002	4		HEART AND/OR LUNG TRANSPLANT	Transplant	RCC	N/A	N/A
004	1		TRACHEOSTOMY WITH MV >96 HOURS WITH EXTENSIVE PROCEDURE	DRG	DRG	7.159803	16
004	2		TRACHEOSTOMY WITH MV >96 HOURS WITH EXTENSIVE PROCEDURE	DRG	DRG	8.499660	21
004	3		TRACHEOSTOMY WITH MV >96 HOURS WITH EXTENSIVE PROCEDURE	DRG	DRG	12.134506	30
004	4		TRACHEOSTOMY WITH MV >96 HOURS WITH EXTENSIVE PROCEDURE	DRG	DRG	17.745982	41
005	1		TRACHEOSTOMY WITH MV >96 HOURS WITHOUT EXTENSIVE PROCEDURE	DRG	DRG	4.730749	15
005	2		TRACHEOSTOMY WITH MV >96 HOURS WITHOUT EXTENSIVE PROCEDURE	DRG	DRG	6.439408	19
005	3		TRACHEOSTOMY WITH MV >96 HOURS WITHOUT EXTENSIVE PROCEDURE	DRG	DRG	8.186789	25
005	4		TRACHEOSTOMY WITH MV >96 HOURS WITHOUT EXTENSIVE PROCEDURE	DRG	DRG	11.646949	33
006	1		PANCREAS TRANSPLANT	Transplant	RCC	N/A	N/A

The above chart is only an example; please check the following link for current APR-DRG grouper file: <https://www.hca.wa.gov/billers-providers-partners/prior-authorization-claims-and-billing/hospital-reimbursement> under “Diagnosis-related group (DRG) grouper weights and utilization/length of stay information”)



# 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.
  - **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?





# Questions?

- For more information, see also
  - HCA's outpatient billing guideline, <https://www.hca.wa.gov/billers-providers-partners/prior-authorization-claims-and-billing/provider-billing-guides-and-fee-schedules>
  - Medicaid's National Correct Coding Initiative page, <https://www.medicaid.gov/medicaid/data-and-systems/ncci/index.html>
- In addition, providers may contact [cs.claimsdistribution@chpw.org](mailto:cs.claimsdistribution@chpw.org)