

HCA APR-DRG and EAPG Rebasing

Revised February 2020



COMMUNITY HEALTH PLAN
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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 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.



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

$$\begin{aligned} & \text{EAPG calculation} = \\ & \text{EAPG relative weight} \times \\ & \text{Hospital-specific conversion factor} \times \\ & \text{Discount factor (if applicable)} \times \\ & \text{Policy adjustor (if applicable)} \end{aligned}$$



EAPG Payment Rate Files

Sample EAPG weights effective 04/01/2017:

A	B	C	D
Washington State Health Care Authority			
EAPG Relative Weights			
Originally Posted February 27, 2017			
Updated March 17, 2017			
Please note:			
1. The Health Care Authority is employing the EAPG 3.11 National Weight with Case Mix Adjustment			
2. The weights for EAPG grouper version 3.11 should not be loaded and applied using EAPG grouper version 3.7 and vice-versa.			
EAPG	EAPG Description	EAPG 3.11 National Weight	EAPG 3.11 National Weight with Case Mix Adjustment
0001	PHOTOCHEMOTHERAPY	0.148073	0.134095
0002	SUPERFICIAL NEEDLE BIOPSY AND ASPIRATION	1.055804	0.956136
0003	LEVEL I SKIN INCISION AND DRAINAGE	0.630459	0.570944
0004	LEVEL II SKIN INCISION AND DRAINAGE	1.987179	1.799589
0005	NAIL PROCEDURES	0.173148	0.156803
0006	LEVEL I SKIN DEBRIDEMENT AND DESTRUCTION	0.726532	0.657947
0007	LEVEL II SKIN DEBRIDEMENT AND DESTRUCTION	1.449090	1.312295
0008	LEVEL III SKIN DEBRIDEMENT AND DESTRUCTION	2.014036	1.823911
0009	LEVEL I EXCISION AND BIOPSY OF SKIN AND SOFT TISSUE	1.119255	1.013598
0010	LEVEL II EXCISION AND BIOPSY OF SKIN AND SOFT TISSUE	2.182732	1.976682
0011	LEVEL III EXCISION AND BIOPSY OF SKIN AND SOFT TISSUE	4.929768	4.464398
0012	LEVEL I SKIN REPAIR	0.576969	0.522503
0013	LEVEL II SKIN REPAIR	1.807404	1.636785
0014	LEVEL III SKIN REPAIR	2.050077	1.856550
0015	LEVEL IV SKIN REPAIR	2.888320	2.615663
0020	LEVEL I BREAST PROCEDURES	2.182996	1.976921

The above chart is only an example; please check the following link for current outpatient rates:

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



EAPG Payment Rate Files, cont.

Sample EAPG rates effective 01/01/2017:

Washington State Health Care Authority					
EAPG Conversion Factors					
Effective January 1, 2017					
NPI	FACILITY NAME	STATEWIDE STANDARDIZED AMOUNT	FY 2017 WAGE INDEX	MEDICAL EDUCATION ADJUSTMENT (GME)	EAPG CONVERSION FACTOR
1003991845	Providence Portland Medical Center	392.59	N/A	N/A	407.67
1013074061	Valley General Hosp - Monroe	392.59	1.1375	1.000000	424.98
1033107214	Swedish Memorial Hospital Edmonds Campus - Edmonds	392.59	1.1375	1.000000	424.98
1033174933	Evergreen Hosp Med Ctr-Kirkland	392.59	1.1375	1.000000	424.98
1043241508	Yakima Regional Medical & Heart Center - Yakima	392.59	1.0640	1.017149	414.66

The above chart is only an example; please check the following link for current outpatient rates:

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

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 02/01/2017:

Washington State - Health Care Authority												
Inpatient Hospital Rates - Medicaid Rates												
Effective February 1, 2017												
See Notes related to rates												
First Posted: January 30, 2017				Last Update:								
Hospital Inpatient MEDICAID Payment Rates and Inpatient and Outpatient RCC												
Name	Type	NPI	Mcare	DRG Conv Factor	Psych Per Diem	Detox Per Diem	Rehab Per Diem	Bariatric Case Rate	IP RCC	Medicaid & State		
										OP RCC (See Notes)	Cup Per Diem	CPE Cost Factor
Adventist Medical Center	Bordering_city	1801887658	380060	8316.34	711.55	946.09	1214.77	n/a	0.166	0.068	n/a	
Bonner General Hospital	Bordering_city	1154563963	131328	8289.44	711.55	946.09	1214.77	n/a	0.166	0.068	n/a	
Capital Medical Center	In_state	1841258639	500139	8883.59	718.67	1003.76	1288.82	n/a	0.184	0.075	n/a	
Cascade Behavioral Hospital	In_state	1124456967	504011	n/a	789.95	789.95	n/a	n/a	0.534	n/a	n/a	
Cascade Valley Hospital	In_state_CPE	1073566246	500060	9050.40	718.67	1022.60	1313.02	n/a	0.371	0.151	n/a	0.368
Central Washington Hospital	In_state	1306883228	500016	9093.49	718.67	1027.47	1319.27	n/a	0.371	0.151	n/a	
Columbia Memorial Hospital	Bordering_city	1134146939	381320	8289.44	711.55	946.09	1214.77	n/a	0.166	0.068	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/provider-billing-guides-and-fee-schedules>



APR-DRG Payment Rate Files, cont.

Sample of APR-DRG grouper file effective 02/01/2017:

State of Washington Health Care Authority								
ALL PATIENT REFINED GROUPER - 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	

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>
 - 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