

# Medicaid Advisory Hospital Group



Division of Medicaid Services  
Bureau of Rate Setting

September 25, 2020  
Wisconsin Department of Health Services

# Agenda

1. Introduction and Welcome
2. Recap and COVID Considerations
3. Hospital Payment Rate Year 2021 Updates
4. Potentially Preventable Readmissions
5. Coronavirus Aid, Relief, and Economic Security (CARES) Act Funding
6. Other Payment Updates
7. Questions
8. Adjournment



# COVID Considerations

## □ Current COVID Impact

- 3M included the new COVID-19 ICD-10 code, U07.1, into the April 1<sup>st</sup>, 2020 release
- 3M HIS APR v37 logic update to include new vaping code and COVID19 diagnosis code effective April 1<sup>st</sup>, 2020
- Working on summary of COVID-19 Coding and Grouping for HCPCS/CPT Codes, EAPGs, APR-DRG Mapping, and ICD-10 Diagnosis Code(s)



# COVID Considerations

- The department will review how COVID will impact future rate setting and PPR decisions
  - Current rate development for RY 2021 will not be impacted because the base data (FFY 2019) does not include COVID cases
  - Will review impact of reduced utilization and COVID cases for future rate years
  - Will evaluate PPR benchmarking going forward





# **Hospital Payment Rate Year 2021 Updates**

# Rate Year 2021

## Goals and Policy Overview

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- Update to newer inpatient and outpatient grouper versions
- Inflated hospital base rates (3.27%)
- Rate sheets available on ForwardHealth today



# Rate Year 2021 Data Sources

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## Discussed at MAHG Meeting 6/10/20

### Data Sources and Groupers:

- ❑ Claims data extract for rate setting is from week of March 18, 2020
- ❑ CMS HCRIS released on 03/31/2020 reflects the most currently available cost reports
  - Under CMS state plan policy, DHS will not utilize any cost reports available after 3/31/2020 for RY 2021
- ❑ Grouper versions updates:
  - APR DRG v37 (Normalization factor of 1.3475 applied)
  - EAPG v3.15 (Normalization factor of 1.0053 applied)



# APR – DRG v37 CMI Normalization

- Solution – Calculate a normalization factor that will be applied to 3M's v37 APR DRG weights
- Calculation of Normalization Factor

	Avg. APR DRG Weight Under Normalized v36	Avg. APR DRG Weight Under v37	Normalization Factor
	<b>A</b>	<b>B</b>	<b>C = A/B</b>
RY 2020	0.8713 (v35)	0.6485 (v36)	1.3434
RY 2021	0.8900	0.6605	1.3475
Percent Change	2.1%	1.9%	0.3%

*Transfer cases are excluded from the normalization factor calculation.*





# EAPG v3.15 Normalization

- Solution – Calculate a normalization factor that will be applied to 3M's v3.15 EAPG weights
- Calculation of Normalization Factor

	Sum of Weights Under v3.14	Sum of Weights Under v3.15	Normalization Factor
	<b>A</b>	<b>B</b>	<b>C = A/B</b>
RY 2021	2,700,526	2,686,261	1.0053



# Rate Year 2021 Updates

## Discussed at MAHG Meeting 6/10/20

### APR DRG v37

- 10 new DRGs
- 6 deleted DRGs
- 17 revised DRGs

New DRG	APR DRG Description
027	Other open craniotomy
029	Percutaneous intracranial procedures
030	Percutaneous intra- and extracranial vascular procedures
178	Other heart assist systems
179	Defibrillator implants
183	Percutaneous structural cardiac procedures
539	Cesarean section with sterilization
543	Abortion with D&C, aspiration curettage or hysterotomy
547	Antepartum with O.R. procedure
548	Postpartum and post abortion diagnosis without O.R. procedure



# Rate Year 2021 Updates

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**Discussed at MAHG Meeting 6/10/20**

EAPG v3.15

- ❑ 88 newly added EAPG codes
- ❑ 57 deleted EAPG codes
- ❑ 140 revised EAPG codes



# Rate Year 2021 Updates

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## Discussed at MAHG Meeting 6/10/20

### Methodologies

- ❑ Cost to Charge ratio (CCR) and wage index
- ❑ Provider-specific file used for CCRs
- ❑ CMS final rule used for wage index, reflecting all adjustments including reclassification
- ❑ GME methodology unchanged
- ❑ Revenue code crosswalks are available on Forward Health
- ❑ Policy Adjusters under APR DRG- service line mapping available on Forward Health



# Rate Year 2021

## Inpatient Policy Adjusters

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### Policy Adjusters Unchanged:

Policy Adjuster	Claim Identification Basis	Factor
Neonate	DRG	1.30
Normal Newborn	DRG	1.80
Pediatric	Age (17 and under)	1.20
Transplant	DRG	1.50
Level I Trauma Services	Provider trauma designation	1.30

### Notes:

- ❑ DRG service line mapping is available on Forward Health
- ❑ Model applies highest applicable factor to each claim (for claims that qualify for multiple policy adjusters)

# Rate Year 2021

## IP Budget Pool Development

Provider Type	R Y20 Rate Pools (Using FFY19 Data)	R Y21 Rate Pools (Using FFY19 Data)	Notes
CAH	\$ 52,523,239	\$ 52,784,848	Based on 100% of estimated RY21 claims cost
Per Diem (Psych., Rehab., and LTAC)	\$ 96,959,137	\$ 98,533,172	Based on 85.08% of estimated RY21 claims cost
Acute	\$ 852,934,726	\$ 874,499,593	Base Rate inflated based on CMS market basket; increase of approximately 3.3%
<b>Total</b>	<b>\$ 1,002,417,102 (A)</b>	<b>\$ 1,025,817,614 (B)</b>	

<b>Total Money Added to System</b>	<b>\$ 23,400,511 (B-A)</b>	<b>2.33% (B-A)/A</b>
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# Rate Year 2021

## Inpatient Outlier Updates

- No change to outlier payment methodology

Criteria	R20 Outlier Values	R21 Outlier Values
Critical Access	\$300	\$300
In-State, <100 Beds	\$46,587	\$46,587
In-State, ≥100 Beds & Border Providers	\$46,587	\$46,587
Severity of Illness 1 or 2 Marginal Percentage	80%	80%
Severity of Illness 3 or 4 Marginal Percentage	95%	95%



# Rate Year 2021

## Inpatient Rate Handouts

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- **Handout 1:**  
RY21 Per Diem Rates
  
- **Handout 2:**  
RY21 Wisconsin IP-CAH Rates
  
- **Handout 3:**  
RY21 Wisconsin IP-Acute Care Rates





# Rate Year 2021

## Outpatient Rate Development

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### □ **Critical Access Hospitals**

Rates for CAHs are cost-based EAPG rates

### □ **Non-CAH Acute Care:**

Rates for Non-CAHs are inflated based on the CMS market basket



# Rate Year 2021

## OP Budget Pool Development

Provider Type	2020 Rate Pools (Using FFY19 Data)	2021 Rate Pools (Using FFY19 Data)	Notes
CAH	\$ 120,810,696	\$ 122,767,356	Based on 100% of estimated RY21 claims cost
Non-CAH	\$ 230,083,330	\$ 236,880,224	Base Rates inflated based on CMS market basket; increase of approximately 3.3%*
<b>Total</b>	<b>\$ 350,894,026 (A)</b>	<b>\$ 359,647,580 (B)</b>	

<b>Total Money Added to System</b>	<b>\$ 8,753,554 (B- A)</b>	<b>2.49% (B-A)/B</b>
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\*Non-CAH base rates are impacted by GME add-on calculation (using the same methodology as prior years).



# Rate Year 2021

## Outpatient Rate Handouts

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- **Handout 4:**  
RY21 Wisconsin OP-CAH Rates
  
- **Handout 5:**  
RY21 Wisconsin OP-Non-CAH Rates





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# Potentially Preventable Readmissions

# Measurement Year 2019 Potentially Preventable Readmissions (PPR)

- MY 2019 PPR and Assessment P4P results posted to ForwardHealth Portal on Friday, September 18<sup>th</sup>
- Please review by October 2<sup>nd</sup>
  - Payments to occur shortly after
  - If you have any questions, contact Alicia Cheversia
    - [Email: alicia.cheversia@dhs.wisconsin.gov](mailto:alicia.cheversia@dhs.wisconsin.gov)



# MY 2019 PPR Results Summary

## MY19 PPR Final Results Compared to MY18 Final Results

	MY18 Final Results	MY19 Final Results
Cost of PPRs Across all Hospitals (per 3M software)	\$ 28,072,141	\$ 27,507,992
Withhold Total	\$ 11,648,037	\$ 11,215,131
Statewide Average Cost Per PPR	\$ 15,191	\$ 15,282
Dollars Redistributed as Incentive	\$ 1,951,311	\$ 1,713,428
Count of Providers that Gain	74	59
Count of Providers that Lose	28	43
Readmission Rate (All Providers)	7.21%	7.18%
Readmission Rate (Eligible Providers)	6.94%	6.94%



# 2021 - PPR

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- Currently reviewing PPR policy for next measurement year
  - 3M is monitoring potential COVID impacts on their PPR grouping methodology
- Updated P4P Guide to be released this fall
  - Conference call to follow release
  - 2019 WI Act 185 requires the Department to incentivize participation in health information data sharing beginning in 2021
- Q3 2020 working data will be posted to the Forward Health Portal and Spotfire Data Dashboard by 11/15/2020



# State-wide PPR Rate trend

PPR Rate	CY 2017	MY 2018	MY 2019
FFS	7.55%	7.21%	7.18%
HMO: BC PLUS	4.25%	4.24%	4.24%
HMO: SSI	11.12%	12.42%	13.48%
Total FFS and HMO	5.59%	5.63%	5.63%





# CY 2017 State-wide PPR summary

CY 2017	Only Admissions (OA)	Initial Admissions (IA)	30-Day Potentially Preventable Readmissions (PPR)	PPR Rate
FFS	31,646	2,583	3,585	7.55%
HMO: BC PLUS	62,873	2,789	3,766	4.25%
HMO: SSI	3,485	436	661	11.12%
<b>Total FFS and HMO</b>	<b>98,004</b>	<b>5,808</b>	<b>8,012</b>	<b>5.59%</b>



# MY 2018 State-wide PPR summary

MY 2018	Only Admissions (OA)	Initial Admissions (IA)	30-Day Potentially Preventable Readmissions (PPR)	PPR Rate	Goal PPR Rate for MY
FFS	28,229	2,193	2,988	7.21%	6.98%
HMO: BC PLUS	61,495	2,722	3,565	4.24%	
HMO: SSI	5,302	752	1,115	12.42%	
<b>Total FFS and HMO</b>	<b>95,026</b>	<b>5,667</b>	<b>7,668</b>	<b>5.63%</b>	



# MY 2019 State-wide PPR summary

MY 2019	Only Admissions (OA)	Initial Admissions (IA)	30-Day Potentially Preventable Readmissions (PPR)	PPR Rate	Goal PPR Rate for MY
FFS	26,557	2,055	2,777	7.18%	7.12%
HMO: BC PLUS	59,802	2,651	3,516	4.24%	7.12%
HMO: SSI	5,986	807	1,200	13.48%	
<b>Total FFS and HMO</b>	<b>92,345</b>	<b>5,513</b>	<b>7,493</b>	<b>5.63%</b>	





# **Coronavirus Aid, Relief, and Economic Security (CARES) Act Funding**

# CARES Funding

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- ❑ Applications and attestations were due September 11, 2020
- ❑ The Department is currently reviewing submissions and will pay out funds following this review in the coming weeks



# SFY 2021 Disproportionate Share Hospital (DSH) Payments

- ❑ SFY 2021 Q1 and Q2 payments expected to occur by December
- ❑ The increase in federal match as part of the COVID-19 emergency response will result in increase payments similar to the amounts for SFY 2020 Q3 and Q4 payments



# Additional Updates

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## □ DSH Audits

- Myers and Stauffer is finalizing the SFY 2017 audit
  - Initial audit results have been distributed to providers
- SFY 2018 audit timeline
  - Plan to send out surveys and data between October and November



# Additional Updates

- Long-Acting Reversible Contraception (LARC) payment rate
  - Plan to update on January 1, 2021
    - Current Rate: \$859.80
    - New Rate: \$884.53





# Additional Updates

- ❑ Rate sheets are available today on the ForwardHealth Portal
- ❑ Providers have 60 days to appeal their inpatient or outpatient rates
- ❑ Appeal criteria listed in §12200 of the Inpatient Hospital State Plan and §6200 of the Outpatient Hospital State Plan
- ❑ Randy McElhose is the contact for rate documentation questions
  - [Email: Randy.McElhose@dhs.wisconsin.gov](mailto:Randy.McElhose@dhs.wisconsin.gov)





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# Questions

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All questions can be sent by email to:  
[DHSDMSBRS@dhs.Wisconsin.gov](mailto:DHSDMSBRS@dhs.Wisconsin.gov)

