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healthcare financial management association

NORTHEAST OHIO HFMA

OHA Update

July 23, 2015

AGENDA

Payer, Provider Relations

- **Federal**

- Medicare CY 2016 OPPS Proposed Rule Out
- Medicare RAC Contract Re-Bid Vacated
- Medicare Comprehensive Care Joint Replacement Model

- **State**

- What Happened on Hospital PFS in the 2016/2017 State Budget?
- New 2016 Medicaid OPPS & Updated BWC IPPS Moving
- Medicaid RAC RFP Out

- **Other Finance / PFS**

- SAFE Program Billing Instructions Revised
- OHA will Co-Sponsor 501(r) & ICD.10 Readiness Webinars in August 6 & 11



Medicare CY 2016 OPPS Proposed Rule Out

Big Cut in Annual Update Will be Controversial

- Proposed Rule Out July 1; Comments Due Aug. 31; Effective Jan. 1, 2016 (Mostly!)
- Usual Mix of Updates to APC Groups & Weights, Inpatient-Only Procedures and Quality Reporting Rule
- **Three Big Proposed Changes:**
 - **New Tweaks to “Two-Midnight” Admission Criteria**
 - **QIO to Take Over Pre-(?) and Post-Pay Reviews of Short-Stay Medical Necessity**
 - Starts Oct. 1, Regardless!
 - Significant Problems to be Referred to Medicare RAC
 - Does Not Affect RAC Reviews of Physician’s Order
 - **Reduces Annual Payment Update by 2% to Pay for Unbundled Lab Services**
 - Would Cause Negative Annual Update for CY 2016



MEDICARE RAC CONTRACT RE-BID

RAC Contract Rebid Vacated – Expect Another Soon

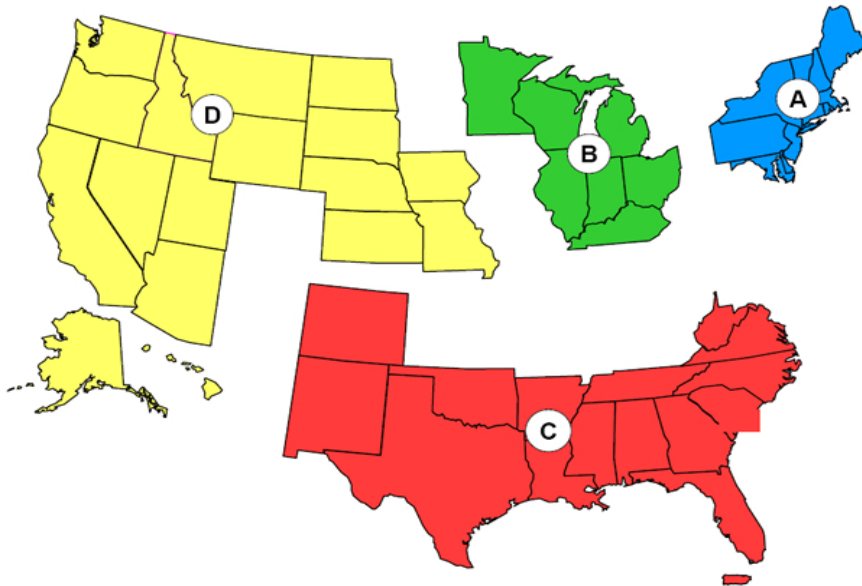
- New Regions Drawn to Re-Weigh Claims Volume
- Existing Region B Subdivided
 - At Least Some Region B States Must Switch Contractors
- Limiting “Old Contract: Activity Expanding”
 - (Mostly) Automated Reviews & DRG Validations
 - Effective Through Dec. 31, 2015 (?)
- Details and/or Issues Listed on CGI Webpage
 - DRG Payment Complex Reviews (Over/Underpayments)
 - Code and Unit Overpayments Automated Reviews
 - Drug Unit Overpayments
- CGI Also Cleaning Up Old ADRs for Records Never Submitted



MEDICARE RAC MAPS – OLD VS. NEW

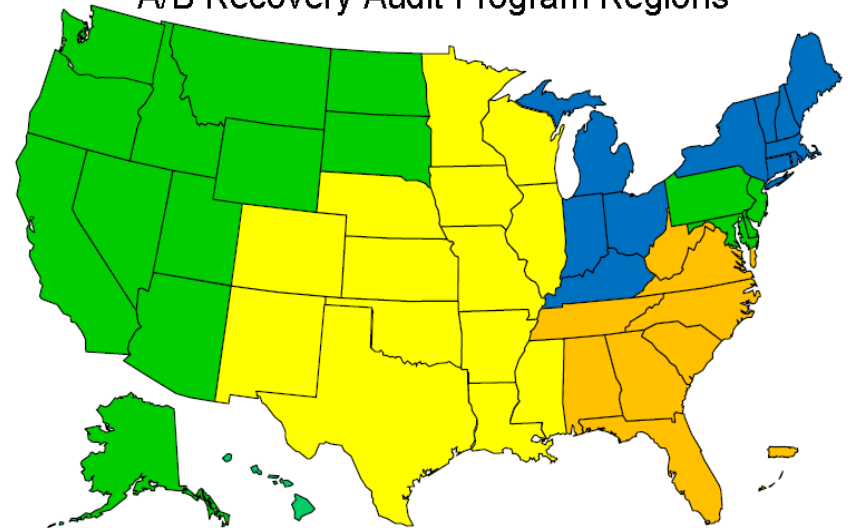
Current (Old Contracts)

RAC Regions



New Contracts

A/B Recovery Audit Program Regions



Region 1

Region 2

Region 3

Region 4

Effective Date: TBD



CMS RAC PROCESS IMPROVEMENTS

Effective with new Contract Periods; See Dec. 2014 CMS Release for Details

- ADR Limits Adjusted to Provider Compliance Rates
- Limits on Look-back for Patient Status Reviews (?)
- ADRs Must be Diversified
- Faster Review Turnaround
- Expanded Discussion Periods
- Delayed Award of Contingency Fees
- Additional Program Education and Outreach & Provider Satisfaction Surveys (QIO or MAC; Who's on 1st ?)
- New Standards for RAC Accuracy & Overturned Denials
- **Note: Short-Stay Inpatient Policy Still Under Consideration!**
- **... and Effects of ALJ Appeals "Buy-out" Still Unclear**



WHAT ABOUT THE MEDICAID RAC?!

RFP Out for New Contractor

- CGI Contract Ended in July, 2014
- ODM Assumed Responsibility for Outstanding Reviews, Recoveries and Appeals
 - ODM Will Internally Correct Claims Recovered in Error
 - ODM will Complete any Reviews of ADRs/Medical Records Sent to CGI Before Contract Ended
 - ODM Will Manage Any Requested Appeal CGI did not Complete
 - Interest on New Recoveries Will Only Accrue to Original Overpayment Notification or Appeal Request
 - No Date Released for any of the Above



Medicare Comprehensive Care Joint Replacement Model

Demo in 75 CBSAs – Three in Ohio

- Start Date: Jan. 1, 2016; Duration: Five Years
- Applies **Only** to IPPS Hospitals in Covered CBSAs Not Already in BCPI for Lower-Extremity Joint Replacement
- Episodes Triggered by Discharge under MS-DRG 469 & 470
- **All** Part A and B Services Related to the Major Joint Replacement Included in a 90-Day Episode.
- Payments Retroactively Reconciled to a Target Price for the Episode.
- Target Price set at Blend of Historical Hospital-Specific Cost and Regional Cost; Regional Component Increases Over Time.
- Expected Spending Discounted by 2% to Reach Performance Period Target Price
- Hospital's Financial/Quality Outcomes Could Result in Incentives (Year One) or Penalties (Year Two and Beyond)



2016/2017 OHIO BUDGET

What's in it For Hospital Finance?!

- Long Term, What's Not in it Probably More Important!
- Details Still Being Analyzed
 - Health Care Provider Price Transparency
 - Medicaid Eligibility Reauthorization
 - Note “Health Ohio Program” HSA-Like Provisions
 - GME Study Committee
 - Hospital Franchise Fee Program
- Medicaid Hospital Payment Updates (Most Start Jan 2016)
 - 5% Outpatient Rate Cut Still In (but EAPGs will Alter Hospital-Specific Outcomes!)
 - “Paragraph L” Capped at Physician Fee Schedule Rates (but Same as Above)
 - Physician Payments for Crossovers Capped at Medicaid Rates



MEDICAID EAPG OPPTS

Jan. 1, 2016 Start Date Getting Squishy

- EAPG Weights (for the Most Part) Established
- Packaging, Consolidation & Discounting Rules (for the most Part) Settled
- ODM and Consultants Applying Sample Revised Peer Groups and Base Rates to Paid Claims History
 - Peer Groups to be Simplified & Updates to Reflect Current Service Delivery
 - Much Negotiating Yet to Come
- No Final Decisions on Payment Policy on Paragraph L, Outpatient Observation or Dental Services
 - Problem is There is Little Payment Data to Inform Decisions
- No Decisions on Budget Neutrality or Effects of State Budget Directives
- No Decision on Conversion Plan or Gain/Loss Benchmarks



OTHER FINANCE / PFS

- SAFE Program Billing Revisions
 - No Requirement for UB-04 Billing Per se, but Use Revenue Code 0929 if you do Bill UB
 - Note that 2016 UB-04 Manual Available from NUBC
- OHA to Co-Sponsor 501(r) & ICD.10 Webinars
 - Focus of ICD.10 Session is Protecting Revenue Stream
- 2016 BWC IPPS May Contain Updated Approach to Payment Adjustment Factors (PAFs)
- Other? Questions?



OHA collaborates with member hospitals and health systems to ensure a healthy Ohio

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