



SoonerCare Provider Reimbursement Notice

OKC Metro Area (405) 522-6205 / Statewide Toll-Free (800) 522-0114

Proposed Changes to Oklahoma SoonerCare Hospital Reimbursement effective January 1, 2007

OHCA FIN 2006-04

October 25, 2006

Hospital Administrators

The purpose of this correspondence is to provide clarification and solicit comments regarding reimbursement for inpatient and outpatient hospital services. Following are the topics: transfers, outliers, and split eligibility on inpatient claims, and other non-covered Medicaid services, emergency department utilization, and quality-based reimbursement on the outpatient side. Additionally, we expect to send out letters in mid-November to notify you of your diagnosis-related group (DRG) peer group, base rate, and cost-to-charge ratio.

Transfers:

Effective with discharges on or after October 1, 2005, Oklahoma Health Care Authority (OHCA) implemented a DRG based payment system that did not recognize specialty rehabilitation or psychiatric units for separate reimbursement purposes. OHCA considered a discharge as occurring when the member leaves the hospital for any reason other than a "leave of absence and paid hospitals one DRG per stay. Currently, OHCA policy (317:30-5-47 (3)) states:

Hospitals may submit a claim for payment only upon the final discharge of the patient or upon completion of a transfer of the patient to another hospital.

Based on our continuing experience with this system, OHCA has proposed to allow distinct part psychiatric and rehabilitation units of general medical surgical hospitals that are excluded from the Medicare Prospective Payment System (PPS) to obtain separate provider identification numbers effective with dates of service on or after January 1, 2007. This will allow two claims per stay when a patient is "transferred" from one distinct part unit to another distinct part unit.

Cost Outliers:

Currently the cost outlier threshold on DRG reimbursed claims is \$50,000. OHCA has proposed to lower this threshold to be more in line with the Medicare threshold. Our consultants are reviewing the budget impact of this change and we will provide more details on this in mid-November.

Split Eligibility:

As many of you are aware the OHCA claims system cannot process an inpatient DRG claim when the client does not have eligibility for the entire stay. These claims are currently denying. OHCA is proposing that when a SoonerCare patient is eligible for only part of the hospital stay, the payment will be calculated by the following formula:

Claim Payment = Medicaid Eligible Days divided by Total Hospital Days x Full DRG Payment

The split eligible payment constitutes payment in full for all services rendered on those days on which the patient was eligible for Medicaid and must be accepted as such by the provider hospital. The hospital may not bill the patient for any services rendered on those days. Further, the hospital can only bill the patient the remaining amount that would have been paid had the patient been eligible for the entire stay. When both third-party payments and split eligibility are involved, the third-party payment will first be applied to the period prior to eligibility. Any remaining TPL will be used to reduce the Medicaid payment.

Coverage of Additional Outpatient Services:

In October 2005 OHCA began covering many items we believed facilities had voiced concerns over – observation, labor/delivery rooms, clinics, chemotherapy administration, blood, blood products and blood administration, and IV administration. OHCA is not only considering increasing the rates for some of these services we are also interested in hearing if there are other non-covered items of concern. Additional hospital supplemental payments may be made, quarterly or annually, within hospital upper payment limitations and within the agency's annual budget limits.

Emergency Department (ED) Utilization:

One of our agency goals is to reduce the utilization of the ED for non-emergent care. One of the ways we believe this could be accomplished is through increasing the access to facility-based urgent care clinics and consideration to a rate increase and/or incentives for urgent care clinics is currently under review. Other mechanisms may be addressed as well so please submit your suggestions to decrease the utilization of the ED for non-emergent care.

Quality-based reimbursement:

OHCA is currently evaluating various quality-based reimbursement methods for the outpatient hospital setting to encourage quality improvement. We believe your input is valuable and request that you share with us your experiences and/or feedback related to “pay-for-performance” as a component of quality improvement.

Please send your comments to ReimbComments@okhca.org by November 13, 2006 in order to be considered. We will send out follow-up notices in mid-to-late November to advise you of the status of these and any new items that are suggested.

If you have any questions or require additional information please phone Kelly Taylor at (405) 522-7108 or email at Kelly.Taylor@okhca.org.

Thank you for your continued service to Oklahoma's *SoonerCare* members.