

Medicaid Advisory Hospital Group



Division of Medicaid Services
Bureau of Rate Setting

October 7, 2021

Wisconsin Department of Health Services

Agenda

1. Introduction and Welcome
2. Hospital Rate Year 2022 Updates
3. COVID-19 Considerations
4. Access Payment Updates
5. Disproportionate Share Hospital (DSH) Payments Updates
6. Additional Updates
7. Questions
8. Adjournment





Introductions



Hospital Payment Rate Year 2022 Updates

Rate Year (RY) 2022

Goals and Policy Overview

- Update to newer inpatient and outpatient grouper versions (for more details on grouper version changes, refer to the 6/30/2021 presentation)
- Updated hospital base rates for an inflation increase to the standardized amount (2.57%) and new wage indices and GME add-ons
- Hospital-specific rate sheets have been posted by DHS on the ForwardHealth portal for review



Rate Year 2022 Data & Model Sources

- ❑ RY 2022 model claims data based on calendar year (CY) 2019 Medicaid hospital fee-for-service (FFS) and managed care encounter data, extracted from the Medicaid Management Information System (MMIS) on May 16, 2021
- ❑ Medicare cost report data (generally hospital FYE 2019 and 2020) based on the CMS HCRIS database released on March 31, 2021
- ❑ FFY 2021 Medicare IPPS wage indices
- ❑ 3M Core Grouping Software output and national weights:
 - APR DRG v38 (updated from v37.1)
 - EAPG v3.16 (updated from v3.15)



APR DRG v38 Weight Normalization

- Rate Year 2022 APR DRG weight normalization factor calculation applied to 3M's APR DRG v38 "Blended HCUP traditional" national weights:

	Modeled RY 2021 v37.1 (Normalized)	Modeled RY 2022 v38 (Unnormalized)	Modeled RY 2022 v38 (Normalized)
Normalization factor	1.3475	1.0000	1.1146
Modeled case mix using CY 2019 data	0.9153	0.8211	0.9153

Normalization calculation note: Factors based on CY 2019 FFS claims and HMO encounters paid under APR DRGs for non-Critical Access Hospitals (CAHs), excluding transfer-adjusted payment claims, extracted from the MMIS in May 2021.



Other RY 2022 APR DRG Updates

Component	DHS Approach
DRG base rate inflation	<ul style="list-style-type: none">Applied a one-year inflation factor of 1.0257 to the standardized amount based on changes in CMS input price index levels
DRG base rate wage index adjustments	<ul style="list-style-type: none">Updated to FFY 2021 Medicare IPPS correction notice, with proxies for Medicare IPPS-exempt hospitals based on the county weighted average wage index
DRG base rate GME add-ons	<ul style="list-style-type: none">Updated GME add-ons based on most recently available Medicare cost report data from March 31, 2021 HCRIS extract
Outlier payment parameters	<ul style="list-style-type: none">Updated outlier cost-to-charge ratios (CCRs) based on the March 31, 2021 Medicare IPPS provider-specific file, and Medicaid-specific costs for Medicare IPPS exempt hospitalsNo other outlier parameter changes
DRG policy adjusters	<ul style="list-style-type: none">No methodology or factor changes



Rate Year 2022

Inpatient Policy Adjusters

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 shown on Handout 4
- ❑ Model applies highest applicable factor to each claim (for claims that qualify for multiple policy adjusters)



Rate Year 2022

Inpatient Outlier Parameters

- Outlier payment methodology unchanged

Criteria	R Y21 Outlier Values	R Y22 Outlier Values
Critical Access Hospitals	\$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%



EAPG v3.16 Weight Normalization

- RY 2022 EAPG weight scaling and normalization factor calculation applied to 3M's EAPG v3.16 national weights:

	Modeled RY 2021 v3.15 (Normalized)	Preliminary Modeled RY 2022 v3.16 (with 2.0 Adjustment)	Preliminary Modeled RY 2022 v3.16 (Normalized)
Normalization factor	$2.0 \times 1.0053 = 2.0106$	2.0	$2.0 \times 1.0481 = 2.0962$
Modeled case mix using CY 2019 data	1.5978	1.5244	1.5978

Normalization calculation note: Factors based on CY 2019 outpatient FFS claims and HMO encounters paid under EAPGs for non-CAHs, extracted from the MMIS in May 2021. DHS' EAPG national weight normalization has traditionally been calculated by multiplying 2.0 by an additional factor.



Acute Hospital RY 2022 EAPG Updates

Component	DHS Approach
EAPG base rate inflation	<ul style="list-style-type: none">Applied a one-year inflation factor of 1.0257 to the standardized amount based on changes in CMS input price index levels
EAPG base rate GME additions	<ul style="list-style-type: none">Update based on most recently available Medicare cost report data from 3/31/2021 HCRIS extract



Rate Year 2022 Cost-based Rates

- DHS updated cost-based rates using CY 2019 FFS claims and HMO encounter data and Medicare cost report data with matching cost reporting periods
 - Critical Access Hospital DRG base rates
 - Critical Access Hospital EAPG base rates
 - Long Term Acute Care per diems
 - Psychiatric Hospital per diems
 - **Psychiatric Hospital EAPG base rates (new)**
 - Rehabilitation Hospital per diems
- No other cost-based rate methodology changes



Rate Year 2022 EAPG Psych Rates

- ❑ DHS is proposing provider-specific cost-based outpatient EAPG base rates for psychiatric hospitals with outpatient claims the CY 2019 model data, based on stakeholder feedback and consistency with the inpatient approach
 - EAPG base rates would be based on the modeled case mix adjusted average cost per visit, adjusted by 85.08% (same adjustment factor used for inpatient psychiatric rates)
- ❑ Outpatient psychiatric services would be paid under the same EAPG grouper version and normalized weights as acute hospitals
 - For psychiatric hospitals without outpatient claims in the CY 2019 model data, DHS is proposing a statewide default EAPG rate
 - Based on the modeled statewide weighted average case mix adjusted average cost per visit, adjusted by 85.08% (excluding claims from Milwaukee County Behavioral Health)



Rate Year 2022

Inpatient Payment Model Totals

Provider Type	RY21 Simulated Payments ¹	RY22 Simulated Payments ¹	Notes
Critical Access Hospitals	\$ 53,080,839	\$ 55,763,306	DRG base rates based on 100% of estimated RY22 claims cost
Per Diem (Psych., Rehab., and LTAC)	\$ 103,307,553	\$ 112,572,689	Per diem rates based on 85.08% of estimated RY22 claims cost (state-owned based on 100%)
Acute Hospitals	\$ 876,296,221	\$ 885,470,736	DRG base rate standardized amount inflated based on CMS market basket ²
Total	\$1,032,684,613 (A)	\$1,053,806,731 (B)	

Total Estimated Payment Change	\$21,122,118 (B-A)	2.05% (B-A)/A
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Notes:

(1) Modeled based on calendar year 2019 claims data.

(2) Non-CAH base rates include a wage index adjustment and GME add-on (using the same methodology as prior years).



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Rate Year 2022 Inpatient Rate Handouts

- **Handout 1:** Per Diem Rates (Psychiatric, Rehabilitation, and LTAC)
- **Handout 2:** Critical Access Hospital DRG Base Rates
- **Handout 3:** Acute Care Hospital DRG Base Rates
- **Handout 4:** APR DRG version 38 weights



Rate Year 2022

Outpatient Payment Model Totals

Provider Type	RY21 Simulated Payments ¹	RY22 Simulated Payments ¹	Notes
Critical Access Hospitals	\$125,571,572	\$127,296,397	Based on 100% of estimated RY 2022 claims cost
Psychiatric Hospitals	\$782,678	\$3,520,332	Based on 85.08% of estimated RY 2022 claims cost
Acute and Rehabilitation Hospitals (non-CAH)	\$238,237,128	\$242,986,891	Base rate standardized amount inflated based on CMS market basket ²
Total	\$ 364,591,378 (A)	\$ 373,803,619 (B)	

Total Estimated Payment Change	\$ 9,212,241 (B- A)	2.53% (B-A)/B
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Notes:

- (1) Modeled based on calendar year 2019 claims data.
 (2) Non-CAH base rates include a GME add-on (using the same methodology as prior years).



Rate Year 2022

Outpatient Rate Handouts

- **Handout 5:**
Critical Access Hospital EAPG Base Rates
- **Handout 6:**
Psychiatric Hospital EAPG Base Rates
- **Handout 7:**
Acute and Rehabilitation Hospital EAPG
Base Rates (non-CAHs)
- **Handout 8:**
EAPG v3.16 Weights



2022 Rates – Next Steps

- ❑ Rate sheets are available today on the ForwardHealth Portal
- ❑ Providers have 60 days to appeal their inpatient or outpatient rates
- ❑ Appeal criteria are 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)





COVID-19 Considerations

COVID-19 Considerations

- ❑ New APR DRG and EAPG grouper versions are fully compatible with COVID-19 diagnosis codes
- ❑ DHS has selected CY 2019 model data so that rate year (RY) 2022 rate calculations would not be impacted by the reduction in hospital utilization in the spring of 2020
 - DHS will attempt to avoid Spring 2020 hospital claims data in future rate-setting
- ❑ DHS will leverage enhanced federal match during the Public Health Emergency in DSH payments for as long as its effective



COVID-19 Considerations

- ❑ MY 2020 Potentially Preventable Readmissions (PPR) pay-for-performance program (P4P) and the P4P Assessment program are currently paused and being evaluated for COVID-19 impact
- ❑ Final reports and payments for both programs will be delayed pending decision by DHS on how to treat MY 2020
- ❑ MY 2021 Q2 PPR reports will also be delayed



COVID-19 Considerations

- ❑ COVID-related copay exemptions remain in effect as detailed in [ForwardHealth Update 2020-26](#)
 - Claims billing new ICD-10 Diagnosis Code U09.9 for Post-COVID Conditions are included in the copay exemption, along with all outpatient lab testing
- ❑ Hospitals may receive reimbursement for Swing Bed care provided to MA members through 12/31/2021. Requirements can be found in [ForwardHealth Update 2021-16](#)
- ❑ Hospitals should continue to bill COVID vaccinations on a professional (CMS-1500) claim form, per [ForwardHealth Update 2021-18](#)





Access Payment Updates

SFY 2021 Access Payment Recap

- Fee-For-Service (FFS) access payment “shut-off” May 21, 2021
 - FFS claims submitted after May 21, 2021 for SFY 2021 dates of service did not have an access payment applied
- Public Health Emergency caused an increase in eligibility status and claim volume, resulting in the available funding pool to be expended earlier than anticipated



SFY 2021 Access Payments: Next Steps

- ❑ Reconciliation process will begin in early November with estimated timeline of completion by end of CY 2021
- ❑ Similar to SFY 2020, SFY 2021 preliminary data trending towards a recoupment
- ❑ SFY 2022 Access Payments are now available on the ForwardHealth Portal



Access Payment Updates

- New SFY 2022 Access Payment pools are as follows:

Provider Type	Acute and Rehab Hospitals	CAHs (Updated for New SFY 2022 Assessment)
IP FFS Pool (55% of FFS)	\$ 103,492,419	\$ 1,546,798
OP FFS Pool (45% of FFS)	\$ 84,675,616	\$ 1,265,562
FFS Pool (28% of total Access)	\$ 188,168,035	\$ 2,812,361
IP HMO Pool (55% of HMO)	\$ 266,123,364	\$ 3,883,086
OP HMO Pool (45% of HMO)	\$ 217,737,298	\$ 3,177,070
HMO Pool (72% of total Access)	\$ 483,860,661	\$ 7,060,156



Access Payment Add-ons

- ❑ SFY 2022 **FFS** Access payment add-ons will be retroactively implemented back to **July 1, 2021**
- ❑ SFY 2022 **FFS** Access payment add-ons for **Acute, Rehabilitation, and LTAC Hospitals** are as follows:
 - \$3,579 per inpatient admission
 - \$289 per outpatient visit
- ❑ SFY 2022 **FFS** Access payment add-ons for **CAHs** are as follows:
 - \$908 per inpatient admission
 - \$32 per outpatient visit
- ❑ CY 2022 **HMO** Access payments are made by DHS via capitation rate add-ons
 - HMO per admission/visit add-ons amounts paid to hospitals to be determined based on actual utilization





Disproportionate Share Hospital (DSH) Payments

SFY 2022 Disproportionate Share Hospital (DSH) Payments

- SFY 2022 Q1 and Q2 payments expected to occur by December
- The increase in federal funds in response to the Public Health Emergency will result in increased payments for SFY 2022 Q1 and Q2 similar to the increased payments in SFY 2021



Additional DSH Updates

□ DSH Audits

- Myers and Stauffer is finalizing the SFY DSH 2018 audit
 - Initial audit results have been distributed to providers not selected for expanded procedures testing
- SFY 2019 audit timeline
 - Plan to send out surveys and data between October and December





Additional Updates

PPR Dashboard Access Process

- Milliman has created a new online PPR dashboard using PowerBI
- Interactive dashboard contains:
 - MY 2019 Final (with 2017 benchmark)
 - MY 2020 Final (with 2018 benchmark)
 - MY 2021 Q2 (with 2019 benchmark)



PPR Dashboard Access Process

1. Submit request via email to DHS at DHSDMSBRS@wi.gov and provide:
 - Name
 - Organization Name
 - *Hospital only*: Requested hospital name(s) and MA ID#
 - Email Address
 - Phone Number
2. Once approved by DHS, Milliman will provide a temporary password via email (see User Guide)
3. PPR dashboard can be accessed at <https://app.powerbi.com/> (see User Guide)
4. Users must review and accept the user agreement



MY 2021 Health Information Exchange (HIE) Program

- Performance metrics based on contracted participation status with WISHIN in any of the following interfaces:
 - Admission, Discharge, and Transfer (ADT)
 - Consolidation Clinical Document Architecture (CCDA)
 - Lab/Pathology/Radiology (all three)
- Deadline for participation status: December, 31st 2021



MY 2021 Health Information Exchange (HIE) Program

- Payments based upon projected CY 2021 Medicaid FFS claims and HMO Encounter volumes for both Inpatient and Outpatient claims
 - Minimum of \$15,000 per interface
 - Maximum of \$40,000 per interface
- See [MY 2021 Hospital P4P Guide](#)



Adjustment of 2020 Copay

- ForwardHealth extended the 2020 copay suspension through November 1, 2020
- Claims with copay withheld between July 1 and November 1, 2020 will be adjusted
- Providers should refund any copay collected from members during this period
 - DHS is sending letters to affected providers



Updates to Medicare DSH Reporting

- ❑ DHS has revised the Medicare DSH Audit Report used to determine Medicaid-eligible days (T19 days)
- ❑ Hospitals who rely on DHS data to calculate their Medicare DSH percentage can request the updated report by emailing VEDSHospitalReporting@Wisconsin.gov





Questions

Questions

All questions can be sent by email to:
DHSDMSBRS@dhs.Wisconsin.gov



Caveats and Limitations

The services provided for this project were performed under the signed contract between Milliman and the Wisconsin Department of Health Services (DHS) effective February 3, 2021. The results shown in these analyses are preliminary for discussion purposes and represent DHS' proposed rate year (RY) 2022 model rates, weights, and factors. Final RY 2022 hospital rates are subject to change based on public notice, final DHS policy decisions, and CMS approval.

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