Medicaid Advisory Hospital Group

Division of Medicaid Services

Bureau of Rate Setting

June 30, 2021

Wisconsin Department of Health Services

Agenda

1. Introduction and Welcome
2. Rate Year 2022 Hospital Payment Updates
3. COVID-19 Considerations
4. Potentially Preventable Readmissions
5. SFY 2021 Access Payment Shut Off
6. Health Information Exchange (HIE) Pay for Performance
7. 2021 Act 10 Swing Bed Coverage
8. DSH SFY 2021 Quarter 4 Payment
9. Questions

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Introductions

Rate Year 2022 Hospital Payment Updates

Rate Year (RY) 2022 Updates

- DHS will conduct annual grouper version updates for RY 2022 to be effective 1/1/2022:
  - Inpatient APR DRG **v38** (currently using v37.1)
  - Outpatient EAPG **v3.16** (currently using v3.15)
- One of DHS' primary goals for RY 2022 updates is to minimize changes from RY 2021
- RY 2022 model data to be relied upon:
  - Medicaid FFS claims and HMO encounter data with **Calendar Year 2019** service dates extracted from the MMIS in May 2021
  - Most recent available Medicare cost report data from the 3/31/2021 CMS HCRIS release

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Rate Year 2022 APR DRG v38

- APR DRG v38 changes from v37.1 (Handout 1)

APR DRG	APR DRG Description
Deleted DRGs Under v38	
301	HIP JOINT REPLACEMENT
302	KNEE JOINT REPLACEMENT
New DRGs Under v38	
323	NON-ELECTIVE OR COMPLEX HIP JOINT REPLACEMENT
324	ELECTIVE HIP JOINT REPLACEMENT
325	NON-ELECTIVE OR COMPLEX KNEE JOINT REPLACEMENT
326	ELECTIVE KNEE JOINT REPLACEMENT
Revised DRG Descriptions Under v38	
539	MULTIPLE SCLEROSIS, OTHER DEMYELINATING DISEASE **AND INFLAMMATORY NEUROPATHIES**

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APR DRG v38 National Weights

- DHS proposes to continue to use 3M “standard” national weights for its RY 2022 v38 APR DRG relative weights
- 3M has published two versions of v38 standard national weights:
  - *HCUP (different data source from v37.1):* based on approximately 12.9 million inpatient claims from the 2016 and 2017 Agency for Healthcare Research and Quality (AHRQ) Healthcare Cost and Utilization Project (HCUP) National Inpatient Sample (NIS) research datasets (20% sample of U.S. hospital discharges)
  - *Blended (partially using the same data source as v37.1)*: Based of mix of 50% HCUP data and 50% other national data sources (approximately 16 million calendar year 2016-2017 inpatient claims from Medicare, Commercial and Medicaid Plan data, Children’s Hospital data, and a state dataset)
- Based on review of the two weight sets, DHS proposes to use the **blended** national weight version to minimize changes in case mix under v38 compared to v37.1
  - DHS may explore the use of HCUP weights in RY 2023

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APR DRG v38 Weight Normalization

- DHS proposes to continue to **normalize** the 3M APR DRG national weights for RY 2022
  - Per 3M: "payers and other users of 3M relative weights must therefore be careful to **scale (up or down) the 3M relative weights to fit the characteristics of each payer's unique population**...Changes to not only the APR patient classification, but also to the dataset used to compute the relative weights will have an overall impact on CMI."[1]
  - Changes in modeled aggregate case mix between v37.1 and v38 national weights (when using the same model claims dataset) represents **a change in scale, not actual acuity increases**
- Normalizing the weights involves the application of a statewide adjustment factor to the v38 national weights so that the aggregate modeled case mix is the same as v37.1 case mix
- Normalizing the national weights **reduces volatility** in year-over-year changes in DRG base rates

Note: (1) 3M™ All Patient Refined Diagnosis Related Groups (APR DRG) Summary of Changes, version 38.0, 10/2/2020.

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APR DRG v38 Weight Normalization

- Preliminary RY 2022 APR DRG weight normalization factor calculation:

	Preliminary Modeled RY 2021 v37.1 (Normalized)	Preliminary Modeled RY 2022 v38 (Unnormalized)	Preliminary Modeled RY 2022 v38 (Normalized)
Normalization factor	1.3475	N/A	1.1123
Modeled case mix using CY 2019 data	0.8575	0.7710	0.8575

- *Normalization calculation note: Preliminary factors based on CY 2019 FFS claims and HMO encounters paid under APR DRGs for non-CAH and CAH hospitals, excluding transfer-adjusted payment claims, extracted from the MMIS in February 2021. Will be updated with more recent encounter submissions from the May 2021 extract.*

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Other RY 2022 APR DRG Updates

Component	DHS Proposed Approach
DRG base rate inflation	▪ DHS plans to apply an annual inflation update based on changes in CMS input price index levels (subject to budget availability), and will evaluate expenditure impacts
DRG base rate wage index adjustments	▪ Will update based on the FFY 2021 Medicare IPPS correction notice (see handout 3 Milliman report for validation purposes)
DRG base rate GME add-ons	▪ Will update based on most recently available Medicare cost report data from 3/31/2021 HCRIS extract (see handout 3 Milliman report for validation purposes)
Outlier payment parameters	▪ Will update outlier cost-to-charge ratios (CCRs) based on the latest available May 2021 Medicare IPPS provider-specific file (see handout 3 Milliman report for validation purposes) ▪ Will evaluate the impact of other current factors
DRG policy adjusters	▪ No planned methodology changes – will evaluate the impact of current factors

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Rate Year 2022 EAPG v3.16

- EAPG v3.16 changes from v3.15 (Handout 2)

Change	EAPG Description
Deleted EAPGs Under v3.16	❑**14** deleted EAPGs ❑Mostly related to laparoscopy, eye, cardiovascular, musculoskeletal, and gastrointestinal procedures ❑Also includes opioid treatment
New EAPGs Under v3.16	❑**59** new EAPGs ❑Mostly related to additional granularity for deleted EAPGs ❑Other new EAPGs related to former "inpatient only" procedures and blood products
Revised EAPG Descriptions Under v3.16	❑**52** revised EAPG descriptions

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EAPG v3.16 National Weights

- DHS proposes to continue to use 3M EAPG national weights for its RY 2022 update to v3.16
  - 3M's v3.16 EAPG national weights are based on 112 million CY 2019 Medicare OPPS claims (only one version of 3M national weights)
- DHS proposes to continue to **normalize** the 3M EAPG national weights for RY 2022
  - Per 3M: "Care must therefore be taken to scale (up or down) the relative weights provided within the calculation to fit the average spend of the target population…Those using the national weights…should **make sure that the absolute value of relative weights** match the expected pattern for approved local spending and, if need be, **scale relative weights** so as to match that expectation while keeping relative differences constant."[1]
  - Normalizing the weights involves the application of a statewide adjustment factor to the v3.16 national weights so that the aggregate modeled case mix is the same as v3.15 case mix

Note: (1) 3M™ Enhanced Ambulatory Patient Groups (EAPG) Summary of Changes, version 3.16, 1/21/2021.

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EAPG v3.16 Weight Normalization

- Preliminary RY 2022 EAPG weight normalization factor calculation:

	Preliminary Modeled RY 2021 v3.15 (Normalized)	Preliminary Modeled RY 2022 v3.16 (Unnormalized)	Preliminary Modeled RY 2022 v3.16 (Normalized)
Normalization factor	2.0 x 1.0053 = 2.0106	N/A	2.0 x 1.0475 = 2.0950
Modeled case mix using CY 2019 data	1.6653	0.7949	1.6653

- *Normalization calculation note: Preliminary factors based on CY 2019 outpatient FFS claims and HMO encounters paid under EAPGs for non-CAH and CAH hospitals extracted from the MMIS in February 2021, and will be updated with more recent encounter submissions from the May 2021 extract*

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Other RY 2022 EAPG Updates

Component	DHS Proposed Approach
EAPG base rate inflation	▪ DHS plans to apply an annual inflation update based on changes in CMS input price index levels, and will evaluate expenditure impacts
EAPG base rate GME add-ons	▪ Will update based on most recently available Medicare cost report data from 3/31/2021 HCRIS extract (see handout 3 Milliman report for validation purposes)

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RY 2022 Cost Based Rates

- Will update cost-based rates using CY 2019 FFS claims and HMO encounter data and Medicare cost report data with matching cost reporting periods
  - Psychiatric per diems
  - Rehabilitation per diems
  - LTAC per diems
  - CAH DRG base rates
  - CAH EAPG base rates
- No planned cost-based rate methodology changes; DHS will evaluate expenditure impacts

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COVID-19 Considerations

COVID-19 Considerations

- New proposed APR DRG and EAPG grouper versions are fully compatible with COVID-19 diagnosis codes
- DHS has selected CY 2019 model data so that rate calculations would not be impacted by the reduction in hospital utilization in the spring of 2020
- DHS will review COVID-19 impacts when determining Measurement Year (MY) 2020 PPR benchmarking and P4P payment calculations

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Potentially Preventable Readmissions (PPR)

MY 2020 Preliminary Readmission Rates

- MY 2020 preliminary readmission results based on PPR grouper output have been calculated for each hospital
  - Provider-specific exhibits have been distributed
  - Results are subject to change based on the next quarterly MMIS extract and do not represent the final PPR analyses and withholding impacts for MY 2020
  - See handout 4 for Milliman 6/18/2021 report “Hospital Measurement Year 2020 Preliminary Readmissions Results”
- Final MY 2020 readmission results to be published in August and final MY 2020 P4P FFS payments to be published in September

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Statewide Readmission Rates - FFS

FFS Amount	Final MY 2018	Final MY 2019	Preliminary MY 2020
Readmission Rate	7.21%	7.18%	7.71%
Full benchmark (100%)	6.98%	7.12%	7.27%
Actual to Full Benchmark ratio	**1.033**	**1.008**	**1.061**
Target benchmark (92.5%)	6.46%	6.59%	6.72%
Actual to Target Benchmark ratio	**1.117**	**1.090**	**1.147**

- Final MY 2020 P4P FFS readmission benchmark to be determined by DHS

Sources:
Final MY 2018-2019 : DHS MAHG 9/25/2020 meeting presentation
Preliminary MY 2020: Milliman 6/18/2021 report "Hospital Measurement Year 2020 Preliminary Readmissions Results"

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Statewide Readmission Rates - HMO

HMO Amount	Final MY 2018	Final MY 2019	Preliminary MY 2020
Badger Care Plus Readmission Rate	4.24%	4.24%	4.30%
SSI Readmission Rate	12.42%	13.48%	11.43%

Sources:
MY 2017-2019 Final: DHS MAHG meeting presentation 9/25/2020
Preliminary MY 2020: Milliman 6/16/2021 report "Hospital Measurement Year 2020 Preliminary Readmissions Results"

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PPR Dashboard

- Milliman has created a new online PPR dashboard using PowerBI
- Interactive dashboard contains:
  - MY 2019 Final (with 2017 benchmark)
  - MY 2020 Preliminary (with 2018 benchmark)
  - MY 2021 Q1 (with 2019 benchmark)
- See handout 5 for Milliman PPR Dashboard User Guide

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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)
    - 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

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SFY 2021 Access Payment Shut Off

ForwardHealth Update 2021-13

- ForwardHealth stopped making access payments on inpatient and outpatient hospital claims with dates of payment after May 21, 2021
  - For dates of service July 1, 2020 through June 30, 2021

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Background

- Two factors increased managed care access payments, which moved up the FFS shut off date
  - Higher HMO enrollment
  - DHS can no longer withhold or adjust the HMO access payments, per CMS regulations
- Shutting off the FFS access payments earlier avoids large recoupments when DHS adjusts the FFS access payments to reconcile to the statutory funding pool

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Next Steps

- There may need to be a small recoupment for SFY 2021
- FFS access payments will likely need to be shut off earlier in future years now that the HMO access payments need to be paid every month
- DHS will target shut off dates that are early enough to avoid FFS recoupments

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Health Information Exchange (HIE) Pay for Performance

Overview

- 2019 WI Act 185 required DHS to develop a Medicaid pay for performance system to incentivize participation in health information data sharing.
- DHS selected Wisconsin Statewide Health Information Network (WISHIN)
- Program Goals
  - Improved patient care
  - Reduced costs
  - Easier access to patient information

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Performance Benchmarks

- Hospitals receive incentive funding if, as of December 31, 2021, they have a contract with WISHIN to participate in the following interface categories:
  - Admission, Discharge, and Transfer (ADT)
  - Consolidated Clinical Document Architecture (CCDA)
  - Lab/Pathology and Radiology*
    - **Must meet participation status in all 3 interfaces to receive funding*

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Incentive Structure

- Hospitals receive incentive funding for each interface category they have a contract for:
  - $15,000 Minimum payment per interface
  - $40,000 Maximum payment per interface
- The per interface incentive for each hospital is based on projected CY2021 Medicaid funding
  - IP & OP
  - FFS & HMO
- Payments expected February 2022

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Eligibility

- A signed contract to participate in WISHIN is all that is needed on December 31, 2021 to receive funding
  - The interfaces do not need to be implemented by December 31
- Hospitals that participated in WISHIN prior to CY 2021 are eligible for funding under the same performance benchmarks
- Only in-state hospitals are eligible

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Eligibility Continued

- New hospitals are eligible and will receive the minimum amount of funding
- Hospitals do not need to have a minimum number of discharges to be considered eligible

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2021 Act 10 Swing Bed Coverage

Overview

- Authorized under 2021 Wisconsin Act 10
- Effective 6/14/2021, ForwardHealth reimburses nursing facility-level care provided to members in a hospital
- Reimbursement is available through the duration of the COVID-19 PHE, or through 12/31/2021, whichever comes first
- Detailed policy available in [ForwardHealth Update 2021-16]

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Details

- Hospitals must have CMS approval to provide swing bed care
- All swing bed care must be prior authorized (PA)
  - PA is valid for 14 days at a time
- Reimbursement at a per diem rate of $161.76 (average paid to nursing homes)
- Claims will be manually processed in monthly batches and will not be on 835 Health Care Claim Payment/Advice transaction

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PA Submission

- New PA form specific to swing beds
- Updated plan of care
- Discharge summary from acute hospital with physician order
- Therapy and/or medical notes to confirm level of care
- Case management notes including reasons for not achieving a discharge and three attempted referrals to nursing facilities

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PA Requirements Continued

- Attestation to DHS that:
  - The provider has made a good faith effort to exhaust all other options
  - The hospital meets eligibility requirements for the Medicare swing bed program
  - There is a plan to discharge patients as soon as practicable, when a SNF bed becomes available, or when the PHE ends, whichever is earlier

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Claims Submissions

- **Paper** UB-04 claim form is required
  - Electronic claims will be denied by ForwardHealth
- Swing bed care is reimbursed separately from acute care and should not be billed on the same claim as the member’s inpatient stay.
- For managed care, the HMO remains responsible for inpatient stays, but hospitals should bill ForwardHealth for swing bed care

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Claims Submissions Instructions

- The appropriate type of bill is required:
  - 0181 (Swing Bed – Admit through discharge claim)
  - 0182 (Swing Bed – Interim, first claim)
  - 0183 (Swing Bed – Interim, continuing claim)
  - 0184 (Swing Bed – Interim, last claim)
- Submit claims separate from other hospital claims
- Written Correspondence Inquiry, F-01170
  - Select "Other" in Reason for Inquiry
  - Include "swing bed care" as the explanation

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Claim Instructions Continued

- Mail completed claims to:

  ForwardHealth
  Claims and Adjustments
  313 Blettner Blvd
  Madison WI 53784

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Disproportionate Share Hospital (DSH) SFY 2021 Quarter 4 Payment

Q4 DSH Increase

- The enhanced federal medical assistance percentage (FMAP) for quarter 4 of SFY 2021 increased Q4 DSH payments by $5.26 million
- The 4 quarters of enhanced FMAP resulted in $21 million in additional DSH funding for SFY 2021
- DHS anticipates the enhanced FMAP continuing through December 31, 2021

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Questions

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

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Caveats and Limitations

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