

Affected Programs: BadgerCare Plus Standard Plan, Medicaid
To: Hospital Providers, HMOs and Other Managed Care Programs

Critical Access Hospital Reimbursement Rates Reduced

This *ForwardHealth Update* describes a reimbursement change for critical access hospitals effective January 1, 2010.

Wisconsin Medicaid and BadgerCare Plus Rate Reform Project

To identify reforms that help the Department of Health Services (DHS) meet the 2009-2011 biennial budget targets, the DHS along with representative industry stakeholders undertook the Medicaid and BadgerCare Plus Rate Reform Project. The purpose of this process was to comprehensively examine how Wisconsin Medicaid and BadgerCare Plus purchase specific health care services, improve the performance of ForwardHealth programs, and encourage more integrated and cost-effective care.

Reimbursement Rate for Critical Access Hospitals Reduced

As part of the rate reform effort, critical access hospital rates will be reduced effective January 1, 2010. For inpatient claims billed with a date of discharge on and after January 1, 2010, the hospital-specific Diagnosis Related Groupings (DRG) Base Rate will be reduced by 10 percent. In addition, the Variable Cost Factor that determines the outlier payment will be decreased from 1.0 to 0.9. The Outlier Cost to Charge Rate and the Cost Outlier Amount will remain unchanged.

Outpatient rates, which are billed on a per visit, per day basis will also be decreased by 10 percent for dates of service on and after January 1, 2010.

The DHS will continue annual settlements of critical access hospital rate payments as audited cost reports become available. Effective January 1, 2010, settlements will be reduced by 10 percent. This means that annual inpatient and outpatient hospital settlements for critical access hospitals will be made at 90 percent of cost rather than 100 percent of cost.

Each affected hospital will receive a rate letter and spreadsheet from the DHS that details the impact on individual rates.

Information Regarding Managed Care Organizations

This *ForwardHealth Update* contains fee-for-service policy and applies to services members receive on a fee-for-service basis only. For managed care policy, contact the appropriate managed care organization. Managed care organizations are required to provide at least the same benefits as those provided under fee-for-service arrangements.

The *ForwardHealth Update* is the first source of program policy and billing information for providers.

Wisconsin Medicaid, BadgerCare Plus, SeniorCare, and Wisconsin Chronic Disease Program are administered by the Division of Health Care Access and Accountability, Wisconsin Department of Health Services (DHS). The Wisconsin Well Woman Program is administered by the Division of Public Health, Wisconsin DHS.

For questions, call Provider Services at (800) 947-9627 or visit our Web site at www.forwardhealth.wi.gov/.

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