

Affected Programs: BadgerCare Plus, Medicaid, WCDP-Adult Cystic Fibrosis, WCDP-Chronic Renal Diseases
To: Hospital Providers, HMOs and Other Managed Care Programs

Inpatient Hospital Pricing Changing to the All Patient Refined Diagnosis Related Group Classification System

Effective for dates of discharge or “To” dates of service on and after January 1, 2017, ForwardHealth is implementing the All Patient Refined Diagnosis Related Group (APR DRG) classification system for pricing inpatient hospital fee-for-service claims, Medicare crossover claims, and HMO encounters.

Implementation of the All Patient Refined Diagnosis Related Group Classification System

Effective for dates of discharge or “To” dates of service (DOS) on and after January 1, 2017, ForwardHealth is implementing the All Patient Refined Diagnosis Related Group (APR DRG) classification system for pricing inpatient hospital fee-for-service claims, Medicare crossover claims, and HMO encounters. The APR DRG system will replace the current Medicare Severity Diagnosis Related Group (MS-DRG) classification system. The MS-DRG classification system will remain effective for inpatient hospital claims, Medicare crossover claims, and HMO encounters with dates of discharge or “To” DOS **before** January 1, 2017.

The APR DRG system will be used for all Medicaid-enrolled hospitals, whether in state or out of state, and will apply to inpatient services covered under BadgerCare Plus, Wisconsin Medicaid, and the Wisconsin Chronic Disease Program. The

following are excluded from the APR DRG classification system:

- Services provided at rehabilitation centers
- Services provided at psychiatric hospitals
- Acute care services provided by the Department of Corrections
- Enhanced per diem rates for ventilator, coma, and neurological services

Provider enrollment and covered services will not be changing as a result of the APR DRG implementation.

Changes to Hospital Pricing and Reimbursement Policies

In changing from the MS-DRG classification system to the APR DRG classification system, ForwardHealth’s pricing methodology will more appropriately price inpatient hospital claims and encounters. ForwardHealth will be adopting APR DRG Version 33, which uses national weights and will require minimal changes to ForwardHealth’s reimbursement policies.

Policy Adjusters

In conjunction with the changes to inpatient hospital reimbursement policy, ForwardHealth will use the following

policy adjusters to enhance payment for certain services under the APR DRG system:

- Service Line Adjusters. These adjusters will be applied to claims for the following services:
 - ✓ Neonate
 - ✓ Normal newborn
 - ✓ Transplant
- Age Adjuster. This adjuster will be applied to claims for members 17 years of age or younger.
- Provider Trauma Designation Adjuster. This adjuster will be applied to claims for services provided at Level 1 trauma centers.

If more than one adjuster applies to a claim, the payment will be based on the adjuster that provides the highest enhanced payment for that claim. Refer to Attachment 1 of this *ForwardHealth Update* for more information on these policy adjusters.

Enhanced Diagnosis Related Groups will not be used for neonatal and mental health services as those services will be fully encompassed in the APR DRG methodology. Claims submitted with “To” DOS before January 1, 2017, will still require the Enhanced Diagnosis Related Groups and their enhancement tables under the MS-DRG classification system.

Transfer Payments

The methodology for reimbursement of hospital transfer payments will now be based on the length of stay with each hospital provider, rather than the total amount of the claim. For transfers from one acute care hospital to another acute care hospital, payment for the transfer-out claim will be based on the lesser of the APR DRG final payment or calculated APR DRG transfer per diem; this is consistent with the Medicare Inpatient Prospective Payment System approach. Transfers will be identified using the following discharge statuses:

- 02, “Discharged/transferred to a short-term general hospital for inpatient care.”
- 05, “Discharged/transferred to another type of institution not defined elsewhere in this code list.”

- 65, “Discharged/transferred to a psychiatric hospital or psychiatric distinct part unit of a hospital.”
- 66, “Discharged/transferred to a Critical Access Hospital (CAH).”
- 82, Discharged/transferred to a short term general hospital for inpatient care with a planned acute care hospital inpatient readmission.”
- 85, “Discharged/transferred to a designated cancer center or children’s hospital with a planned acute care hospital inpatient readmission.”
- 93, “Discharged/transferred to a psychiatric hospital/distinct part unit of a hospital with a planned acute care hospital inpatient readmission.”
- 94, “Discharged/transferred to a critical access hospital (CAH) with a planned acute care hospital inpatient readmission.”

Claims with an assigned DRG of 580 (“Neonate, Transferred <5 Days Old, Born Here”) or 581 (“Neonate, Transferred <5 Days Old, Not Born Here”) will not be considered for transfer payments.

Other Reimbursement Policy Changes

ForwardHealth will no longer reimburse more than the sum of the amount charged on an inpatient hospital fee-for-service claim. Claims will be reimbursed at the lesser of the APR DRG final payment calculation or the submitted charges; this aligns with Enhanced Ambulatory Patient Groups (EAPG) policy. Access payments may still be applied.

ForwardHealth will no longer price higher than what is charged for a hospital HMO encounter.

Outlier payments will be paid in a similar method as under the MS-DRG system, with an updated outlier threshold and a marginal payment percentage based on the severity of illness (SOI) indicated on the claim. For more information, refer to Attachment 2.

Claims Policy for Newborns

Effective for inpatient hospital claims with dates of discharge and “To” DOS on and after July 29, 2016, when a woman

gives birth, the hospital provider is required to submit separate claims for the hospital stay of the woman and the hospital stay of her newborn. In addition, the newborn's birth weight must only be recorded on the newborn's claim, using Value Code 54. For more information, refer to the One-Day Mother/Baby Stay topic (topic #1352) in the Submission chapter of the Claims section of the Hospital, Inpatient service area of the ForwardHealth Online Handbook.

Provider Testing

ForwardHealth will be offering optional APR DRG testing for hospital providers and HMOs wishing to test with ForwardHealth. Additional testing information will be communicated in the future.

Changes to Remittance Advice

ForwardHealth has revised the text and CSV formats of the Remittance Advice for inpatient hospital claims to include a field for SOI. Severity of illness under the APR DRG system is based on the extent of physiologic decomposition or organ system loss of function; it is graded with a value from 1–4. The new SOI field will populate with a 0 for claims processed under the MS-DRG system. After implementation, this field will populate with accurate information for the SOI on the claim under APR DRG.

Additionally, in the text format, the DRG Code field now will be displayed next to the SOI field.

Changes to User Guides

ForwardHealth will be revising impacted user guides as a result of the APR DRG implementation. Further information on these changes will be communicated in the future.

Additional APR DRG Resources

ForwardHealth has created a new All Patient Refined Diagnosis Related Group page on the Portal (at www.forwardhealth.wi.gov/WIPortal/content/Provider/APRDRG/Home.htm.spage) for APR DRG information and resources, including future *Updates*, provider training dates, and a link to

future APR DRG weights and rates. The APR DRG page of the Portal can be accessed via one of the following:

- The Provider-specific Resources page for Hospitals in the Providers area of the Portal
- The Managed Care Organizations home page of the Portal

ForwardHealth will update this Portal page with new information as it becomes available. Both providers and HMOs are encouraged to check the page regularly for updated information.

Provider Training Sessions

ForwardHealth will offer five separate training sessions on the APR DRG system: four in-person training sessions and one real-time, web-based training session.

In-Person Trainings

In-person trainings will be held in four locations across the state from October 12–October 19, 2016. See Attachment 3 for the dates, locations, and additional details about these in-person training sessions. Registration is required prior to participating in the in-person training sessions.

For more information about in-person training sessions and to register online, go to the Trainings page of the Providers area of the Portal at www.forwardhealth.wi.gov/. Providers may also register by calling Provider Services at 800-947-9627. Registrants will receive a training session confirmation number that they should keep for their records. Providers who have questions about registration or are unable to attend a session for which registration has been confirmed should call Provider Services and have their confirmation number available.

Real-Time, Web-Based Training Session

ForwardHealth will offer a real-time, web-based training session via MyRoom™ on October 26, 2016. Providers do not need to register to participate. Associated training materials and access code required for participating in this training session will be available on the Trainings page of the Portal at least one week before the training session.

Email for All Patient Refined Diagnosis Related Groups Classification System Questions

Providers with questions regarding APR DRG may email them to VEDSAPRDRGSupport@wisconsin.gov. This email address is also linked from the new APR DRG page of the Portal.

Information Regarding Managed Care Organizations

This *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 AIDS Drug Assistance Program and the Wisconsin Well Woman Program are administered by the Division of Public Health, Wisconsin DHS.

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

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ATTACHMENT 1

Policy Adjusters Under All Patients Refined Diagnosis Related Groups Classification System

Under the All Patients Refined Diagnosis Related Groups (APR DRG) classification system, ForwardHealth will use policy adjusters to enhance payment for key Medicaid services relative to the base rate under the APR DRG system. Claims receiving enhanced payment will have a policy adjuster greater than 1.0, while claims without enhanced payment will have a policy adjuster equal to 1.0. This, in conjunction with the hospital base rate and APR DRG relative weight for the service, will determine the base payment for the service under the APR DRG system. If more than one adjuster applies to a claim, the payment will be based on the adjuster that provides the highest enhanced payment for that claim.

The following policy adjusters will be used under the APR DRG system.

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	Provider trauma designation	1.30

ATTACHMENT 2

Outlier Payments

ForwardHealth will be adjusting pricing methodology for outlier payments. Outlier payments will continue to be paid in a similar method as under the Medicare Severity Diagnosis Related Group system, but the outlier trim point thresholds will be adjusted using a cost-based methodology and a marginal payment percentage based on the severity of illness indicated on the claim. The new trim point thresholds and the marginal payment percentage are shown in the following tables.

Trim Point Thresholds	
Criteria	Trim Point
Critical access	\$300
In-state, <100 beds	\$11,270
In-state, ≥100 beds and border providers	\$22,539
Long-term acute care facilities	\$25,000

Marginal Payment Percentage	
Severity of Illness	Percentage
1 or 2	80%
3 or 4	95%

ATTACHMENT 3

All Patient Refined Diagnosis Related Group In-Person Training Sessions

Registration is required prior to participating in in-person training sessions. Providers may register online on the Trainings page of the Providers area of the Portal at www.forwardhealth.wi.gov or by calling Provider Services at 800-947-9627.

In-Person Training Session Information	
<p>October 12, 2016 Madison, Wisconsin</p> <p>Crowne Plaza 4402 E Washington Ave Madison WI 53704 608-244-4703</p> <p>Check-in: 8:00–8:30 a.m. Training: 8:30 a.m.–12:00 p.m.</p>	<p>October 13, 2016 Eau Claire, Wisconsin</p> <p>Holiday Inn South 4751 Owen Ayres Ct Eau Claire WI 54701 715-830-9889</p> <p>Check-in: 8:00–8:30 a.m. Training: 8:30 a.m.–12:00 p.m.</p>
<p>October 18, 2016 Pewaukee, Wisconsin</p> <p>Country Springs Hotel 2810 Golf Rd Pewaukee WI 53072 262-547-0201</p> <p>Check-in: 8:00–8:30 a.m. Training: 8:30 a.m.–12:00 p.m.</p>	<p>October 19, 2016 Green Bay, Wisconsin</p> <p>Country Inn and Suites 850 Kepler Dr, Ste A Green Bay WI 54311 920-288-0101</p> <p>Check-in: 8:00–8:30 a.m. Training: 8:30 a.m.–12:00 p.m.</p>