

Rebasing of Hospital Reimbursement – Grouping and Repricing


VA DMAS

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Agenda

- I. Current Status
- II. Outpatient
 - a) Grouping
 - b) Repricing
 - i. Example
- III. Inpatient
 - a) Repricing
 - b) DRG Weight Adjustment for Clinical Cohesiveness
- IV. DRG Weight Setting
- V. Upcoming Activities



Hospital Outpatient Claims

Grouping Results

FFS Claim Year – Claim Lines with MMIS EAPG Populated

Grouping Numbers	
Claims	75,064
Lines	506,194
Lines Matched	500,239
Percent Match	98.8%

99.9% match when invalid/error EAPGs are excluded

Pricing Results

FFS Claim Year – Claims with Successful Groupings

Grouping Numbers	
Claims	75,058
Lines	562,053
Matches	529,453
Percent Match	94.2%

96.1% if unpaid lines excluded. Exploring minor payment variances and non-EAPG payments.

Repricing Example

Line	Proc	Mod	EAPG	EAPG Type	Base Rate	EAPG Relative Weight	Discount Factor	EAPG Payment
	A	B	C	D	E	F	G	H=E*F*G
1	J2405		496	06	\$629.23	0.0004	1.00	\$0.25
2	J7030		496	06	\$629.23	0.0004	1.00	\$0.25
3	80053		403	04	\$629.23	0.0186	1.00	\$11.70
4	96361		110	02	\$629.23	0.8844	1.00	\$556.49
5	99284	25	765	03	\$629.23	0.3556	1.00	\$223.75
EAPG Payment								\$ 792.44

EAPG 110 – Pharmacotherapy by extended infusion

Results:

- Lines 1 and 2 – Low-cost drugs; pays in full
- Line 3 – Non-ancillary lab panel; pays in full
- Line 4 – Significant procedure on claim; pays in full
- Line 5 – E&M code – Mod 25 (separate E&M service) prevents consolidation; pays in full



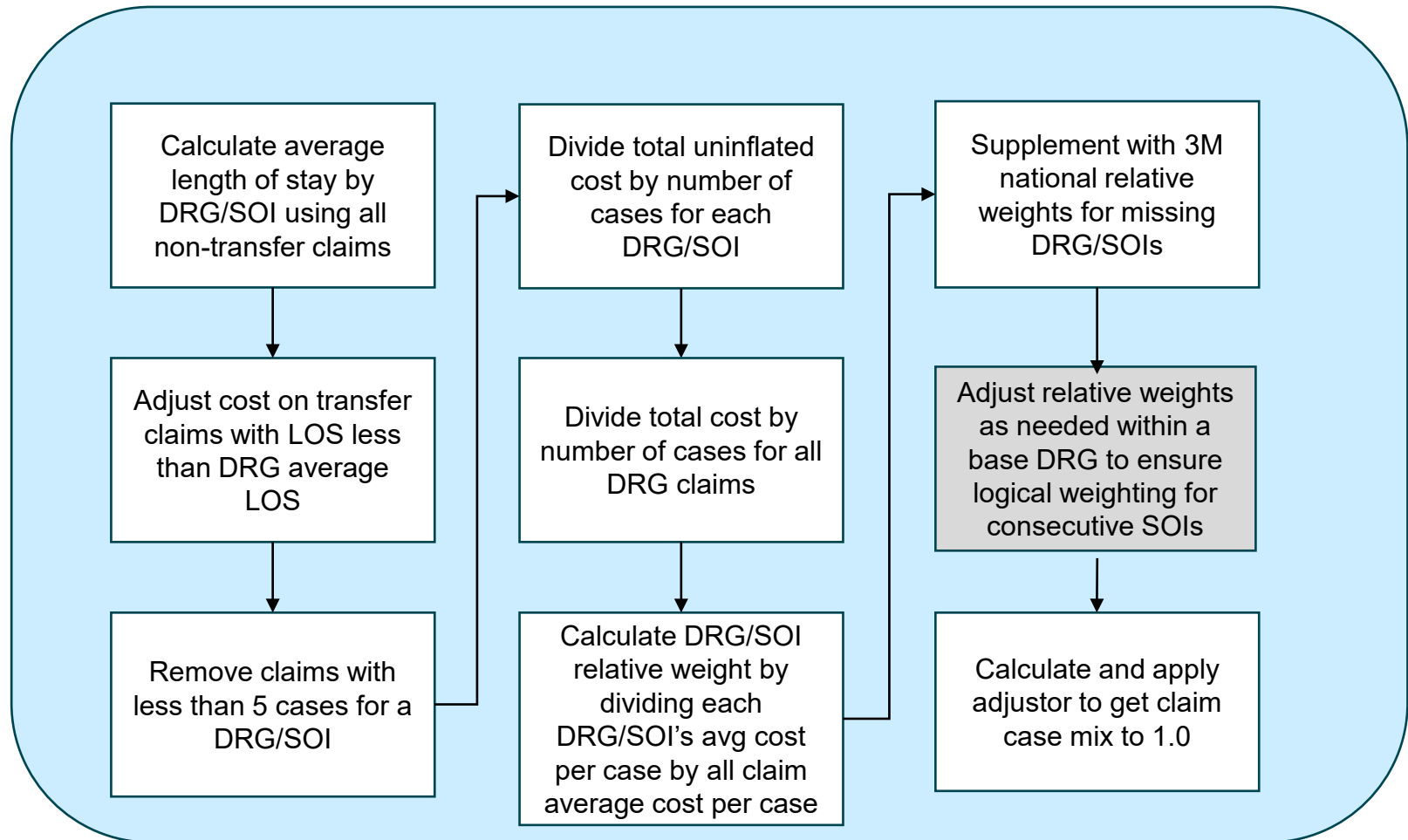
Hospital Inpatient Claims

DRG Claim Repricing Status

- Guidehouse repricing of fee-for-service claims matched the Allowed Amount assigned by Virginia Medicaid for 16,315 of 17,034 claims (96%)
- Variances focused on payment of readmissions, interim claims and covered/non-covered days

DRG Relative Weight Calculation

Severity of Illness (SOI) Adjustment



DRG Relative Weight Adjustment

Example – All Severity of Illness (SOI) Values in Virginia Claim Data

Version 40 APR DRG	DRG Description	Claim Count Initial	Claim Count Final	DRG Origin	Version 40 DRG Rel Wt National	Version 40 DRG National Rel Wt Ratio	Version 40 DRG ALOS Virginia Prelim	Version 40 DRG ALOS Final	ALOS Chng Ind	Version 40 DRG Rel Wt Virginia Prelim	Version 40 DRG Rel Wt Virginia SOI Adjst	Rel Wt Chng Ind
131-1	Cystic Fibrosis - Pulmonary Disease	5	5	Virginia	1.0728	N/A	5.40	5.40	N	1.1608	1.1608	N
131-2	Cystic Fibrosis - Pulmonary Disease	22	21	Virginia	1.4934	1.3921	8.90	8.90	N	1.7362	1.7362	N
131-3	Cystic Fibrosis - Pulmonary Disease	41	41	Virginia	1.9799	1.3258	8.05	11.80	Y	1.9269	1.9269	N
131-4	Cystic Fibrosis - Pulmonary Disease	18	17	Virginia	2.7331	1.3804	8.18	16.29	Y	1.6921	2.6599	Y

Legend:

ALOS – Average Length of Stay

APR DRG – All Patient Refined Diagnosis Related Group

Claim Count Final – After removal of outlier claims (cost beyond 3 standard deviations of the mean)

Prelim – Preliminary

Rel Wt – Relative Weight

Relative Weight Ratio – $(\text{SOI 2 Rel Wt}) / (\text{SOI 1 Rel Wt}); (\text{SOI 3}) / (\text{SOI 2}); (\text{SOI 4} / \text{SOI 3})$

SOI – Severity of Illness

DRG Relative Weight Adjustment

Example – Some SOI Values Not in Virginia Claim Data

Version 40 APR DRG	DRG Description	Claim Count Initial	Claim Count Final	DRG Origin	Version 40 DRG Rel Wt National	Version 40 DRG National Rel Wt Ratio	Version 40 DRG ALOS Virginia Prelim	Version 40 DRG ALOS Final	ALOS Chng Ind	Version 40 DRG Rel Wt Virginia Prelim	Version 40 DRG Rel Wt Virginia SOI Adjst	Rel Wt Chng Ind
843-1	Extensive Third Degree Burns w/o Skin Graft	3	0	National	0.5142	N/A	2.90	2.90	N	0.5142	0.5142	N
843-2	Extensive Third Degree Burns w/o Skin Graft	8	8	Virginia	0.8502	1.6534	8.00	8.00	N	1.5511	1.5511	N
843-3	Extensive Third Degree Burns w/o Skin Graft	3	0	National	1.0929	1.2855	5.86	10.28	Y	1.0929	1.9939	Y
843-4	Extensive Third Degree Burns w/o Skin Graft	0	0	National	2.4809	2.2700	7.40	23.34	Y	2.4809	2.4809	N

Legend:

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Prelim – Preliminary

Rel Wt – Relative Weight

Relative Weight Ratio – $(\text{SOI 2 Rel Wt}) / (\text{SOI 1 Rel Wt}); (\text{SOI 3}) / (\text{SOI 2}); (\text{SOI 4} / \text{SOI 3})$

SOI – Severity of Illness

DRG Relative Weight Calculation

Example – Exception – DRG 589

Version 40 APR DRG	DRG Description	Claim Count Initial	Claim Count Final	DRG Origin	Version 40 DRG Rel Wt National	Version 40 DRG National Rel Wt Ratio	Version 40 DRG ALOS Virginia Prelim	Version 40 DRG ALOS Final	ALOS Chng Ind	Version 40 DRG Rel Wt Virginia Prelim	Version 40 DRG Rel Wt Virginia SOI Adjst	Rel Wt Chng Ind
589-1	Neonate Bwt < 500 Grams, or Bwt 500-999 Grams and Gestational Age <24 Weeks, or Bwt 500-749 Grams with Major Anomaly or without Life Sustaining Intervention	5	5	Virginia	11.3316	N/A	41.40	41.40	N	7.4994	7.4994	N
589-2	Neonate Bwt < 500 Grams, or Bwt 500-999 Grams and Gestational Age <24 Weeks, or Bwt 500-749 Grams with Major Anomaly or without Life Sustaining Intervention	8	8	Virginia	10.9307	0.9646	86.88	39.94	Y	23.2703	7.2341	Y
589-3	Neonate Bwt < 500 Grams, or Bwt 500-999 Grams and Gestational Age <24 Weeks, or Bwt 500-749 Grams with Major Anomaly or without Life Sustaining Intervention	35	33	Virginia	10.4064	0.9520	67.09	38.02	Y	12.7246	6.8871	Y
589-4	Neonate Bwt < 500 Grams, or Bwt 500-999 Grams and Gestational Age <24 Weeks, or Bwt 500-749 Grams with Major Anomaly or without Life Sustaining Intervention	42	42	Virginia	1.9717	0.1895	31.38	31.38	N	5.5623	5.5623	N

Legend:

ALOS – Average Length of Stay

APR DRG – All Patient Refined Diagnosis Related Group

Claim Count Final – After removal of outlier claims (cost beyond 3 standard deviations of the mean)

Prelim – Preliminary

Rel Wt – Relative Weight

Relative Weight Ratio – (SOI 2 Rel Wt) / (SOI 1 Rel Wt); (SOI 3) / (SOI 2); (SOI 4 / SOI 3)

SOI – Severity of Illness

December/January Activities

Finish Repricing and Validating Claims

DRG Weight Setting

Draft Rate Setting Models