

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES – INPATIENT HOSPITAL SERVICES (CONTINUED)

III. Payments Inpatient Hospital Services (Continued)

B. Discussion of Payment Components

1. Base Rates

The in-state Base Rate effective October 3, 2008 is based on claims with dates of service from October 3, 2003 to September 30, 2007 from all in-state hospitals plus Dartmouth-Hitchcock Medical Center. The cost values were assigned to each hospital claim on a claim-by-claim basis using data from each hospital's Medicare Cost Report. The cost report used to assign the cost for each claim was based on the ending date of service of the claim.

Allowed charges on each detail line of the inpatient claim were multiplied by a hospital-specific cost to charge ratio (CCR). The CCR assigned to each detail line is based on the revenue code billed for the detail line. The mapping of revenue codes to CCRs followed the principles that were described in the Medicare Inpatient Prospective Payment System Final Rule for 2007 published in the Federal Register on August 18, 2006.

The cost value of the claim is adjusted for inflation using Global Insight's Health Care Cost Review New CMS Hospital Prospective Reimbursement Market Basket moving average factors. Claim costs are inflated to the mid-point of the rate year.

The in-state base rate was derived by computing the average inflated cost per case across all claims in the base period. ~~The in-state Base Rate effective July 1, 2012 is \$6,975.51.~~

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METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES – INPATIENT HOSPITAL SERVICES (CONTINUED)

IV. Special Payment Provisions (Continued)

C. Psychiatric DRG Cases for High-Volume Psychiatric Case Hospitals

In-state hospitals that had more than 10% of the Psychiatric DRG cases paid by DVHA in 2006 or who had a distinct part psychiatric unit in place prior to October 3, 2008 will be paid for psychiatric cases under a DRG per diem methodology instead of a DRG per case methodology using the formula shown in III.A above.

The Psychiatric DRGs paid under this methodology are those Psychiatric DRGs as assigned by the Grouper being utilized by DVHA. Effective October 3, 2008, this included the following DRGs:

- DRG 56: Degenerative Nervous System Disorders w MCC
- DRG 57: Degenerative Nervous System Disorders w/o MCC
- DRG 80: Nontraumatic Stupor and Coma w MCC
- DRG 81: Nontraumatic Stupor and Coma w/o MCC
- DRG 876: O.R. Procedure with Principal Diagnosis of Mental Illness
- DRG 877: Acute Adjustment Reaction & Psychosocial Dysfunction
- DRG 881: Depressive Neuroses
- DRG 882: Neuroses Except Depressive
- DRG 883: Disorders of Personality & Impulse Control
- DRG 884: Organic Disturbances & Mental Retardation
- DRG 885: Psychoses
- DRG 886: Behavioral & Developmental Disorders
- DRG 887: Other Mental Disorder Diagnoses
- DRG 894: Alcohol/Drug Abuse or Dependence, Left AMA
- DRG 895: Alcohol/Drug Abuse or Depend. with Rehabilitation Therapy
- DRG 896: Alcohol/Drug Abuse or Depend. w/o Rehabilitation Therapy w MCC
- DRG 897: Alcohol/Drug Abuse or Depend. w/o Rehabilitation Therapy w/o MCC

On an ongoing basis, the factors applied representing the length of stay will be the same as those utilized by Medicare in its Inpatient Psychiatric Prospective Payment System. The factors applied are additive by length of stay.

Psychiatric base per diem rates were set to ensure that the payments for psychiatric cases in the new payment system were comparable to the previous payment system. Effective July 1, 2012, the Base Per Diem Rates are as follows:

For Institutions of Mental Disease (IMD): \$1,132.68 per diem  
 For all other eligible hospitals: \$1,132.68 per diem

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METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES – INPATIENT HOSPITAL SERVICES (CONTINUED)

IV. Special Payment Provisions (Continued)

E. Out of State Facilities

Out-of-state facilities will receive payments using the same payment formulas as stated in III.A.1 and III.A.2. However, the values of components of the formulas may differ from those used to pay in-state hospitals.

1. A Base Rate will be assigned to each participating out-of-state hospital based upon its peer group.
  - a. Border Teaching Hospitals: Defined as hospitals within 10 miles of the Vermont border that operate post-graduate training programs. For payments on or after November 21, 2011, the base rate will equal \$4,584.00. For services rendered on or after July 1, 2012, the base rate will equal \$4,754.75.
  - b. Non-Border Teaching Hospitals: Defined as hospitals greater than 10 miles of the Vermont border that operate post-graduate training programs. For payments on or after November 21, 2011, the base rate will equal \$2,812.50. For services rendered on or after July 1, 2012, the base rate will equal \$2,917.27.
  - c. Other Out-of-State Hospitals: Defined as hospitals not meeting the criteria of G.1.a or G.1.b. For payments on or after November 21, 2011, the base rate will equal \$2,625.00. For services rendered on or after July 1, 2012, the base rate will equal \$2,722.78.
2. A Fixed Outlier Value will be assigned to each participating out-of-state hospital based upon its peer group.
3. An Outlier Percentage will be assigned to each participating out-of-state hospital based upon its peer group.

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METHODS AND STANDARDS OF ESTABLISHING PAYMENT RATES - OTHER MEDICAL CARE  
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6. d. Other Practitioners Services

1. Behavioral Health Services

Payment is made at the lower of the actual charge or the Medicaid rate on file. Most rates were set using the Medicare Resource Based Relative Value Scale payment methodology. This methodology was updated for dates of service effective on or after January 1, 2011. All rates are published at [www.dvha.vermont.gov/for-providers](http://www.dvha.vermont.gov/for-providers). Except as otherwise noted in the plan, State developed fee schedule rates are the same for both governmental and private.

2. Opticians' Services

Payment is made at the lower of the actual charge or the Medicaid rate on file. Most rates were set using the Medicare Resource Based Relative Value Scale payment methodology. This methodology was updated for dates of service effective on or after January 1, 2011. All rates are published at [www.dvha.vermont.gov/for-providers](http://www.dvha.vermont.gov/for-providers). Except as otherwise noted in the plan, State developed fee schedule rates are the same for both governmental and private.

3. High-Tech Nursing Services

Payment is made at the lower of the actual charge or the Medicaid rate on file. Most rates were set using the Medicare Resource Based Relative Value Scale payment methodology. This methodology was updated for dates of service effective on or after January 1, 2011. All rates are published at [www.dvha.vermont.gov/for-providers](http://www.dvha.vermont.gov/for-providers). Except as otherwise noted in the plan, State developed fee schedule rates are the same for both governmental and private.

4. Licensed Lay Midwife Services

Payment is made at the lower of the actual charge or the Medicaid rate on file. Most rates were set using the Medicare Resource Based Relative Value Scale payment methodology. This methodology was updated for dates of service effective on or after January 1, 2011. All rates are published at [www.dvha.vermont.gov/for-providers](http://www.dvha.vermont.gov/for-providers). Except as otherwise noted in the plan, State developed fee schedule rates are the same for both governmental and private.

5. Naturopathic Physician Services

Payment is made at the lower of actual charge for the service or the Medicaid rate on file. Most rates were set using the Medicare Resource Based Relative Value Scale payment methodology. This methodology was updated for dates of service effective on or after January 1, 2011. All rates are published at [www.dvha.vermont.gov/for-providers](http://www.dvha.vermont.gov/for-providers). Except as otherwise noted in the plan, State developed fee schedule rates are the same for both governmental and private.

7. Home Health Services

Payment is made at the lower of the actual charge of the Medicaid rate. The agency's rates were updated as of July 1, 2012. All rates are published at [www.dvha.vermont.gov/for-providers](http://www.dvha.vermont.gov/for-providers). Except as otherwise noted in the plan, State developed fee schedule rates are the same for both governmental and private.

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8. Private Duty Nursing

Payment is made at the lower of the actual charge of the Medicaid rate. The agency's rates were set as of 07/01/09 and are effective for services on or after that date. All rates are published at [www.dvha.vermont.gov/for-providers](http://www.dvha.vermont.gov/for-providers). Except as otherwise noted in the plan, State developed fee schedule rates are the same for both governmental and private.

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