

Title: Hospital Outpatient Payment Methodology

Issuance Date: June 1, 2023

(Must be reviewed annually)

Applicable Regulations, Guidelines, and AHS Policy:

Federal statute or rule:

CMS Federal Register

State Plan:

State Plan 4.19-B

Purpose:

Conduct a quarterly review to update components of the Outpatient Prospective Payment System (OPPS) and conduct an annual review to complete a full update to OPPS that is aligned with Agency budgetary appropriations. Updating fee schedules at regular intervals enables DVHA to be a reliable and predictable payer of health care services.

Procedure:

Quarterly OPPS Update:

The DVHA Reimbursement Unit (RU) is responsible for making the following updates to the OPPS on a quarterly basis.

1. Ambulatory Payment Classifications (APCs)
 - a. Review CMS website for changes to APCs assigned to procedure codes and update the OPPS fee schedule accordingly.
 - b. Send APC procedure code updates to DVHA's fiscal agent for implementation into the MMIS.
 - c. Review CMS APC file to identify any new or deleted APCs.
 - d. Send new and deleted APCs to DVHA's fiscal agent to implement into the MMIS.
 - e. Once all APC updates are implemented in the MMIS perform a quality assurance review to ensure accuracy.
2. Status Indicator (SI)

Standard Operating Procedure

- a. Review CMS website for changes to SIs assigned to procedure codes and update the OPSS fee schedule accordingly.
- b. Send SI updates to the fiscal agent to implement into MMIS.
- c. Once SI updates are implemented in the system, perform a quality assurance review to ensure accuracy.

Annual OPSS Update:

DVHA RU works closely with an outside consultant to conduct an annual update to the OPSS.

1. DVHA RU and outside consultant review the CMS final OPSS rule to identify changes in reimbursement where VT Medicaid is aligned with Medicare.
2. DVHA RU sends the outside consultant modeling options and budget projections.
3. The outside consultant is responsible for updating the following components of the annual OPSS update:
 - a. Modeling APC reimbursement changes,
 - b. Updating outpatient outlier thresholds,
 - c. Updating outpatient outlier percentages,
 - d. Updating outpatient multipliers,
 - e. Peer Group designations.
4. The outside consultant creates a complex rate model with various options using the new rates and claims utilization data.
5. DVHA Director of Managed Care Operations reviews the rate model to determine which options are best aligned with the Agency's budgetary appropriations. The proposed rate model is presented to external stakeholders for review and feedback.
6. Once the final model is approved DVHA RU is responsible for updating the following components of the annual OPSS update:
 - a. APC rate changes:
 - i. Review CMS website for changes to APCs assigned to procedure codes and update the OPSS fee schedule accordingly.
 - ii. Identify new and deleted APCs.
 - iii. Update APC rates on APC List spreadsheet which is used for the online OPSS fee schedule.
 - b. SI changes:
 - i. Review CMS website for changes to SIs assigned to procedure codes and update the OPSS fee schedule accordingly.
 - c. Place of Service (POS):
 - i. Identify POS changes for any codes that are now inpatient only or are no longer inpatient only.
 - d. Comprehensive Complexity Adjustments:
 - i. Review CMS file for changes.
 - ii. Identify codes that need to be added or removed from the list.
 - e. Composite Pricing:

- i. Review CMS file for changes.
 - ii. Identify codes that need to be added or removed from the list.
 - f. Comprehensive Exclusion List:
 - i. Review CMS file for changes.
 - ii. Identify codes that need to be added or removed from the list.
 - g. Rate changes aligned with other DVHA fee schedules:
 - i. Identify codes without a Medicare OPPS rate.
 - ii. Match the rate used for the DVHA professional fee schedule i.e., RBRVS, PAD, etc.
7. DVHA RU initiates the Policy, Budget, and Reimbursement (PBR) process outlining the fiscal impact associated with the change and any changes to reimbursement methodologies or policies.
8. Once the PBR is approved, DVHA RU assists in drafting updates to the State Plan and the Global Commitment Register (GCR) notification which is used for provider review and feedback.
9. DVHA RU prepares the final OPPS updates inclusive of all components and performs a quality assurance review to ensure the files are without error.
10. DVHA RU sends all files for the annual OPPS update to the fiscal agent to implement in the MMIS.
11. DVHA RU updates the online OPPS fee schedule layout to incorporate any changes to APCs, Composite Pricing, Complexity Adjustments, or the Comprehensive Exclusions list and sends it to the fiscal agent to use for the next monthly posting of the fee schedule.
12. Once the rate updates have been entered in the MMIS, DVHA RU performs a quality assurance review to ensure the rate information in the MMIS is accurate.

Revision History:

Date	Summary of Revisions
8/14/18	First draft
11/13/18	Accepted by OMU
11/21/18	Area director approved final draft
2/26/19	COO approval
2/12/21	Updated template. No update in 2020 - changed approval date to one year from last approval.
3/11/2022	OMU review, updated to ADA template.
05/23/2023	Updated Purpose and Procedure,

Table 1 Revision History