

DSHS/Health and Recovery Services Administration
09/11 Governor Budget Proposal
Proposed Changes in Hospital Payment Policy Effective July 1, 2009
March 19, 2009

Issue	Description	Policy Effective July 1, 2009	Current Policy
1.a	<p>Policy : Reduce Inpatient by 4%</p> <p>Payment rates for DRG, per diem, bariatric case rate</p>	<ul style="list-style-type: none"> • Hospital's specific current DRG, Per Diem rate, and bariatric case rates are reduced by 7% • Psychiatric per diem rate is not reduced 	<p>Hospital's specific DRG, Per Diem rate, and bariatric case rate were established on February 1, 2008</p>
1.b	<p>Policy : Reduce Inpatient by 4%</p> <p>Outlier threshold used to identify outlier claims</p>	<p>Claim cost (covered charges * RCC) must be greater than:</p> <ul style="list-style-type: none"> • \$50,000 and 188.2% (175%/.93) of DRG or per diem payment calculation; or • \$50,000 and 161.3% (150%/.93) of DRG or per diem payment calculation at Children's Hospital Regional Medical Center , Mary Bridge Children's Hospital, and claims grouped into neonatal and pediatric DRGs classification 	<p>Claim cost (covered charges * RCC) must be greater than:</p> <ul style="list-style-type: none"> • \$50,000 and 175% of DRG or per diem payment calculation; or • \$50,000 and 150% of DRG or per diem payment calculation at Children's Hospital Regional Medical Center , Mary Bridge Children's Hospital, and claims grouped into neonatal and pediatric DRGs classification
1.c	<p>Policy : Reduce Inpatient by 4%</p> <p>Outlier threshold used in calculating outlier adjustments</p>	<p>The outlier threshold is:</p> <ul style="list-style-type: none"> • 188.2% (175%/.93) of DRG or per diem inlier claim payment amount ;or • 161.3% (150%/.93) of DRG or per diem inlier claim payment at Children's Hospital Regional Medical Center , Mary Bridge Children's Hospital, and claims grouped into neonatal and pediatric DRGs classification 	<p>The outlier threshold is:</p> <ul style="list-style-type: none"> • 175% of DRG or per diem inlier claim payment amount ;or • 150% of DRG or per diem inlier claim payment at Children's Hospital Regional Medical Center , Mary Bridge Children's Hospital, and claims grouped into neonatal and pediatric DRGs classification

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Issue	Description	Policy Effective July 1, 2009	Current Policy
1.d	<p>Policy : Reduce Inpatient by 4%</p> <p>High outlier adjustment calculation</p>	<p>Claim cost less high outlier threshold multiplied by:</p> <ul style="list-style-type: none"> • 85% x 0.93 (7% reduce ratable); or • 90% x 0.93 (7% reduce ratable); for burns services; or • 95% x .93 (7% reduce ratable); for Children's Hospital Regional Medical Center , Mary Bridge Children's Hospital, and claims grouped into neonatal and pediatric DRGs classification 	<p>Claim cost less high outlier threshold multiplied by:</p> <ul style="list-style-type: none"> • 85%; or • 90% for burns services; or • 95% for Children's Hospital Regional Medical Center , Mary Bridge Children's Hospital, and claims grouped into neonatal and pediatric DRGs classification
1.e	<p>Policy : Reduce Inpatient by 4%</p> <p>Services paid Under RCC Method (Transplant Services)</p>	<p>RCC Payment = RCC % x Billed Charges x 0.93% (7% (Inpatient Reduction Factor))</p>	<p>RCC Payment = RCC % x Billed Charges</p>
2	<p>Policy : Reduce Outpatient by 4%</p> <p>Services paid OPPS hospitals by reducing APC Method payments</p>	<p>APC Payment = Nation Wide Rate x 0.765 (Reduce <i>Budget Target Adjuster</i> ratable factor 5.1%) x Hospital Specific OPPS Rate x Units of Service (subject to maximum) x Multiple Surgery Discount Factor (if appropriate)</p>	<p>APC Payment = Nation Wide Rate x 0.806 Budget Target Adjuster x Hospital Specific OPPS Rate x Units of Service (subject to maximum) x Multiple Surgery Discount Factor (if appropriate)</p>
3	<p>Policy : C-Section Delivery Payment Change</p> <p>C-Section delivery without CC paid at vaginal delivery rate to reduce the high number of C-Section delivery without CC cases</p>	<p>Payment DRG-371 = Hospital DRG rate x 0.6096 (DRG-372 relative weight)</p>	<p>Payment DRG-371 = Hospital DRG rate x 0.7799 (DRG-371 relative weight)</p>

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4	<p>Policy : Pro-Rated Inpatient Claims Identified as Transfer Claims</p> <p>Pro-rate claims identified as transfer claims</p>	<p>Payments are pro-rated for claims with patient status: 02, 05, 43, 62, 65, 66, 70; and</p> <p>Patient status: 03, 04, 06, 50, 51, 61, 63, 64.</p>	<p>Currently payments are pro-rated for claims with patient status: 02, 05, 43, 62, 65, 66, and 70.</p>
5	<p>Pay all Hospitals except CAHs using OPPS</p>	<p>APC Payment = Nation Wide Rate 0.765 (Reduced Budget Target Adjuster ratable factor 5.1%) Hospital Specific OPPS Rate x Units of Service (subject to maximum) x Multiple Surgery Discount Factor (if appropriate) (Approx 89% of lines allowed)</p> <p>Maximum Fee (Outpatient Fee Schedule) payable for cases where APC is not available (Approx 10% of lines allowed)</p> <p>RCC Payment = RCC % x Billed Charges (Approx 0.2% of lines allowed)</p>	<p>RCC Payment = Outpatient RCC % x Billed Charges (Approx 76% of lines allowed)</p> <p>Maximum Fee (Outpatient Fee Schedule) payable for cases where APC is not available (Approx 23% of lines allowed)</p>