CMS Payment Variables Useful for "Costing" Bundled Payments for Care Improvement Initiative Services

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BPCI Data Webinars

Date	Webinar Content	Presented By
February 13, 2012	Technical Aspects of Data Delivery and File Processing	Buccaneer
February 15, 2012	Understanding the Limited Data Set Denominator File	ResDAC
February 16, 2012	Understanding the Limited Data Set Utilization Files	ResDAC
February 17, 2012	Payment Variables Useful for Costing Bundled Payment Initiative Services	ResDAC

- All webinars will take place from 12:30p-1:45p EST
- Slides and webcast posted at http://innovations.cms.gov

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Presentation Objective

- Review of CMS Payment Systems

- Variables in Chronic Conditions Warehouse (CCW) BPCI files for determining "cost" of services

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Acronyms

- CCW BPI – Chronic Condition Warehouse Bundled Payment Initiative
- CAH – Critical Access Hospital
- LTCH – Long-term Care Hospital
- IRF – Inpatient Rehabilitation Facility
- SNF – Skilled Nursing Facility
- HHA – Home Health Agency
- DME – Durable Medical Equipment
- PPS – Prospective Payment System
- MS-DRG – Medicare Severity Diagnosis Related Group
- DSH – Disproportionate Share Hospital

Acronyms

- IME – Indirect Medical Education
- COLA – Cost of Living Adjustment
- GAF – Geographic Area Factor
- CMG – Case Mix Group
- APC – Ambulatory Payment Category
- HHRG – Home Health Resource Group

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Inpatient Hospital Services

- Episode of Care Anchor Event for Models 1, 2, & 4
  - Acute Care Hospitals
  - Critical Access Hospitals

- Post-Acute Care Events for Models 2 & 3
  - Inpatient Rehabilitation Hospitals
  - Long-term Care Hospitals

Acute Inpatient Prospective Payment System (IPPS)

- Medicare reimburses Acute Care Hospitals based on the Inpatient Prospective Payment System (IPPS)

- Payment Classification system is the Medicare Severity Diagnosis Related Group (MS-DRG)

- MS-DRGs were implemented in FY 2008

MS-DRG Grouper

- MS-DRG GROUPER software uses the following data elements to determine the MS-DRG
  - Principal Diagnosis
  - Secondary Diagnoses (up to 8)
  - ICD-9 Procedures (up to 6)
  - Age
  - Sex
  - Patient Discharge Status

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MS-DRG Payment

- Medicare calculates hospital specific MS-DRG prices for Operating and Capital Costs
  - Base payment rate comprised of a standardized amount. The standardized amount is divided into labor and non-labor shares.
  - The labor-related share is adjusted by a wage index applicable to the hospital location.
  - The non-labor related share will be adjusted for Cost of Living in Alaska and Hawaii
  - Base payment multiplied by the MS-DRG Weight

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MS-DRG Payment

- Further add-ons are made to the IPPS payment for:

  - Hospitals that serve a disproportionate share of low-income patients (DSH adjustment)

  - Approved teaching hospitals that incur indirect costs of medical education (IME adjustment)

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Calculating Hospital Specific MS-DRG Payments

- **IPPS Operating Payment:**

- [(Standardized Labor Share x Operating Wage Index) + (Standardized Non-Labor Share x Operating COLA Adjustment for Hospitals Located in Alaska and Hawaii)] x (1 + Operating IME + Operating DSH Adjustment Factor) x (MS-DRG Weight)

Calculating Hospital Specific ms-DRG Payments

- **IPPS Capital Payment:**

- (Standard Federal Rate) x (GAF) x (Capital COLA Adjustment for Hospitals Located in Alaska and Hawaii) x (1 + DSH Adjustment Factor + IME Adjustment Factor) x (MS-DRG Weight)

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Information for MS-DRGs

- If interested, all of the tables and files needed to calculate a hospital specific MS-DRG payment can be found on the CMS website (FY 2009 for example)

- http://www.cms.gov/AcuteInpatientPPS/FFD/itemdetail.asp?filterType=none&filterByDID=-99&sortByDID=2&sortOrder=ascending&itemID=CMS1247872&intNumPerPage=10

Exclusions to MS-DRG Payments under BPCI

- Disproportional Share Hospital (DSH) payments

- Indirect Medical Education (IME) payments

- Hospital Capital Payments

MS-DRG Payment

- IPPS Operating Payment: Remove RED portion of payment

- [(Standardized Labor Share x Operating Wage Index) + (Standardized Non-Labor Share x Operating COLA Adjustment for Hospitals Located in Alaska and Hawaii)] x (1 + Operating IME + Operating DSH Adjustment Factor) x (MS-DRG Weight)

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MS-DRG Payment

- IPPS Capital Payment: Remove RED portion of payment

- (Standard Federal Rate) x (GAF) x (Capital COLA Adjustment for Hospitals Located in Alaska and Hawaii) x (1 + DSH Adjustment Factor + IME Adjustment Factor) x (MS-DRG Weight)

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Method to Remove Exclusions

- Variable in Inpatient CCW BPCI claim file to adjust for the hospital capital payments
  - Claim Total PPS Capital Amount – This variable contains the calculated portion of the PPS Capital payment amount. Can be used to adjust for all capital payments to Acute Care IPPS hospitals.

Method to Remove Exclusions

- For the operating PPS portion of the payment, adjusting for DSH and IME:
  - Claim Value Code and Claim Value Amount variables found in the Inpatient Institutional Value codes (BPCI file name Inpatient_Instval)
  - Code Values of:
  - 18 = Operating Disproportionate share amount - Indicates the disproportionate share amount applicable to the bill.
  - 19 = Operating Indirect medical education amount - Indicates the indirect medical education amount applicable to the bill.

Critical Access Hospitals (CAH) Payment System

- Critical Access Hospitals are not paid on a PPS.

- Medicare reimburses CAHs based on each hospitals' costs not on a calculated MS-DRG payment.

- CAHs are reimbursed for inpatient, outpatient, laboratory, therapy services and post-acute care in swing beds.

- MS-DRGs are still populated in file.

Long-term Care Hospitals (LTCH) Payment System

- LTCHs are paid under the LTC-PPS

- LTC-PPS is similar to the Acute Care Hospital MS-DRG PPS

- However, LTC-PPS does not provide adjustments for DSH or IME

- LTC-DRGs are the same classification system as MS-DRGs but the MS-LTC-DRG relative weights are different to account for the variation in cost per discharge because they reflect resource utilization for each diagnosis.

Inpatient Rehabilitation Hospitals (IRF) Payment System

- IRFs paid under IRF-PPS

- Payment Classification system is the Case-Mix Group (CMG)

- IRF-PPS does adjust for DSH and IME

Outpatient Hospital Payment System (OPPS)

- Outpatient Hospitals paid on OPPS

- Payment Classification System is the national Ambulatory Payment Classification (APC)

- HCPCS are reported for classification into an APC
  - Composite APCs bundle some HCPCS reported

SNF and HHA Payment Systems

- Both SNFs and HHAs are paid on a PPS

- SNF Payment Classification system is the Resource Utilization Group (RUGS-III)

- HHA Payment Classification system is a case mix system category the Home Health Resource Group (HHRG)

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Payment Variables in CCW BPCI Files

- In each of the types of files (Inpatient, Outpatient, SNF, HHA, Carrier and DME), the payment variables can be broken down into 3 categories:

  1. Payment made by Medicare
  2. Payment made by the Beneficiary (Beneficiary responsibility)
  3. Payment made by a Primary Payer – Exclusion under BPCI

Payment Variables in CCW BPCI files

- These categories can be analyzed only at the claim level for some files (Inpatient, SNF, HHA)

- These categories can be analyzed at both the claim level and line service/revenue center item level (Outpatient, Carrier, DME)

Inpatient Payment Variables

- Claim Payment Amount
- Claim Pass Thru Per Diem Amount
- Claim Utilization Day Count
- NCH Beneficiary Inpatient Deductible Amount
- NCH Beneficiary Part A Coinsurance Liability Amount
- NCH Beneficiary Blood Deductible Liability Amount
- NCH Primary Payer Claim Paid Amount

Inpatient Payment Variables

Claim Payment Amount

- The payment amount includes the MS-DRG outlier approved payment amount, disproportionate share, indirect medical education, total PPS capital and after 4/1/03, the payment amount could also include a "new technology" add-on amount.

- This payment does NOT include the pass-thru amounts ; or any beneficiary-paid amounts (i.e., deductibles and coinsurance); or any other payer reimbursement.

Inpatient Payment Variables

Claim Pass Thru Per Diem Amount

- Items reimbursed as a pass through include capital-related costs; direct medical education costs; kidney acquisition costs for hospitals approved as RTCs; and bad debts (per Provider Reimbursement Manual, Part 1, Section 2405.2).

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Inpatient Payment Variables

Payment Made by Medicare

- To calculate the total payments made by Medicare:
- Claim Payment Amount
- + (Claim Pass Thru Per Diem Amount * Claim Utilization Day Count)

Inpatient Payment Variables

Payment Made by Beneficiary (Patient Responsibility)

- SUM the following 3 variables:
- NCH Beneficiary Inpatient Deductible Amount

AND

- NCH Beneficiary Part A Coinsurance Liability Amount

AND

- NCH Beneficiary Blood Deductible Liability Amount

Inpatient Payment Variables

Payment Made by Primary Payer

- **NCH Primary Payer Claim Paid Amount**
  - BPCI excludes any service paid by another primary payer, therefore, use this variable to exclude such claims.

Inpatient Payment Variables

- Revenue Center Payments variables are not in the Inpatient CCW BPCI files
- Therefore, only Claim level payment calculations can be made

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Skilled Nursing Facility Payment Variables

- SNF variables are the same as the Inpatient file
- No Claim Pass Thru Per Diem Amount in CCW BPCI

HHA Payment Variables

- Payment Made by Medicare
  - Claim Payment Amount

- Payment Made by Primary Payer
  - NCH Primary Payer Claim Paid Amount

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HHA Payment Variables

- Payment Made by the Beneficiary (Patient Responsibility)
- No Claim level variable – Why?

- Revenue Center Payment amounts are found for LUPA claims – Variable Revenue Center Payment Amount

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Outpatient Payment Variables

Claim Level

- **Payment Made by Medicare**
  - Claim Payment Amount
- **Payment Made by Primary Payer**
  - NCH Primary Payer Claim Paid Amount
- **Payment Made by Beneficiary (Patient Responsibility)**
  - SUM the following 3 variables:
    - NCH Beneficiary Part B Deductible Amount

      AND
    - NCH Beneficiary Part B Coinsurance Liability Amount

      AND
    - NCH Beneficiary Blood Deductible Liability Amount

Outpatient payment variables

Revenue Center Level

- **Payment Made by Medicare**
  - Revenue Center Payment Amount
- **Payment Made by Primary Payer**
  - Revenue Center Medicare Secondary Payer Paid Amt
- **Payment Made by Beneficiary (Patient Responsibility)**
  - Revenue Center Patient Responsibility Payment

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Carrier & DME payment variables

Claim Level

- **Payment Made by Medicare**
  - Claim Payment Amount
- **Payment Made by Primary Payer**
  - Carrier Claim Primary Payer Paid Amount
- **Payment Made by Beneficiary (Patient Responsibility)**
  - Must Calculate as the SUM of:

    Line Coinsurance Amount

    And

    Line Beneficiary Part B Deductible Amount

Carrier & DME Payment Variables

Line Item Level

- Payment Calculations at the Line Item
- Variables
  - Line NCH Payment Amount
  - Line Beneficiary Part B Deductible Amount
  - Line Coinsurance Amount
  - Line Beneficiary Primary Payer Paid Amount

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Things to Consider

- Zero payment amounts for line item services that are allowed.

- Usually due to deductibles paid by beneficiary

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Things to Consider

- Denied Claims and/or Line Items
  - Carrier file contains Denied Claims (variable is the Carrier Claim Payment Denial Code or use the Line Processing Indicator Code

- Example: What is the average amount paid for XXX Part B service?
  - If denied claims included - $36.95
  - Without denied claims included - $42.82

- Institutional File – Claim Medicare Non Payment Reason Code

Things to Consider

- **Negative Payment Amounts**
  - Can occur when a beneficiary is charged the full deductible during a short stay and the deductible exceeded the amount Medicare pays.
  - May be due to transfer also and Beneficiary Deductible on first hospital's claim with no deductible on second hospital's claim.
  - Or when a beneficiary is charged a coinsurance during a long stay and the coinsurance exceeds the amount Medicare pays (occurs mostly with psych hospitals stays)

Summary

- Understanding of the payment system will drive what payment variables are available in the CCW BPCI data files

- Can only analyze payments at the claim level for Inpatient, SNF and HHA

- Can analyze at the "service" level for Outpatient, Carrier and DME

Technical assistance

Please submit technical questions to:
resdac@umn.edu

Please reference
Bundled Payments
in the Subject line

Please include
DUA number and
Request ID