

Important Outpatient Prospective Payment System (OPPS) APC – ASC

3rd & 4th Quarters (July & October) 2013 Update Information

The Center for Medicare and Medicaid Services (CMS) issues a timed release schedule of the annual/quarterly updates specific to software changes for Optum (our software vendor). MDCH staff closely monitors the CMS site impacting updates. Work immediately begins reviewing policy impacts for coverage of Medicaid service(s) once CMS releases the files for any changes or updates (i.e., Integrated Outpatient Code Editor (I/OCE) Specifications, HCPCS, etc).

The Outpatient Prospective Payment System (OPPS) team meetings are held as the OPPS Team initiates the quarterly update process. MDCH continues to follow standard process with quarterly updates. A conference call was held with Optum (MDCH FFS software vendor) on June 14, 2013, to initiate reviewing the 3rd quarter, and on August 21, 2013, to initiate reviewing the 4th quarter OPPS (APC and ASC) updates. Additional timely conference calls are held to discuss identified concerns, wrap code revisions, and system related concerns.

A timeline is required for Optum to develop the MI specific software version for each OPPS update (including any retro changes), perform quality control, internal development, and testing period. An additional 6–8 weeks is required for internal program updates, quality assurance checks, and regression testing. MDCH includes time and consideration for additional CMS changes following the initial CMS release of the quarterly updates. The Optum software programming is separate and distinct from CHAMPS unit acceptance testing (UAT).

Once Optum has developed the MI APC specific software, the product is delivered to CNSI and scheduled as part of a maintenance release. MDCH works directly with Optum during development, however Optum needs adequate time to modify the MI specific APC product and complete internal control steps/development testing with each release. MDCH's OPPS is a Michigan (Medicaid) specific software product, aligning as closely as possible with Medicare.

MDCH's OPPS requires time for modification to be a MI Specific APC and ASC product. MDCH will recycle any OPH/APC and any ASC claims impacted as a result of the third and fourth quarter updates.

OPPS/APC and ASC Wrap Around Code Lists are revised reflecting quarterly updates, reflect any system updates, and posted timely to the provider specific sites.

There were minor revisions and additions addressed during the 3rd quarter updates.

NCCI and MUE

MDCH has implemented the Medicaid NCCI and MUE implementation in the MI APC/ASC products and began using the Medicaid NCCI and MUE values for dates of service (DOS) on and after July 1, 2013. The Medicare CCI and MUE remained in place through DOS on/after 6/30/2013 (when MDCH began using the Medicaid NCCI and MUE values 7/01/2013). The files will be updated quarterly.

Medicare Sequestration

MDCH continues to closely monitor MI Hospitals and hospital-based providers impacted by sequestration and the resulting impact to claims processing. This remains an identified concern in response to the mandated legislation.

Outpatient Hospital and Ambulatory Surgical Center Claims

Medicaid payment rates to hospitals for services provided in the outpatient hospital setting are calculated as a percentage of Medicare payment rates. The Medicare rate file used by the MDCH for pricing Medicaid outpatient hospital claims did not change by CMS on April 1, 2013. The Medicare reduction is applied as the last step of the Medicare payment calculation process. As a result, MDCH did not change its Medicaid OPPS APC or ASC reduction factors on April 1, 2013.

Department of Health and Human Services - Centers for Medicare & Medicaid Services (CMS)

CMS-1601-P Hospital OPPS and Ambulatory Surgical Center Payment Systems and Quality Reporting Programs (Proposed Rule Changes)

CMS announced they are unable to publish final rules for Medicare's calendar year (CY) 2014 OPPS, including physician fee schedule, home health PPS and end-stage renal disease PPS until after November 1, because of the recent government shutdown. CMS plans to issue them by November 27. This is an identified concern as they are usually released by November 1 and impacts a timely response to final rule changes. MDCH is required to maintain statewide budget neutrality under MDCH's OPPS and aware of the significant proposed changes. Any related policy response and/or change to the Medicaid OPPS APC or ASC reduction factor requires timely consideration and provider notification.

MI Child Outpatient Hospital Payment

Please directly contact your Medicaid Health Plan (MHP) Contract Manager with any questions.

For non-contracted outpatient hospitals, MHPs will reimburse OP hospitals services provided in the outpatient setting under MDCH's OPPS. MHPs will calculate a hospital's MIChild payment consistent with MDCH's OPPS reimbursement policy. The final result will then be multiplied by 1.35 to calculate the payment amount for the applicable OPH services.

There are exceptions: Outlier payments and services paid percent of charge(s)

Outlier services. The payment enhancement only applies to the non-outlier component of the service's total reimbursement. Outlier methodology did not change and the payment enhancement does not apply to this portion of reimbursement. The 135% only applies to the component of service's total reimbursement (OPPS methodology).

OP services paid a percent of charges; the payment enhancement does not apply to these services.

The outpatient files will be updated quarterly.

OPPS 3rd and 4th Quarter Reference Documents on the MDCH and CMS Website

3rd Quarter (July 1 – Sept 30, 2013) OPPS APC and ASC Wrap Around Code Lists

4th Quarter (October 1 – December 31, 2013) OPPS APC and ASC Wrap Around Code Lists

MDCH OPPS Reeducation Factor History

CMS Change Request (CR) 8317 July Integrated Outpatient Code Editor (I/OCE) Specifications Version 14.2, Transmittal 2704

C<S CR 8338 July Update of the Hospital Outpatient Prospective Payment System (OPPS), Transmittal 2718

CMS CR 8428 October 2013 Update of the Hospital Outpatient Prospective Payment System (OPPS), Transmittal R2775CP

CMS CR 8419 October 2013 Integrated Outpatient Code Editor (I/OCE) Specifications Version 14.3, Transmittal R2763CP