



SoonerCare Provider Reimbursement Notice

OKC Metro Area (405) 522-6205 / Statewide Toll-Free (800) 522-0114

Changes to Oklahoma SoonerCare Hospital Reimbursement effective January 1, 2007

OHCA FIN 2006-05

November 27, 2006

Hospital Administrators

This letter is to update you on final SoonerCare reimbursement changes for inpatient hospital services paid under the Diagnosis Related Group (DRG) system and outpatient hospital services provided on or after January 1, 2007.

Inpatient Services

- **Base Rates and Cost-to-Charge Ratios**

As part of our annual review process, we have recalibrated the hospital peer groups, base rates, DRG weights, hospital-specific cost-to-charge ratios (CCRs), and outlier payments based on the most current 3 years of data available. These changes will result in more accurate rates as well as moving us to the most current version of the Medicare grouper (the same version Medicare is currently using). Letters were mailed out November 21, 2006 detailing each facility's base rate and cost-to-charge ratio. Updated DRG information (rates, weights, and CCRs) will be posted by December 4, 2006 on our public website at www.okhca.org/providers/types/drg.

- **Cost Outliers**

The cost threshold to qualify for an outlier payment has been reduced from \$50,000 to \$35,000.

- **Transfers:**

Based on our continuing experience with the DRG system, the Oklahoma Health Care Authority (OHCA) will now allow a separate DRG payment for services provided in distinct part psychiatric and rehabilitation units of general medical / surgical hospitals. These are units that are excluded from the Medicare Prospective Payment System (PPS) in accordance with federal regulations at 42 CFR 412.23. For billing purposes, this will require separate provider identification numbers for claims paid with dates of service on or after January 1, 2007. To obtain a separate provider identification number, facilities may go to the OHCA public website at www.okhca.org/providers/enrollment/hospital. Print and complete the form found under **step 6, (e) Distinct Part Psychiatric and Rehabilitation Units of General Med / Surg Hospitals**. As a reminder, all psychiatric admissions require prior authorization in accordance with OHCA rules at OAC 317:30-5-95.

- **Split Eligibility:**

As you are aware the OHCA claims system cannot process an inpatient DRG claim when the client does not have eligibility for the entire stay. These claims are currently denying. When a SoonerCare patient is eligible for only part of the hospital stay, the payment will be calculated by the following formula:

Claim Payment = Medicaid Eligible Days divided by Total Hospital Days x Full DRG Payment

The split eligible payment constitutes payment in full for all services rendered on those days on which the patient was eligible for Medicaid and must be accepted as such by the provider hospital. The hospital may not bill the patient for any services rendered on those days. Further, the hospital can only bill the patient the remaining amount that would have been paid had the patient been eligible for the entire stay. When both third-party payments and split eligibility are involved, the third-party liability (TPL) payment will first be applied to the period prior to eligibility. Any remaining TPL payment will be used to reduce the Medicaid payment.

Until we are able to process these claims systematically, they will continue to deny. Once the claim has denied please resubmit it to Provider Services for proper adjudication. Once resubmitted they will be manually priced and you will receive a letter detailing how the payment was calculated and paid and the applicable patient responsibility.

Claims submitted and denied for this error between October 1, 2005 and December 31, 2006 will be reprocessed in the same manner.

Outpatient Services

The OHCA Ambulatory Surgical Center (ASC) and Ambulatory Payment Classification (APC) fee schedules will be updated to reflect new and revised codes for 2007 as well as realigning to Medicare payment groups.

We are continuing to work on a system change to allow us to pay multiple procedures during the same visit but do not currently have a timeline when this will be complete. We will notify you as updates become available.

We were appropriated an additional \$21 m total dollars for outpatient hospital services to be paid out for services adjudicated during the first 6 months of calendar year 2007. This is over a 30% increase from state fiscal year 2006 funding. We anticipate spending this money through a supplemental payment for outpatient services (similar to this year's TOP) after the close of the state fiscal year, however this funding could be distributed through changes in methodology or covered benefits. We do not have any facility specific estimates – the payment(s) will be made within hospital upper payment limitations and within the agency's annual budget limits.

If you have any questions or require additional information please phone Kelly Taylor at (405) 522-7108 or email at Kelly.Taylor@okhca.org.

Thank you for your continued service to Oklahoma's *SoonerCare* members.