

# ISSUE PAPER — AMBULATORY PAYMENT CLASSIFICATION POLICY CHANGES

## State of Connecticut Hospital Payment Modernization

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### Overview

To support the modernization of hospital payments in the State of Connecticut, the Connecticut Department of Social Services (DSS) will be implementing ambulatory payment classification (APC) reimbursement methodology and will be using a combination of the current MMIS system and the APC grouper software to process outpatient hospital claims.

Policy changes made by DSS that could impact the APC project should be identified and appropriately addressed.

### Discussion

Key policy changes are typically communicated to providers via provider bulletins issued by DSS. In January 2014, DSS issued provider bulletin 2014-06 “Revenue Center Codes (RCCs) Requiring a Valid CPT or HCPCS Procedure Code on Outpatient Claims”, which required outpatient claims to include valid procedure codes as of dates of service on or after May 1, 2014. This policy change was necessary to support data modeling at the procedure code level and ultimately to ensure that claims will be processed correctly by the grouper upon implementation. Outpatient claims data with dates of services from May 1, 2014 through December 31, 2014 paid through April 10, 2015 will be used to develop the APC conversion factor.

Policy changes can be categorized into two types:

1. Existing policy changes implemented after the first date of service in the claims data being used for analysis (May 1, 2014) and prior to implementation of APCs.
2. Proposed policy changes that will be effective when APCs are implemented.

This issue paper will focus on the first category — existing policy changes.

### Existing Policy Changes

To help with the identification of existing policy changes, provider bulletins that were issued after the issuance of provider bulletin 2014-06 were reviewed. A summary of the provider bulletins reviewed and considered for potential impact on the APC project is provided in the following table. For those bulletins where an APC impact has been identified (in **bold** below), further explanation is provided within this paper.

**Provider Bulletins Considered for the APC Project**

<b>Number</b>	<b>Bulletin Name</b>	<b>APC Impact?</b>
2014-23	Timely Completion of Medical Records in the Hospital Setting	No
2014-27	Outpatient Border Hospital Rates	No
2014-32	Partial Day Billing for Behavioral Health Intermediate Levels of Care	No
2014-37	Billing Requirements for Urgent and Emergent Care	No
<b>2014-60</b>	<b>Reimbursement for Practitioner Services Rendered in the Facility Setting</b>	<b>Yes</b>
<b>2014-74</b>	<b>Tobacco Cessation Group Counseling at Hospital Outpatient Settings</b>	<b>Yes</b>
2014-86	Changes to Connecticut Medicaid Preferred Drug List	No
2014-88	Billing for Emergency Department Services	No
2014-96	Consolidated Laboratory Fee Schedule Update	No
2014-99	Autism Spectrum Disorder (ASD) Evaluation and Treatment Services	No
<b>2015-20</b>	<b>Establishment of Fixed Fees for Certain Outpatient Procedures</b>	<b>Yes</b>
2015-25	Digital Breast Tomosynthesis	No
2015-37	Tobacco Cessation Group Counseling Services	No
2015-46	Revised Billing Instructions for Outpatient Claims	No

In a letter to providers dated August 26, 2015, DSS communicated an additional policy change to the payment rate for RCC 901, electroconvulsive therapy services, for which an impact to the APC project was also identified.

The following four existing policy changes were identified to have an impact to the APC project. The impact to the APC project is described in more detail below.

1. Reimbursement for Practitioner Services Rendered in the Facility Setting
2. Tobacco Cessation Group Counseling at Hospital OP Setting
3. Establishment of Fixed Fees for Certain Outpatient Procedures
4. Outpatient Reimbursement for RCC 901

***Reimbursement for Practitioner Services Rendered in the Facility Setting***

As of October 1, 2014, DSS adjusted reimbursement for practitioners based on the facility type code. This policy change impacts professional services and the physician services analysis that is being performed as part of the APC project. The physician services analysis involves shadow pricing professional claims using the appropriate physician fee schedules. The physician services analysis will utilize the updated fee schedules identified in this policy change.

***Tobacco Cessation Group Counseling at Hospital Outpatient Settings***

As of October 1, 2014, DSS began paying for tobacco cessation group counseling as a new covered service. These services would have limited representation in the data set. Analysis was completed to ensure the financial impact would be understood. The initial review concluded that these services would be excluded from APC and there would not be an impact.

### **Establishment of Fixed Fees for Certain Outpatient Procedures**

As of April 1, 2015, DSS changed its pricing to use fixed fees for certain outpatient procedures. The claims data being utilized for the development of the APC conversion factor is for dates of service prior to this policy change and should be adjusted to reflect the new fees.

A summary of the criteria used to adjust allowed amounts in the data modeling is provided in the table below:

#### **Data Modeling Adjustments for New Fixed Fees**

<b>Service</b>	<b>Criteria</b>	<b>Adjusted Allowed Amount</b>
Chest X-Ray	CPT 71010, 71015, 71020, 71021, 71022, 71030, 71035	\$ 28.90
Screening Mammography	CPT 77052, 77057, G0202	\$ 117.91
Unlisted procedure, dental alveolar structures	CPT 41899*	\$ 2,000.00

\* Maximum units allowed for this code is 1.

### **Outpatient Reimbursement for RCC 901**

Effective July 1, 2015, DSS changed the fee paid for RCC 901, electroconvulsive therapy services from \$105.46 to \$446.29. For RCC 901, the updated fee of \$446.29 will be used as the adjusted allowed amount for the purposes of data modeling.

### **Proposed Policy Changes**

The following proposed policy changes were also identified and will be reviewed to determine the impact, if any, on the APC project:

1. Direct Billing for Professional Services
2. New Criteria for Observation Services
3. Primary Care Exception

Further review is underway to determine if any additional proposed policy changes should be added to this list.

### **Conclusion**

The impact of existing policy changes on the transition to APCs has been evaluated and addressed to help ensure the data used for analysis and modeling has been adjusted as appropriate. Review and analysis of proposed policy changes and any impact to the APC project is also being performed.