Ohio | Department of Medicaid

John R. Kasich, Governor
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Hospital Handbook Transmittal Letter (HHTL) 3352-19-01

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TO: **All Hospital Providers**
Directors, County Departments of Job and Family Services

FROM: **Barbara R. Sears, Director**

SUBJECT: **Hospital Updates Effective January 1, 2019**

Summary

This Hospital Handbook Transmittal Letter (HHTL) provides information regarding changes effective January 1, 2019.

Hospital Inpatient Services

Rule 5160-2-65 entitled Inpatient hospital reimbursement, sets forth the methodology for determining the relative weights and hospital average cost per discharge that is used to reimburse hospitals for inpatient services under prospective payment. In accordance with the provisions of this rule, the hospital specific Diagnosis Related Group (DRG) base rates that were in effect on December 31, 2018 remain unchanged except for hospitals penalized for Potentially Preventable Readmissions Program (additional information below) and hospitals that were subject to an adjustment in their base rate pertaining to being reclassified at the start of calendar year 2018.

Rule 5160-2-66 entitled Capital costs, sets forth the methodology for inpatient hospital capital reimbursement for those hospitals paid under the prospective payment methodology. Capital costs are reimbursed on a prospective basis at eighty-five percent of historical costs. A separate letter dated December 18, 2018 was sent to all hospitals operating within Ohio, with their hospital specific capital rates effective January 1, 2019.

Annual ICD-10 Updates

The Department has implemented the new 2019 ICD-10 diagnosis and procedure codes for inpatient hospital reimbursement, effective October 1, 2018. Obsolete diagnosis and procedure codes have been deleted. Providers are required to use diagnosis and procedure codes that were in effect on the date of discharge. While few new inpatient procedure codes will require prior authorization, the Department did not identify any procedure or diagnosis codes that will not be covered. The list of inpatient procedures that require prior authorization has been updated.

Inpatient hospital claims with dates of discharge on or after October 1, 2018 will be processed under APR-DRG version 36. There were no DRG or relative weight changes due to the change in grouper version. The current APR-DRG weights are those that were in effect for discharges on or after October 1, 2018. There are no changes for January 1, 2019. The relative weight tables may be accessed through

the Department's website: http://www.medicaid.ohio.gov/ > Providers > Fee Schedules and Rates > "I Agree" > Inpatient Hospital Services.

Potentially Preventable Readmissions Program

Rule 5160-2-14 entitled Potentially preventable readmissions, sets forth general provisions regarding the implementation of the Potentially Preventable Readmissions (PPR) program, which reduces payment for clinically-related and clinically-preventable readmissions. The Department has improved the PPR logic by applying the mental health risk adjustment factors to all mental health/substance use disorder DRGs, condensing the current four risk groups down to three risk groups, and revising the discharge status list used to exclude claims from the PPR logic. Due to the implementation of this revised PPR logic, the Department has suspended the PPR penalty for calendar year 2019; the PPR penalty provision will be reinstated for calendar year 2020. Out-of-state hospitals will also be subject to the PPR penalty beginning in calendar year 2020. The PPR report cards have been published on the Department's website.

The state fiscal years 2015 and 2016 PPR rates, which were used to determine a hospital's PPR penalty in calendar years 2017 and 2018 respectively, were recalculated under the revised PPR logic. For hospitals that had PPR rates greater than 1.0 under the current PPR logic, but PPR rates less than 1.0 under the revised PPR logic, their hospital-specific base rates will be inflated by one percent to adjust for the previous one percent penalty reduction. Furthermore, these adjustments will be in effect through calendar year 2020 for hospitals that were subject to the PPR penalty in both calendar years 2017 and 2018 under the current PPR logic but would not have been penalized under the revised PPR logic. A rate letter dated December 18, 2018 was sent to all hospitals and indicated whether the hospital's base rate was inflated by one percent to adjust for the previous PPR penalty.

Hospital Outpatient Services

Rule 5160-2-75 entitled Outpatient hospital reimbursement, describes the outpatient payment policies for hospitals that are subject to EAPG prospective payment.

As a result of the 2019 Current Procedural Terminology (CPT) and Healthcare Common Procedural Coding System (HCPCS) updates, the Enhanced Ambulatory Patient Groups (EAPG) covered codes list for outpatient hospitals and ambulatory surgical centers were updated. The updated covered codes list was published on the Department's website: http://www.medicaid.ohio.gov/ > Providers > Fee Schedules and Rates > "I Agree" > Outpatient Hospital Services. The EAPG grouper version will not change. The Department will continue using EAPG grouper version 3.9. Also, the EAPG relative weights that were effective December 31, 2018 remain in effect. Lastly, while all valid modifiers are accepted on an outpatient hospital claim, the list of modifiers in the Hospital Billing Guidelines are the only ones that currently affect pricing logic in our claims reimbursement system

New behavioral health diagnosis and procedure codes have been added to the Outpatient Hospital Behavioral Health benefit plan and obsolete diagnosis and procedure codes have been discontinued. Providers are required to use diagnosis and procedure codes that were in effect for the date of service.

Prior Authorization, Pre-Certification and Utilization Reviews

Effective 12/1/2018, Permedion has assumed responsibility for processing hospital medical-surgical prior authorizations, ambulatory surgical center prior authorizations, and inpatient psychiatric hospital pre-certifications. Effective 1/1/2019, Permedion has assumed all utilization review duties for the Department. To facilitate the transition to the new vendor, all outstanding medical-surgical (only) hospital utilization reviews from the previous vendor, including medical record requests and claim denials for the period June 2018 through November 2018, have been voided/rescinded by the Department.

The list of inpatient and outpatient services that require prior authorization is available on the Department's website: http://medicaid.ohio.gov/PROVIDERS/PriorAuthorizationRequirements.aspx. In addition, OAC rule 5160-2-03 describes the types of inpatient and outpatient services that would require prior authorization.

Pre-certification requirements on ICD-10 surgical procedures will remain suspended for calendar year 2019. The Department has no plans to re-instate the medical/surgical pre-certification program currently. However, all psychiatric admissions will still require pre-certification.

Other Updates

National Drug Codes

Outpatient claims containing details for covered outpatient drugs must be billed in accordance with National Drug Code (NDC) guidelines. Additionally, details containing RCC 25X without a CPT/HCPCS code require an NDC. For dates of service on or after January 1, 2019, if an NDC is not submitted for any detail that requires an NDC, edit 4893 (NDC code missing) will post on the detail line, denying the detail. Similarly, the corresponding NDC must be valid on the date of service and correspond to the procedure code the NDC is submitted with, otherwise, edit 4891 (invalid NDC/HCPCS combination) will post, denying the detail line. Although these edits only apply to fee-for-service claims, the NDC guidelines apply to both fee-for-service and managed care claims. Therefore, the Department expects that the managed care plans are employing similar edits for their claims.

Drug Detail Lines That Contain A JW Modifier

Providers are permitted to report the JW modifier on institutional claims to indicate the amount of discarded drugs. If a claim (one date of service) contains two detail lines with the same RCC, same pharmaceutical HCPCS code, and same NDC but one detail line contains modifier JW, neither detail line will deny as a duplicate when providers submit the JW modifier on the second detail. EOB 9951 (discarded drug pricing applied) will post on the detail line containing modifier JW. When the JW modifier is submitted on the first detail, the second detail will be denied and EOB 5001 (exact duplicate) will post on the denied detail.

Medicare Coinsurance and Deductible

The coinsurance and deductible amounts for Medicare's hospital insurance program (Part A) have been updated effective January 1, 2019. The Medicare Part A inpatient hospital deductible amount is $1,364.00. The daily coinsurance amounts are updated as follows: (a) $341.00 coinsurance for the 61st through 90th day of hospitalization in a benefit period; (b) $682.00 for lifetime reserve days; and (c) $170.50 for the

21st through 100th day of extended care services in a skilled nursing facility in a benefit period. The Medicare Part B deductible amount is $185.00.

Access to Rules and Related Material

Information about the services and programs of the Department may be accessed through the Department's main webpage: http://www.medicaid.ohio.gov .

- Stakeholders who want to receive notification when the Department original or final files a rule package may visit JCARR's RuleWatch at www.rulewatchohio.gov where an account can be created to be notified of rule actions by rule number or department.
- Stakeholders can subscribe to receive notification when a clearance or BIA is posted for public comment on the Ohio Business Gateway here: http://business.ohio.gov/reform/enotify/subscription.aspx

Information about hospital payment policies may be accessed through the Department main web page (http://medicaid.ohio.gov > Providers > Fee Schedule and Rates >Click "I Agree").

Additional Information

Questions pertaining to this letter should be addressed to:

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or

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