



STATE OF OKLAHOMA
OKLAHOMA HEALTH CARE AUTHORITY

OHCA 2005-25

September 28, 2005

Dear Hospital Administrator:

Beginning October 1, 2005, the hospital reimbursement methodologies will change. The Oklahoma Health Care Authority (OHCA) Board and staff believe these changes will bring a positive impact to health care in Oklahoma.

Inpatient Hospital Acute Care Services

- **Diagnosis Related Groups (DRGs):** Effective for admissions on or after October 1, 2005, payment for inpatient stays in acute care (excluding Indian Health hospitals) and critical access hospitals will be determined utilizing a Diagnosis Related Group (DRG) methodology. Your facility should have received an individual letter containing the peer group for your facility and your base rate. Hospital admissions prior to October 1, 2005 will be paid utilizing the level of care methodology currently in place. With the October 1 implementation of DRG payments, the 24 day limit for adults has been eliminated.
- **Graduate Medical Education (GME):** The GME payment methodology has not changed, however the total funding pool will be reduced. A portion of payments for graduate medical education to teaching hospitals has been reallocated to DRG payments.
- **DSH:** There is no change in the Disproportionate Share Hospital (DSH) payment methodology at this time.

Other Inpatient Hospital Services

Freestanding (FS) psychiatric facilities, Residential Treatment Centers (RTCs), Rehabilitation Hospitals, and Children's long term sub-acute (LTSAC) hospitals will not be subject to DRG methodology.

Additional information on inpatient hospital payments, including the DRG weights, is available on the OHCA web site at <http://okhca.org/provider/types/hospitals/hospitals.asp>

Outpatient Hospital Services Provided on or After October 1, 2005:

- **Emergency Room (ER) Services:** Payment for ER services for in-state facilities will be based on the hospital's trauma classification as determined by the Oklahoma State Department of Health. The rates are as follows: Level I and II, \$300, Level III, \$200 and Level IV \$100. Out-of-state facilities will be reimbursed \$136.34. Questions regarding your facility's trauma classification should be directed to the Oklahoma State Department of Health. Changes will be made to your trauma classification upon notification to the OHCA by the Oklahoma State Department of Health.

- **Outpatient Surgery:** The OHCA will adopt the Medicare methodology for determining payment for outpatient surgical procedures. This change will include Revenue Codes 360 to 369, 480 to 489, 490 to 499, 750 to 759, and 790 to 799.
 - Services which fall within Medicare's nine outpatient ambulatory surgery center (ASC) groups will be reimbursed at the Medicare payment rate for the ASC group.
 - Services which do not fall within an established Medicare ASC group, but have an established Medicare Ambulatory Patient Classification (APC) group will be paid at the Medicare rate established for the APC. There will be no provision for payment of multiple APC's on a given date; this option will be addressed at a later date. The APC methodology is not being implemented for drugs, radiology, or other non-surgical procedures at this time. The OHCA is currently studying the feasibility of extending this payment methodology to other areas.
 - The currently utilized outpatient Dental procedure code (Procedure Code D9999) has been placed in the Medicare ASC Group 2.
 - Medicaid covered surgical procedures which do not have an ASC/APC group will be reviewed on an individual basis by OHCA.

NOTE: Due to numerous system changes effective October 1, ASC/APC rates will be available on the web for dates of service beginning October 1, but there will be a slight delay in getting the claims system changes implemented. You will be notified via the OHCA Medicaid on the Web, global messages on your payment reports and banner notices when the system will be able to accept the claims. Should you choose to file your claims during the interim you will receive a denied claim which you may resubmit after system implementation has been accomplished. However, you may elect to delay billing until notification of the final implementation of this change is posted. We apologize for this inconvenience but felt it best to implement with the earliest effective date possible.

- **Observation:** Payment will be made for observation (Revenue Codes 760 to 769) at the rate of \$399.27 per 24 hour period. Payment will not be made for observation room and an outpatient surgery or an emergency room visit on the same day. Observation services must include a minimum of 12 hours continuous care. Payment of observation includes all non-physician services furnished during the observation period including, but not limited to laboratory procedures, the technical portion of radiology procedures, medications, nursing services and room charges.
- **Clinic/Facility Charges:** A clinic fee (Revenue Codes 510 to 519) will be paid when medical treatment is provided in a non-emergency room/observation setting. The clinic rate will be \$49.38. The clinic fee does not include professional fees.
- **IV Therapy Administration Fee:** A one per day administration fee of \$148.10 will be paid when drugs are administered on an outpatient basis. Revenue Code 260 should be used to report this service.
- **Home Health:** Home health rates are increasing to \$73.25 for a skilled visit and \$33.17 for a home health aide visit. The yearly visit limitation will remain at 36 visits for any combination of skilled and aide visits.

Other Changes:

Hospice: Effective immediately, coverage has been expanded to include Hospice services for children when prior authorized. The new rules can be viewed on the OHCA web site at www.okhca.org; under the Provider box select Policy & Rules /OHCA Rules (top one)/Chapter 30/Subchapter 5/Part 59. Claims from licensed hospital based hospices should be billed using Type of Bill 820 to 829 and Revenue Code 652. The daily rate will be \$119.10.

We appreciate the services you continue to provide to Oklahomans insured under Medicaid. If you have any questions about these changes please feel free to contact us at 1-800-522-0114 or (405) 522-6205 or visit our website at www.okhca.org.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Fogarty". The signature is written in a cursive, somewhat stylized font.

Mike Fogarty