Oklahoma HealthCare Authority

SoonerCare Provider Reimbursement Notice

Hospital Updates (DRG, SHOPP, DSH, & More)

OHCA PRN 2019-01

Monday, April 15, 2019

Dear Hospital Administrators,

Claim Processing Error:
OHCA discovered that 14 new procedure codes were incorrectly classified as operating room (OR) procedure codes in the 10/1/2018 DRG rebase. When calculating the DRG weights, the incorrect OR procedure codes caused the number of claims to skew towards 0N38, 0N48, 0N50, and 0N80. This caused the weights and the mean length of stay (LOS) for those DRG codes to be lower than they should have been. To correct the problem it is best to correct all the weights and the LOS to better distribute the increase in the 4 neonate DRGs strongly affected – 0N38, 0N48, 0N50 and 0N80. Hospital base rates will not be impacted, but will cause a slight decrease to all other DRG codes. Also, there are some additional DRG codes with complications that were priced lower than the similar codes without complications. This was caused due to low utilization and will also be corrected. The updated DRG weights are posted on the OHCA Acute Inpatient and Critical Access Hospitals website. This error affected claims that had discharge dates between 10/1/2018 and 4/15/2019 and billed between 10/1/2018 and 4/15/2019. OHCA will recycle all DRG claims that fall within these date ranges over 6 weeks to minimize the impact to hospitals. We apologize for any inconvenience this may cause.

DSH Audit Update:
On December 31, 2018, the Centers for Medicaid & Medicare Services (CMS) withdrew guidance contained in the answers to two frequently asked questions (FAQs) related to DSH audits. FAQ 33 and FAQ 34 - which were part of a larger set of questions and answers issued in January 2010 - required auditors to include both costs and payments for dually insured patients (Medicaid eligible with either Medicare or private insurance) in calculating uncompensated costs. The guidance differed from the practices of many hospitals, especially with respect to payments received by private insurance for Medicaid eligible individuals. The FAQs have been the subject of litigation in several cases, in each of which federal courts have concluded that they imposed obligations beyond what was required by statute and regulation and therefore were invalidly promulgated in violation of the Administrative Procedure Act. As a result of the withdrawal of the FAQs, CMS will accept revised DSH audits that do not follow the guidance set forth in FAQs 33 and 34, for hospital services provided prior to June 3, 2017. OHCA's DSH auditing firm, Myers & Stauffer, will be recalculating the FFY2012, FFY2013, FFY2014, and FFY2015 DSH audits for hospitals that were over their hospital-specific DSH UPL. Once the reanalysis of past DSH audits are complete, OHCA will announce any possible recoupment and reallocation for FFY2012 and FFY2013. OHCA has not recouped or reallocated any money for FFY2014 and FFY2015, but may have to proceed with some after the analysis is complete.

The FFY2016 DSH Audit is about to begin. Some providers over the past few audits have not qualified because OHCA and our auditors were unable to get information from providers during the audit process. If a provider does not respond to the auditors Survey Part I, then they are deemed not meeting the OB requirement for DSH. The Survey Part I that the auditors are requesting from facilities is separate from the annual DSH survey requested by OHCA. Multiple attempts were made to contact all providers by e-mail, telephone, and by e-mailing OHA to locate an alternate representative. There is no appeal process in place for the DSH audit because by the time the audit report is issued several attempts over a several week period have been made to contact a representative at the facility by OHCA and Myers and Stauffer. To receive automatic DSH updates, please go to www.okhca.org/DSH and sign up for Web Alerts. Anytime the DSH website is updated an e-mail will be automatically sent to you. The Web Alerts are site specific so you have to sign up for the main DSH page and the DSH Forms and Reports page separately.

SHOPP Recalculation:
In December 2018, SHOPP was recalculated due to the closure of a hospital. This decreased the annual assessment, which decreased the allocations to all hospitals. This amount was netted out in the CY2018 1.4% withhold payment that was made in December 2018. The revised allocation documents are located on the OHCA SHOPP website.

OHCA has been notified that a SHOPP hospital is discontinuing inpatient services. This will require a recalculation of the assessment and allocation for CY2019. This calculation will be completed soon and posted to the OHCA SHOPP website. The April 2019 payment

will be made according to the original calculation. The difference in the allocation due to the hospital closure will be netted out of the next quarterly allocation. To receive automatic SHOPP updates, please go to www.okhca.org/SHOPP and sign up for Web Alerts. Anytime the SHOPP website is updated an e-mail will be automatically sent to you. The Web Alerts are site specific so you have to sign up for the main SHOPP page and the SHOPP Forms and Reports page separately.

SHOPP Cost-to-Charge Ratio Change for Critical Access Hospitals:
OHCA has submitted a State Plan Amendment to CMS to change the way the inpatient cost-to-charge ratio (CCR) is calculated for the SHOPP calculation. The current method was to use the hospital-specific 3-year average which is currently used for DRG claims. The new method would be based on the most current cost reporting year and not averaged. This methodology has already been used on the outpatient portion of SHOPP. The reason this CCR methodology was not used in the past is there were many hospitals that had CCRs that far exceeded one which would have caused many hospitals to exceed their upper payment limits (UPL) in the aggregate. This would have caused large recoupments from many rural and NSGO hospitals. Now that most hospitals have CCRs that are below one, the OHCA has consulted with the Hospital Advisory Committee (HAC) required in SHOPP legislation and changed to this new methodology in the CY2019 SHOPP calculation.

Hospital Charges:
Due to the federal regulations 42 CFR § 447.271 and 42 CFR § 447.325, CMS will not allow the OHCA to pay a hospital more than the customary charges to the general public for inpatient and outpatient services. The usual and customary charges are equal to the billed charges on all inpatient and outpatient claims. CMS is requiring OHCA to put this language in the State Plan and perform an annual demonstration of all inpatient and outpatient billed charges and subtract any Medicaid claim and supplemental payments. Any hospital that is paid over their billed charges will be required to refund the amount of the overage. If you have not done so recently, please update your hospital charge master so that billed charges and cost are more appropriate. An analysis of SFY2018 data has been completed and there are only 8 hospitals in Oklahoma that received payments in excess of their billed charges.

If you have any questions or require additional information please contact us by email at ProvReimb@okhca.org, or by phone at (405) 522-7454.

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