Outpatient Hospital Services Detailed Description of Reimbursement

Interim and Final Settlement

At interim and final settlement, the hospital will reimburse the Department for any excess payments; or the Department will reimburse the amount of any underpayment to the hospital. In either case, the lump sum payment must be made within 30 days of the date of the letter notifying the provider of the results of the interim or final settlement. If more than one year's interim or final settlement is completed in the same proceeding, the net amount must be paid. Any caps imposed on PIP payments are not applicable to the determination of settlement amounts.

Hospitals are required to file with the DHHS, Division of Audit a year-end cost report within five months from their fiscal year end. The cost report filing consists of: CMS Form 2552 or its equivalent, audited financial statements, and any other related documentation as requested by the DHHS-Division of Audit. The cost report must include applicable MaineCare utilization and a calculated balance due to/from MaineCare.

ACUTE CARE NON-CRITICAL ACCESS HOSPITALS (including rehabilitation hospitals)

1. Private Hospitals (including rehabilitation hospitals)

a. APC Payment

Effective July 1, 2012, the Department will reimburse hospitals 93% of the most recent adjusted Medicare APC rate for all outpatient services where that rate is available unless otherwise specified.

The APC payment does not include hospital-based physician services. The APC payment does include ancillary services such as x-rays and laboratory test costs. If multiple procedures are performed, the Department pays the hospital 93% of Medicare's single bundled APC rate.

APC payments are made when the member receives services in an emergency room, clinic or other outpatient setting, or if the outpatient is transferred to another hospital or facility that is not affiliated with the initial hospital where the patient received the outpatient services. If the outpatient is admitted from a hospital's clinic or emergency department, to the same hospital as an inpatient, the hospital shall be paid only a DRG-based discharge rate and will not receive an APC payment.

An outlier payment adjustment is made to the rate when an unusually high level of resources has been used for a case. Calculations for outlier payments will follow Medicare rules and be paid at 93% of the Medicare payment.

b. Fee Schedule Payments

Effective July 1, 2012, a limited number of Current Procedural Terminology (CPT) codes do not have associated Medicare APC rates, as listed in Addendum B (see: https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/HospitalOutpatientPPS/Addendum-A-and-Addendum-B-Updates.html). MaineCare covers certain services listed in Addendum B and pays for these services based on a fee

Outpatient Hospital Services Detailed Description of Reimbursement

schedule (see: https://mainecare.maine.gov/Provider%20Fee%20Schedules/Forms/Publication.aspx)

2. Public Hospitals

Third party liability payments and revenue for outpatient physician services billed and paid on CMS 1500 are subtracted from the obligation. The computed amounts are calculated as described below:

Effective July 1, 2009, the Department's total annual obligation to a hospital for outpatient services equals the lower of 83.8% of MaineCare outpatient costs or charges, plus 93.4% of emergency room hospital based physician costs plus 83.8% of non-emergency room outpatient hospital based physician costs. Costs are determined using standard cost to charge ratios, using data from the Medicare fiscal intermediary's Medicare cost reports for each fiscal year that is being settled. Charges are taken from claims data. MaineCare's share of clinical laboratory and radiology costs are added to this amount.

Ancillary costs are calculated using the cost-to-charge ratios on Worksheet D Part V Column 1, Lines 37 through 65 of the Medicare Cost Report. The physician costs are calculated using the professional remuneration from worksheet A-8-2 and worksheet A-8, the total of remuneration from a82 and a8 is then divided by total charges from worksheet C., and multiplied by the MaineCare charges for each cost center. The result is then inflated to the current year.

State-developed fee schedule rates are the same for both governmental and private providers of Clinical Laboratory and Radiology Services. The agency's fee schedule was set as of March 29, 2009 and is effective for services provided on or after that date. All rates are published at http://www.maine.gov/dhhs/audit/rate-setting/index.shtml

Prospective Interim Payment (PIP) – Public Hospitals Only

The estimated Departmental total obligation will be calculated to determine the PIP payment using data from the fiscal year for which the most recent as-filed cost report available, inflated to the current state fiscal year. This payment is at 100% of the calculated amount.

MaineCare calculates its share of outpatient hospital based physician costs, and its obligation related to outpatient claims where there is a third party payor use data from the most recent hospital fiscal year end MaineCare as filed cost report issued by DHHS Division of Audit, which is inflated to the current state fiscal year. For those claims where there is a third party payor involved, MaineCare pays the difference between what it would have paid in the absence of a third party payment and the actual third party payment. The State does not pay more than 100% of total outpatient costs for acute care non-critical hospitals.

3. Cost Settlement -

APC payments will not be cost settled.

Outpatient Hospital Services Detailed Description of Reimbursement

a. Interim Settlement

The Department of Health and Human Services' interim settlement with a hospital is calculated using the same methodology as is used when calculating the PIP, except that the data source used will be in MaineCare paid claims history as measured by the Department. Other calculations will be based on the hospital's as-filed cost report and MaineCare paid claims history for the year for which reconciliation is being performed. Interim settlements will be issued within one year from when the hospital's as-filed Medicare cost report is received.

b. Final Settlement

The Department of Health and Human Services' final settlement with a hospital is calculated using the same methodology as is used when calculating the PIP, except that the data source used will be in MaineCare paid claims history as measured by the Department. Other calculations will be based on the hospital's final cost report from the Medicare fiscal intermediary and MaineCare paid claims history for the year for which reconciliation is being performed. Final settlements will be issued within one year from when the hospital's final Medicare cost report is received.

ACUTE CARE CRITICAL ACCESS HOSPITALS, PRIVATE PSYCHIATRIC HOSPITALS, STATE OWNED PSYCHIATRIC HOSPITALS, HOSPITALS RECLASSIFIED TO A WAGE AREA OUTSIDE MAINE BY THE MEDICARE GEOGRAPHIC CLASSIFICATION REVIEW BOARD (MGCRB)

All calculations made in relation to acute care critical access hospitals, and effective October 1, 2006, private psychiatric hospitals, and effective August 1, 2006 Hospitals Reclassified to a Wage Area Outside Maine by the MGCRB, must be made in accordance with the requirements for completion of the Medicare Cost Report and Generally Accepted Accounting Principles, unless stated otherwise below, plus a payment for eligible hospitals.

Department's Outpatient Obligation to the Hospital

The Department of Health and Human Services' annual outpatient obligation to the hospitals will be the sum of MaineCare's obligation of the following: outpatient services + outpatient hospital based physician costs – beneficiary payments. Third party liability payments and revenue for outpatient physician services billed and paid on CMS 1500 claims are subtracted from the obligation.

Effective July 1, 2009 this payment is capped at 109% of MaineCare outpatient costs. MaineCare's share of emergency room hospital based physician costs is reimbursed at 93.4% of cost. Other outpatient hospital based physician costs will be reimbursed at 83.8% of costs.

Prospective Interim Payment

The estimated Departmental total obligation will be calculated to determine the PIP payment using data from the fiscal year from the most recent as filed cost report available, inflated to the current state fiscal year.

Outpatient Hospital Services Detailed Description of Reimbursement

Interim Volume Adjustment

The Department initiates an interim PIP adjustment under very limited circumstance, including but not limited to, restructuring payment methodology as reflected in a state plan amendment; when a hospital "changes" categories (e.g. becomes designated critical access); if and when a new population group is made eligible for MaineCare (e.g. the state is contemplating an eligibility expansion to include higher income parents); or a hospital opens or closes resulting in a redistribution of patients among facilities.

Preliminary Settlement

The Department of Health and Human Services' interim settlement with a hospital is calculated using the same methodology as is used when calculating the PIP, except that the data sources used will be the hospital's as-filed cost report and MaineCare paid claims history for the year for which reconciliation is being performed.

Final Settlement

The Department of Health and Human Services' final settlement with a hospital is calculated using the same methodology as is used when calculating the PIP, except that the data sources used will be the hospital's final cost report from the Medicare fiscal intermediary and MaineCare paid claims history for the year for which settlement is being performed.

STATE OWNED PSYCHIATRIC HOSPITALS

The Department of Health and Human Services' final obligation with a hospital is 100% of MaineCare outpatient costs. Costs are determined from standard cost-to-charge ratios using data from the final cost report issued by the Medicare fiscal intermediary and MaineCare paid claims history as measured by the Department.