

Medical Cost Containment: Commissioner Proposal 2009

The following proposal is applicable to:

- In-patient hospitalization reimbursement methodology—MS DRG + a conversion factor which will result in reimbursement at a rate of 65-75%.
- Large hospital definition: A hospital within the seven county metropolitan area with 65 or more licensed, staffed beds, and at a hospital outside the seven county metropolitan area with 100 or more licensed, staffed beds.

1. In-patient hospitalization reimbursement methodology MS DRG + a conversion factor which will result in reimbursement at each affected hospital's yearly commercial payment rate to 10 percentage points with a floor of 65% and a cap of 75%.

Deloitte will develop the conversion factor by looking at: the Medicare weights for each DRG, each hospital's yearly commercial payment rate (adjusted to the 65% to 75% window), and 12 months of workers' compensation data from each affected large hospitals regarding charges by DRG.

2. Outliers—When charges exceed \$50,000, reimbursement will be as follows:
Charges x [(commercial rate+10 percentage points) with a floor and cap of 65% to 75%] Payers have the right to complete an onsite or documentation audit.
3. 15-15-30 billing system and code of conduct applying to all inpatient hospital bills regardless of size of hospital.
4. Prevailing charge is eliminated in statute and is applied to all hospitals regardless of size of hospital.
5. Inpatient hospitalization reimbursement for small hospitals shall be reduced from 100% to 90% of the hospital's usual and customary charges, unless the charge is determined by the Department of Labor and Industry Commissioner or a compensation judge to be unreasonably excessive.

A small hospital is a hospital located outside the seven county metropolitan area which has less than 100 licensed, staffed beds.

6. Index the floor and ceiling for large hospitals and the 90% rate for small hospitals to the change in charges.
7. Data on each hospital's commercial rate should be audited by a third party to verify its accuracy (HAR data).

Medical Cost Containment: The Time Is Now

Resolution Needed: Implants in Outlier

Proposal Number 1: Grid plus + _____%

Proposal Number 2: Same as voted upon within the work group recommendation but the reimbursement level for implants only is 60-65%

Proposal Number 3: When billed separately by provider, implants shall be reimbursed for the manufacturer's invoice plus _____ percent or \$3500 per billed item add-on, whichever is less. A carrier may use an in person audit process to seek verification that that amount certified by the surgical implant provider properly represents the actual costs for the implantable.