Hospice RUG-Adjusted Payment Methodology

Billing Procedures

June 23, 2015

Hospice RUG-Adjusted Payment Methodology Overview

- Effective for claims with dates of service on or after July 1, 2015, DMAS will begin paying hospice providers furnishing services to nursing facility residents Resource Utilization Group (RUG)-adjusted rates.

- DMAS implemented a price-based payment methodology based on RUGs for nursing facilities effective for claims with dates of service on or after November 1, 2014.

- DMAS was not prepared to implement price-based reimbursement for hospice providers at implementation. Hospice providers continued to be reimbursed the case-mix adjusted rates effective July 1, 2014.

Hospice RUG-Adjusted Payment Methodology Overview

- Effective for claims with dates of service on or after November 1, 2014, DMAS began requiring nursing facilities to submit Resource Utilization Group (RUG) codes on the claim.
- Hospice providers delivering services to nursing facility residents between July 1, 2014 and June 30, 2015 were reimbursed 95 percent of the case-mix adjusted rates effective July 1, 2014.
- Hospice providers were notified via a Medicaid Memo dated May 18, 2015 of the change to RUG-adjusted payment effective July 1, 2015.

Claim Billing Changes Effective July 1, 2015

- Direct cost component of nursing facility per diem will be adjusted by the RUG weight on each claim to reflect the acuity of the patient.
- Claims will continue to be billed on the UB-04 claim form, the 837-I electronic format, or entered through Direct Data Entry by the provider as currently billed.
- Each RUG code for the billing period should be submitted on the claim with a 0022 revenue code line.
- Revenue code 0658 should continue to be reported.

Revenue and Procedure Codes

- Under the price-based reimbursement methodology, in addition to billing the revenue codes for room and board and ancillary services each nursing facility claim must contain one revenue code "0022" for each distinct billing period of the nursing facility stay.

- The RUG code determined by the RUG-III, 34 grouper must be reported in the first three digits of the Health Insurance Prospective Payment System (HIPPS) rate code locator on the UB-04 form.

- The type of assessment or modifier should be reported in the last two digits of the HIPPS rate code.

- The total charges for revenue code 0022 should be zero.

Revenue and Procedure Codes

Example of values to be reported:

Revenue Code	HIPPS Rate Code	Units	Billed Charges	Non-Covered Amount
0022	BB201	30	0.00	0.00
0658		30	6000.00	0.00

Billing Procedures

- Hospice providers must obtain the billing information from the nursing facility for the residents that elect the hospice benefit.
- Nursing facility providers may bill DMAS weekly or monthly. The RUG code billed must match the RUG code documented on the MDS assessment that applies to the dates of service submitted on the claim.
- Monthly billers may choose to report multiple RUG codes on individual revenue lines on the same claim. *(Revised from Nursing Facility Medicaid Memo)*

Adjustments to RUG Billing

- If a nursing facility provider adjusts the RUG code, the hospice provider **must** adjust claims to submit the adjusted RUG code.
- Providers should follow the claim adjustment procedures to change the RUG code billed for dates of service affected by the change.
- The guidelines for claim adjustments is documented in the hospice manual.

Claim Edits

The following edits will be used in hospice RUG-adjusted payment processing:

Edit/ESC Description

- 1726 Invalid RUG Group/RUG Group Not Found
- 1727 Invalid RUG Units
- 1728 Calculated RUG Amount is Zero

Occurrence Code 50

- Like Medicare, DMAS requires nursing facilities to report the assessment reference date with the occurrence code 50 for each RUG code reported in the HIPPS Rate Code field on the UB-04.

- The date of service reported with occurrence code 50 must contain the ARD associated with the applicable OBRA assessment. An occurrence code 50 is not required with the HIPPS code reported for default RUG AAA.

- Hospice providers should report the occurrence code 50 documented by the nursing facility.

Medicare Dual-Eligibles

- For Medicare crossover claims, DMAS will map the Medicare RUG-IV, grouper 66 RUG code submitted on the crossover claim to the Medicaid RUG-III, grouper 34 RUG code. The map is available on the DMAS website.

- The hospice provider must submit the Medicare RUG-IV, grouper 66 RUG code for Medicare (Title XVIII) Crossover claims.

FY15 Transition Claim Per Diem Example November 1, 2014 thru June 30, 2015

The direct rate component of each claim will be calculated based on the RUGS score during the claim period

RUG-III, Grouper 34 Example	SE3	CC2	RAB	BB2	IA2
Direct Operating Rate (Case Mix Neutral)	$83.27	$83.27	$83.27	$83.27	$83.27
RUGS III, Grouper 34 Weight	2.10	1.42	1.24	0.86	0.72
RUG-Adjusted Direct Operating Rate	$174.87	$118.24	$103.25	$71.61	$59.95
Indirect Operating Rate	$65.85	$65.85	$65.85	$65.85	$65.85
Capital Rate	$13.07	$13.07	$13.07	$13.07	$13.07
NATCEPs Rate	$0.00	$0.00	$0.00	$0.00	$0.00
CRC Rate	$0.01	$0.01	$0.01	$0.01	$0.01
Total Facility Per Diem by RUG Category	**$253.80**	**$197.17**	**$182.18**	**$150.54**	**$138.88**
Total Facility Per Diem by RUG Category times 95 percent	**$241.11**	**$187.31**	**$173.07**	**$143.01**	**$131.94**

FY15 Transition RUG-Adjusted Payment Calculation November 1, 2014 thru June 30, 2015

For example: RUG code BB2, 30 payment days

(Direct rate X RUG weight) + Indirect rate + Capital Rate + NATCEPS + CRC = Total Per Diem
(83.27*0.86)+65.85+13.07+0.00+ 0.01 = 150.54 *0.95

Allowed Amount = (Total Per Diem rounded to 2 decimals) X Payment Days
4,290.39 = ROUND(((83.27*0.86)+65.85+13.07+0.00+ 0.01),2)*0.95*30

Rate Posting and Questions

Rates, Weights, and Frequently Asked Questions (FAQs)

Posted to the DMAS website at www.dmas.virginia.gov under the Provider Services, Rate Setting Information, Nursing Facilities or the rate setting home page at:

http://www.dmas.virginia.gov/Content_pgs/pr-rsetting.aspxn under Nursing Facilities.

Resources

Reimbursement Methodology and Billing Questions

Email: NFPayment@dmas.virginia.gov

FAQs posted on DMAS website under Provider Services, Rate Setting Information, Nursing Facilities

Live Q&A Sessions - Check DMAS website for dates and times

Claim Denials and Member Eligibility Questions

Provider Helpline – 1-804-786-6273 Richmond area

1-800-552-8627 All other areas (in-state, toll-free long distance)

Provider Manual

Update expected in August