

Frequently Asked Questions
Enhanced Ambulatory Patient Groups (EAPG)
Implementation for Outpatient Hospitals
As of November 8, 2013*

*DMAS will update the FAQs as the implementation progresses; check for updates.

1 - General

Q - What are EAPGs?

3M™ Enhanced Ambulatory Patient Groups (EAPG) is a patient classification system designed to explain the amount and type of resources used in an ambulatory visit. Patients in each EAPG have similar clinical characteristics and similar resource use and cost. Please refer to 3M website for additional information:

From the 3M home page www.3MHIS.com, click on Products and Services, Classification and grouping, 3M outpatient grouping software, Fact sheet: 3M Enhanced Ambulatory Patient Group System.

Q - Why did the Department of Medical Assistance Services (DMAS) select EAPGs for outpatient hospital reimbursement?

The current payment system is an outdated cost-based reimbursement methodology. Many payers employ prospective payment systems that promote and encourage efficiency in the hospital settings. As DMAS evaluated tools for an outpatient hospital payment system to replace their existing cost-based system, the 3M EAPG methodology provided the best match.

The primary goal of converting to EAPG reimbursement for outpatient hospital services is to develop a prospective payment system. Prospective payment systems rely on a fixed payment amount, determined in advance, to act as an incentive to providers to provide care efficiently.

Implementation of a prospective payment system is intended to encourage providers to manage costs and operate more efficiently. EAPG implementation will reduce both cost reporting and cost settlement activities for both providers and DMAS. The table below compares and contrasts the goals of the EAPG implementation with EAPG reimbursement versus cost-based reimbursement.

Goals of EAPG Implementation	EAPG Reimbursement	Cost-Based Reimbursement
<i>Prospective/Predictable</i>	Price for a defined service is known in advance.	Retrospective/Unpredictable - Price for a defined service is unknown until retroactively settled.
<i>Equitable and Rational</i>	Providers receive the same reimbursement for the same service.	Providers receive more or less than their peers for reasons that are unknown and based on provider reported charges.
<i>Promotes Provider Efficiency</i>	Price-based - Provides an incentive for efficiency combined with opportunity to reduce losses (earn profit in a more perfect world).	Cost-Based - No incentive to manage or reduce costs since payment is based on provider costs.
<i>Administrative Efficiency</i>	Continuing to settle reimbursement for the dwindling volume of outpatient FFS business is difficult to justify.	Administrative Burden - Cost settlement requires a disproportionate share of administrative costs based on volume of business.
<i>Sound Business Practice</i>	Consistent with current business practices.	Outdated - Very few payers settle outpatient reimbursement to cost. Medicare and most commercial payers employ prospective payment systems.

Q - When will EAPGs be implemented for DMAS outpatient hospital claims?

The EAPG implementation date is January 1, 2014. DMAS will transition from cost-based reimbursement to full implementation of EAPGs over a three-and-a-half-year period.

Q - When will training be conducted for EAPGs?

Based on the January 1, 2014 implementation date, DMAS will conduct training WebEx Training Sessions on December 10-11, 2013 and DMAS Q&A Sessions on January 22-23, 2014. The WebEx sessions will be recorded. Please refer to the DMAS website for the dates and times: www.dmas.virginia.gov. Click on What's New, Upcoming Training Events.

Q - What is the difference between Ambulatory Patient Classifications (APCs), used by Medicare, and the EAPGs provided by 3M Health Information Systems?

This is not a simple answer. There are a lot of details that would need to be addressed to cover everything. A comparison of the two systems is available on the DMAS website: www.dmas.virginia.gov
[Click on Provider Services, Rate Setting Information, Outpatient Facility Rates, Outpatient Hospital EAPG](#)

However, here are some high level concepts that illustrate the differences:

Packaging:

APCs use a packaging concept for a specific set of services. They are always packaged and never receive additional payment. Should they appear alone, the claim is returned to the provider for correction. New conditional packaging logic has recently been added.

3M EAPG has significantly more packaging than APCs. There are multiple types of packaging logic used within the grouping system. The result is that fewer line items receive separate payment.

Editing:

APCs incorporate a fair amount of integrated editing logic to enforce correct coding and billing policies.

3M EAPG has very limited editing; 3M provides separate editing that is available with the 3M applications. These edits may be turned off as a whole or individually.

Medical groups:

APCs classify medical visits based on CPT®¹ evaluation and management (E/M) codes.

3M EAPG uses diagnosis codes, which focuses on the patient's condition and why they came to see the physician, a more clinically meaningful approach.

Fee schedules:

APCs make extensive use of fee schedules for payment.

3M EAPG classifies these services into groups for determination of payment.

Reimbursement:

Reimbursement is defined by the payer implementing the system.

¹ CPT is a registered trademark, American Medical Association

Q - Who can I contact to purchase the EAPG software?

You may contact 3M directly at 800-367-2447. In addition, most of the major software vendors are authorized to sell the 3M EAPG product.

2 - Reimbursement Implications

Q - How will EAPG software price claims?

The software prices claims in accordance with the DMAS outpatient reimbursement rules. For more specific information on the DMAS reimbursement policies click on the link below to access the website.

www.dmas.virginia.gov

Click on [Provider Services](#), [Rate Setting Information](#), [Outpatient Facility Rates](#), [Outpatient Hospital EAPG](#)

Q - What facility-specific information must be obtained in order to calculate reimbursement for DMAS claims (e.g. base rates)?

EAPG reimbursement is determined by two factors:

1. The provider-specific base rate.
2. The EAPG weight (and payment action) assigned to the claim revenue lines.

Q - Where is the rate and weight information available?

DMAS will publish these values on their web site. Please click on the link below to access these values at our website.

www.dmas.virginia.gov

Click on [Provider Services](#), [Rate Setting Information](#), [Outpatient Facility Rates](#), [Outpatient Hospital EAPG](#), [Rates & Weights](#)

Q - What version of the EAPG product will be used at implementation?

Version 3.7 of 3M EAPGS will be used. 3M products will be updated to support this version of the grouper.

Q – Will hospitals be required to submit cost reports?

DMAS will continue to require that hospitals submit cost reports. Cost reports with fiscal years that cross over the implementation date will be necessary for settlement under cost-based reimbursement prior to the implementation of EAPGs. After implementation, cost report data will be used to determine EAPG rates. The reports will be audited; however, cost settlement will not be performed.

Q – Will outpatient hospital reimbursement reflect the lesser of EAPG reimbursement or billed charges?

DMAS will not apply lesser of logic. Outpatient hospital reimbursement will be the calculated EAPG reimbursement.

3 - Technical/Operational

Q - On what platforms/operating systems is the software available?

3M provides solutions on the following platforms:

- Mainframe: Z/OS batch which can also function in a CICS environment.
- PC: Windows
- Embeddable JAVA-based application that can function on multiple platforms (e.g., Windows, UNIX, LINUX, etc.).

Q - How is the EAPG Software installed?

This will depend on the platform. As a general concept, the purchaser of the software is responsible for the installation. 3M will provide reasonable telephone assistance so that this can be accomplished.

Q - What type of customer support is provided with the EAPG Software? How do I access this support? What is the process for after-hours support?

3M provides telephone support for all of its applications via a toll-free telephone line. There is no additional charge for reasonable use of this support beyond the annual license fees.

This support is available on a 24 hour basis. Critical issues will be addressed on a 24 hour basis. Non-critical issues are addressed during normal business hours: weekdays 8:00 am to 5:00 pm EST.

Support can be reached at 800-435-7776.

Q - How often is the software updated? How do I get the updated version?

Software is updated quarterly based on the introduction of new codes. The updated software is available for download from the 3M CustomerCare website. Updates are provided as standard part of your annual license fee.

4 - Miscellaneous

Q - Will the updated EAPG software conform to the DMAS Medicaid reimbursement policy?

The 3M product will be customized to reflect Virginia-specific reimbursement policy and will include DMAS relative weights. Each hospital will be able to enter the hospital's base rate(s) into the software to calculate reimbursement.

Q – Are facilities required to purchase EAPGs?

No. There is no purchase requirement for products including 3M EAPGS. However, the system is complex enough that processing of large volumes of claims is very difficult to do manually. Therefore, if determining grouping and reimbursement for claims is needed, grouping software from one of several vendors is advised.

Q - How do I obtain pricing information on EAPGs for my organization?

Please contact your software supplier for pricing. Or you may contact 3M directly at 800-367-2447 to obtain pricing information.

Q - Will I be able to obtain the logic behind the EAPG software? If so, how do I get it?

There is a definitions manual that explains the standard logic for grouping 3M EAPGS as well as the standard consolidation and packaging logic. It is available from 3M by using the internet at URL: www.3MHIS.com. It is also provided with the purchase of 3M software.

Additional questions may be sent to HospitalEAPG@dmas.virginia.gov.

Last Updated November 8, 2013