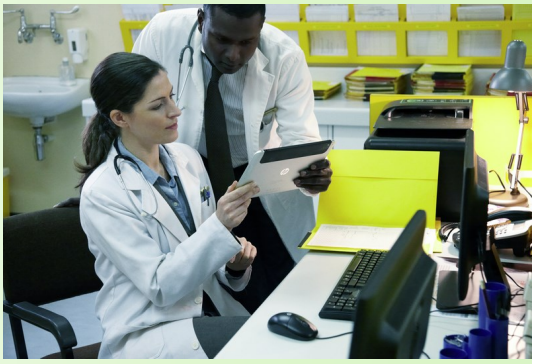
IHCP *bulletin*

INDIANA HEALTH COVERAGE PROGRAMS BT201608 JANUARY 26, 2016

HAF adjustments will be applied to reimbursements for HIP member services

The Indiana Health Coverage Programs (IHCP) is modifying Hospital Assessment Fee (HAF) payment distributions to include increased reimbursement to eligible hospitals for services provided to all Healthy Indiana Plan (HIP) members, including PE HIP members. HIP managed care entities (MCEs) will apply HAF adjustment factors accordingly when adjudicating claims. Non-HAF-eligible hospitals will continue to be reimbursed applying current rates and methodologies.



Inpatient Hospital Services

Currently, HAF-eligible hospitals are reimbursed for inpatient hospital services rendered to HIP members as follows:

- **HIP expansion population:** Reimbursement is based on the Medicare Severity (MS) diagnosis-related group (DRG).
- **HIP low-income parent and caretaker population:** Reimbursement is based on the Medicaid All-Patient Refined (APR) DRG or level-of-care (LOC) methodology, as appropriate. A separate payment is made to account for the difference between the initial base reimbursement and an enhanced HAF-adjusted amount.

Effective February 1, 2016, HAF-eligible hospitals will be reimbursed for inpatient hospital services rendered to *all* HIP members using the Medicaid APR-DRG or LOC methodology, as appropriate, with the HAF adjustment factors applied. Indiana Medicaid Medical Education payments are not impacted by this change and will continue to be paid separately. This change will apply retroactively to dates of service (DOS) on or after **January 1, 2016**.

MCEs will apply the HAF adjustment factor directly to the reimbursement of HIP member inpatient claims beginning February 1, 2016. All inpatient claims processed from January 1, 2016, through January 30, 2016, for DOS on or after January 1, 2016, will be mass adjusted. Mass adjustments will process claims using the Medicaid APR DRG or LOC, as appropriate, and will account for the difference between the initial base reimbursement and the enhanced HAF-adjusted amount.

Reimbursement for hospital services paid on a DRG basis will be calculated as follows:

[(DRG Base Weight x Relative Weight) x HAF Factor] + Capital Payment + Outlier Payment = Total Reimbursement

Reimbursement for hospital services paid on an LOC basis will be calculated as follows:

[[(LOC *Per Diem* Rate x HAF Factor) + Capital Payment] x # of Days] + Outlier Payment = Total Reimbursement

For information regarding the DRG weights and rates, as well as the LOC rates, see *IHCP Bulletin* BT201559. For the HAF adjustment factors, see BT201443. The HAF adjustment factor will apply to inpatient claims with "from" dates of service (DOS) on or after January 1, 2016. Inpatient admissions that occur before that date will not be processed under the new methodology even if the discharge date is on or after January 1, 2016.

Outpatient Hospital Services

Currently, HAF-eligible hospitals are reimbursed for outpatient hospital services rendered to HIP members as follows:

- **HIP expansion population:** Reimbursement is based on Medicare rates.
- **HIP low-income parent and caretaker population:** Reimbursement is based on 130% of Medicaid rates. A separate payment is made to account for the difference between the initial base reimbursement and the enhanced HAF-adjusted amount.

Effective March 1, 2016, HAF-eligible hospitals will be reimbursed for outpatient hospital services rendered to *all* HIP members using the Medicaid rate methodology with the HAF adjustment factors applied directly to the claim payment. For the HAF adjustment factor for outpatient rates, see BT201443. Reimbursement for outpatient laboratory services, defined as the procedure codes listed on the Medicare Clinical Laboratory Fee Schedule, are not subject to the HAF increase due to federal payment limitations. The HAF adjustment factor will apply to outpatient hospital claim detail lines for DOS on or after March 1, 2016.

If you have questions regarding HAF adjustments to HIP claims, contact the appropriate HIP MCE. For provider services and claims contact information for each HIP MCE, see the *IHCP Quick Reference Guide* at indianamedicaid.com.