

IHCP *bulletin*

INDIANA HEALTH COVERAGE PROGRAMS BT202079 JUNE 25, 2020

IHCP revises Hospital Assessment Fee adjustment factors for outpatient and inpatient rates

Effective August 1, 2020, the Indiana Health Coverage Programs (IHCP) will revise the Hospital Assessment Fee (HAF) adjustment factors used for outpatient reimbursement and inpatient diagnosis-related group (DRG) reimbursement to eligible hospitals. These revised HAF adjustment factors apply within the fee-for-service (FFS) and managed care delivery systems, including reimbursement under the Healthy Indiana Plan (HIP), Hoosier Care Connect, and Hoosier Healthwise programs.



The change in outpatient and inpatient reimbursement will ensure that aggregate payments to eligible providers reasonably approximate the Medicare upper-payment limits without exceeding those limits. The following are revised adjustment factors:

- The revised adjustment factor for the inpatient DRG base rate is 3.2 (previously 2.7).
- The adjustment factor for the inpatient rehabilitation level-of-care (LOC) rate is 2.6 (no change).
- The adjustment factor for the inpatient psychiatric LOC rate is 2.2 (no change).
- The adjustment factor for the inpatient burn LOC rate is 1.0 (no change).
- The revised adjustment factor for the outpatient rates is 3.5 (previously 2.9). The adjustment factor does not apply to outpatient laboratory services or, effective August 1, 2020, drugs and durable medical equipment (DME).

The revised adjustment factors will be applied to claims with dates of service (DOS) on or after August 1, 2020. 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.

Effective August 1, 2020, the IHCP will remove procedure codes linked to revenue code 636 – *Pharmacy (Extension of 025X)* – *Drugs Requiring Detailed Coding* and revenue code 274 – *Medical/Surgical Supplies and Devices – Prosthetic/Orthotic Devices* for the outpatient HAF increase.

Effective August 1, 2020, the IHCP will use the date of discharge on inpatient claims to determine which inpatient DRG base rate HAF adjustment factor is used.

To remain within the hospital upper-payment limit, adjustment factors may be revised in the future. Providers will be notified of any change to the adjustment factors through a future IHCP bulletin.

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