



P R O V I D E R B U L L E T I N

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To: All Hospitals**Subject: Reduction in Reimbursement for Inpatient and Outpatient Hospital Services****Overview**

Effective January 1, 2010, through June 30, 2011, Indiana Health Coverage Programs (IHCP) reimbursement for inpatient and outpatient hospital services will be subject to a 5 percent reduction.

General

This reduction is the result of the emergency rule that the Office of Medicaid Policy and Planning (OMPP) is promulgating to avoid an anticipated budgetary shortfall and to remain within the available Medicaid appropriation. The rate reduction is not applicable to state-operated psychiatric hospitals. Disproportionate share hospital (DSH) payments and hospital upper payment limit (UPL) payments will not be subject to the reimbursement reduction.

Reimbursement for inpatient and outpatient hospital claims submitted with a “from” date of service on or after January 1, 2010, will be reduced by 5 percent. For inpatient hospital claims, claims will process through the diagnosis-related grouper (DRG). DRG payments, capital payments, medical education payments (if applicable), and outlier payments (if applicable) will be calculated as usual. The total calculated payment amount will be reduced by 5 percent prior to subtracting any applicable third-party liability (TPL) payments. For outpatient hospital claims, the allowed amount for each detail line will be calculated using the current reimbursement methodology. The total allowed amount will be reduced by 5 percent prior to subtracting any TPL for the claim.

Contact Information

Questions regarding this bulletin may be directed to Customer Assistance at (317) 655-3240 or toll free at 1-800-577-1278.

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