

IHCP *bulletin*

INDIANA HEALTH COVERAGE PROGRAMS BT202149 JUNE 24, 2021

IHCP to end 3 percent reduction in reimbursement for hospital services

As previously announced in *Indiana Health Coverage Programs (IHCP) Banner Page [BR202010](#)*, and pursuant to *Indiana Administrative Code 405 IAC 1-8-3* and *405 IAC 1-10.5-6*, the IHCP implemented a 3 percent reduction in reimbursement for inpatient and outpatient hospital services, effective Jan. 1, 2014, through June 30, 2021. Effective for dates of service (DOS) on or after July 1, 2021, the 3 percent reduction for hospital services will be eliminated.



For fee-for-service (FFS) claims with dates of service (DOS) through June 30, 2021, reimbursement for inpatient and inpatient crossover claims continue to be reduced by 3 percent. Inpatient hospital claims will process through the diagnosis-related group (DRG) grouper. 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 before subtracting any applicable third-party liability (TPL) payments. The allowed amount for each detail line of outpatient and outpatient crossover claims will be calculated using the current reimbursement methodology. The allowed amount for each line item on the outpatient claim will be reduced at the detail level. TPL will be subtracted from the total allowed amount of the claim. These reductions are not applicable for state-operated psychiatric hospitals.

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