

# HOSPITAL STAKEHOLDER ENGAGEMENT MEETING

*Friday, July 12, 2024  
1:00 PM - 3:00 PM*

**Location:** Online Only

**All Hospital Zoom Meeting:** Dial Toll-free 1-877-853-5257 / Meeting ID: 870 4490 0719 /  
Passcode: 245046

**Topic Suggestions,** due by close of business two weeks prior to the meeting. Send suggestions to [Della.Phan@state.co.us](mailto:Della.Phan@state.co.us).

# Welcome & Introductions

- **Thank you for participating today!**
- We are counting on your participation to make these meetings successful



# About this Meeting

- We will be recording this meeting.
- Please speak clearly when asking a question and give your name and hospital
- A recording of this meeting will be posted to the [Hospital Engagement Meeting website](#) for later viewing.
- **Hospital Generated Topics:** Please contact Della Phan at [Della.Phan@state.co.us](mailto:Della.Phan@state.co.us) with requests to cover questions or topics in future hospital engagement meetings. Topics requested fewer than 2 weeks before the next meeting may need to be pushed to future meetings depending on availability of personnel with knowledge of those topics.

Thank you for your cooperation

# Dates and Times for 2024

## General Hospital Stakeholder Engagement Meetings

| Dates of Meetings           | Meeting Time              |
|-----------------------------|---------------------------|
| <del>January 12, 2024</del> | <del>1:00pm-3:00pm</del>  |
| <del>March 1, 2024</del>    | <del>9:00am-11:00am</del> |
| <del>May 3, 2024</del>      | <del>9:00am-11:00am</del> |
| <del>July 12, 2024</del>    | <del>1:00pm-3:00pm</del>  |
| September 6, 2024           | 9:00am-11:00am            |
| November 1, 2024            | 9:00am-11:00am            |

The agenda for upcoming meetings will be available on our external website on a Monday the week of the meeting.  
<https://www.colorado.gov/pacific/hcpf/hospital-engagement-meetings>

Please note the offset dates and times to work around holidays AND Medical Services Board

# AGENDA

## July 2024 Hospital Stakeholder Engagement Meeting Topics - mm:ss

FY 24-25 Inpatient Base Rate Update - 4:18

APR-DRG Version 40 Update - 5:56

Upcoming SFY 25-26 Inpatient Base Rates Rebase - 7:17

EAPG Duplicate Drug Payments Issue / Correction - 9:25

Proposed Billing Manual Updates - IP Specialty Drugs - 13:45

General EAPG Updates - 17:03

Future Outpatient Hospital Payment - 21:27

Outpatient Drug Reimbursement Alternatives - 21:27

Regulatory Updates - 26:02

# FY 24-25 Inpatient Base Rates

- FY 23-24 Inpatient Base Rates will be updated with the State Budget Action as determined by Legislature this year. The Long bill was signed on 4/29/2024 and authorizes a 2% rate increase for hospitals.
- The 30-day hospital stakeholder review of the [rate posting](#) ended on 6/29/2024.
- The Department will be implementing rates in the next few weeks and reprocessing hospital inpatient, outpatient and specialty claims, as necessary. The decision to implement rates for minor rate updates before CMS approval is to reduce administrative burden for both the Department and hospitals alike.
- Please know that we are still testing this process for minor rate updates, so it's uncertain whether we will be able to do this in future years. We are trying to avoid reprocessing thousands of claims and reduce administrative burden for all involved.

# Version 40 Update

## New effective date 10/1/2024

June 18, 2024

**All Patient Refined -  
Diagnosis Related Group  
(APR-DRG) Version 40,  
EAPG Module Update**



Dear Hospital CFOs/Reimbursement Professionals,

The Department has postponed its implementation of version 40 of the APR-DRG methodology and its associated weight table from July 1, 2024 to October 1, 2024. This postponement is to allow additional time to obtain State Plan authority for this implementation and reduce administrative burdens associated with reprocessing claims.

Additionally, the Hospital Policy and Rates teams have identified an issue in claims processing which allowed for duplicate EAPG payment for drugs on outpatient hospital claims as discussed in the May 2024 Hospital Stakeholder Engagement meeting. This impacts outpatient hospital claims with dates of service starting from October 31, 2016. This would occur when the same drug is billed on the same date of service on multiple claim lines. As 3M develops its EAPG drug weights using median dosage statistics to estimate each drug's cost per encounter which serves as the basis for its EAPG drug weight calculations, EAPG payment for an individual drug during an outpatient visit, regardless of dose provided, cannot exceed the hospital-specific EAPG base rate multiplied by the assigned EAPG's adjusted weight. The Department has worked with 3M to correct the module which prices EAPG claims for claims with first dates of service on or after July 1, 2024.

For any questions or concerns relating to the APR-DRG update, please contact [Diana Lambe](#) and [Andrew Abalos](#).

For any questions or concerns relating to the EAPG Module update, please contact [Andrew Abalos](#).

- The Department sent a newsletter on June 18, 2024, to alert all hospitals that the implementation of Version 40 of the APR-DRG methodology and associated weight table has been postponed by the Department until October 1, 2024.
- The postponement is to allow additional time to obtain State Plan authority and reduce administrative burdens associated with reprocessing claims.
- The finalized APR-DRG Weight Table Version 40 has been updated with the new effective date and is available on the [Inpatient Hospital Payment](#) page.
- If you aren't already signed up, please sign up to receive the [Hospital Engagement Meeting newsletters](#).

# Upcoming SFY 25-26 Inpatient Base Rates Rebase

- We will start rebasing Inpatient base rates this fall for SFY 25-26.
- The Department plans to use the same model we used in SFY 23-24 and will be refreshing it with new data. If you have any feedback about the process, please be sure to share with us. We'll start the discussion at the next hospital engagement meeting on September 6, 2024.
- In preparation for the new rebasing, we have removed all the DRAFT rebasing worksheets from last year on the Inpatient Hospital Payment webpage. If anyone wants access to them, I still have them and can share with you if you contact me at [diana.lambe@state.co.us](mailto:diana.lambe@state.co.us).

# EAPG Duplicate Drug Payments Issue

The RAC, Hospital Policy and Rates teams identified an issue in claims processing which allowed for duplicate EAPG payment for drugs on outpatient hospital claims. This impacted outpatient hospital claims with dates of service starting from October 31, 2016 to June 30, 2024. This would occur when the same drug is billed on the same date of service on multiple claim lines. As 3M/Solventum develops its EAPG drug weights using median dosage statistics and CMS' Average Sales Price to estimate each drug's cost per encounter which serves as the basis for its EAPG drug weight calculations, EAPG payment for an individual drug during an outpatient visit, regardless of dose provided, cannot exceed the hospital-specific EAPG base rate multiplied by the assigned EAPG's adjusted weight.

# EAPG Duplicate Drug Payments Correction

- The Department worked with 3M/Solventum to establish a fix to EAPG pricer for HCPCS that fall within EAPG Drug Categorization
  - EAPG Drugs are identified as Type 6 in EAPG Weight Tables
  - For outpatient hospital claims with all dates of service on or after July 1, 2024, if the same drug HCPCS is billed multiple times on the same claim for the same visit and each line would price at a non-zero amount, payment for all lines billed with this HCPCS during this visit cannot exceed the EAPG payment associated with a single instance of this drug being billed.

EAPG payment for a single instance will be allocated across all lines billed with the same HCPCS. Payment will be allocated to each line based on units billed.

- Payment Action Code 37 can be used to identify drugs paid in this manner.

# Proposed Billing Manual Updates - IP Specialty Drugs

- A corresponding **outpatient claim to the drug inpatient administration** must be submitted that includes the below information and meets the following criteria:
  - The HCPCS for the Hospital Specialty Drug
  - The NDC of the Hospital Specialty Drug administered to the member
  - The SE modifier
  - No additional revenue or procedure codes can be present on the claim.
  - The outpatient claim must be submitted after the affiliated inpatient claim is paid.
  - Outpatient claim date of service must be the date of administration and within the affiliated inpatient claim From Date of Service (FDOS) and To Date of Service (TDOS).
  
- **Feedback Requested** - email [Andrew.Abalos@state.co.us](mailto:Andrew.Abalos@state.co.us)

# General EAPG Updates

- EAPG Module Update
  - 3M released General Availability Version 2024.2.0 on June 27, 2024
  - Installed within interChange on June 28, 2024
    - No adjustments required relating to this update
  - Applies quarterly CPT/HCPCS updates
  - [See slide 10] Duplicate Drug Payment Issue Resolved
  
- FY24-25 Long Bill - EAPG Rate Increase
  - 2% Rate Increase to all hospital-specific EAPG base rates, to be effective July 1, 2024
  - Rates to be implemented in coming weeks ahead of SPA approval to minimize related claims adjustments

# Future Outpatient Hospital Payment

- The Department has initiated work for EAPG Version Update (3.18) to be effective within Calendar Year 2025
  - Mitigate transition-related swings in payments
  - Need for greater frequency of updates to continue aligning payments with modernized cost experiences, advancements in medicine
  - Adds/removes EAPGs, up to date drug pricing
  - Opportunity for review of payment mechanisms employed through EAPG methodology (e.g. modifier 27, amongst others)
- Close examination of EAPG drug payments, concurrent exploration of logistics of carveout
- Average Sales Price and Average Acquisition Costs are potential alternatives
  - **Feedback Requested - email [Andrew.Abalos@state.co.us](mailto:Andrew.Abalos@state.co.us)**

# Regulatory updates

- Inpatient Rate Update SPA Submitted (CO-24-0018)
  - Obtain federal authority to pay inpatient hospital rates with 2% increase
  - Effective July 1, 2024
- Outpatient Rate Update SPA Submitted (CO-24-0017)
  - Obtain federal authority to pay outpatient hospital rates with 2% increase
  - Effective July 1, 2024
- Specialty Hospital Rate Update SPA Submitted (CO-24-0020)
  - Obtain federal authority to pay specialty hospital per diem rates with 2% increase
  - Effective July 1, 2024
- APR-DRG Version Update SPA
  - Public Noticing to be re-issued with October 1, 2024 effective date on July 25

# Questions, Comments, & Solutions



# *Thank You!*

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