

PCA- Annual Ambulatory Payment Classification (APC) Weight Update and Triennial APC Rebasing

Purpose: To update hospital blended base Ambulatory Payment Classification (APC) rate, direct and indirect medical education and disproportionate share rates using more current cost data.

Identification of Roles:

1. Accounting Assistant – import cost report data.
2. Senior Accountant - perform cost apportionment to determine Medicaid costs and calculate Medicaid blended base rates.
3. Senior Analyst - import and scrub claims data. Prepare facility case mix indices and APG weights.
4. Manager - perform final review of case-mix indices, APC weights and base rates.

Performance Standards:

1. Ensure complete accuracy in calculations to apportion costs to Medicaid for each hospital submitting Form CMS 2552, Hospital and Healthcare Complex Cost Report, for use in calculating the base, capital cost, direct and indirect medical education, and disproportionate share rates.
2. Ensure complete accuracy in calculating hospital case-mix indices, inpatient base, capital cost, direct and indirect medical education, and disproportionate share rates and outpatient base and direct medical education rates.
3. Ensure complete accuracy in calculating DRG weights when determined using Medicaid paid claims data or when determined based on other negotiated or manually calculated means.

Path of Business Procedure:

Annual Ambulatory Payment Classification (APC) Weight Update – effective January 1

- Step 1: Retrieve the Outpatient Prospective Payment System (OPPS) APC relative weights and discount factors from the most current calendar update as published by the Center for Medicare and Medicaid Services (CMS).
- Step 2: Update the Medicaid Management Information System (MMIS) with new APC relative weights and discount factors.

Triennial APC Rebasing – effective January 1, 2009 and every three years thereafter

- Step 1: Receive claims file from data warehouse and generate cost settlement summary reports.
- Step 2: Receive CMS form 2552-96 electronic files to be used in rebase from hospitals and develop a database of financial and statistical Cost Report information.
- Step 3: Calculate cost apportionment to determine Medicaid costs.
- Step 4: Calculate facility case mix indices.
- Step 5: Calculate hospital base APC rates and statewide base APC rate
- Step 6: Calculate Medicaid blended base APC rates
- Step 7: Calculate Direct Medical Education (DME), Indirect Medical Education (IME) and Disproportionate Share (DSH) payments.
- Step 8: Conduct fiscal impact analysis for all facilities.
- Step 9: Perform final review of rates.
- Step 10: Update MMIS with hospital blended base APC rates with effective dates.
- Step 11: Prepare provider information release.
- Step 12: Send hospital-specific rate sheets to providers.
- Step 13: Provide on-going assistance with APC.

Forms/Reports:

1. Form CMS Form 2552-96, Hospital and Healthcare Complex Cost Report.
2. Iowa Medicaid paid claims file.
3. Medicare Addendum A and B.
4. Hospital-specific and Statewide Average Rate Sheets.

RFP References:

6.7.3.2

Interfaces:

IME Core Unit

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Iowa Department of Human Services
Iowa Medicaid Enterprise (IME)
Provider Cost Audit and Rate Setting Unit

Department of Human Services (DHS) Fiscal Management
Medicaid Management Information System (MMIS)

Attachments:
N/A