

James B. Pettersson

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Managing Director

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Professional History

- Vice President, Tucker Alan Inc.
- Manager, Peterson Consulting Limited Partnership
- Manager, Arthur Andersen & Co.
- Financial Analyst for Hospital Operations, Safecare, Inc.

Education

- Central Washington University – Bachelor of Science in Accounting

Mr. Pettersson is a Managing Director with Navigant Consulting, Inc., and has more than 25 years of experience providing consulting and other advisory services to state Medicaid programs and other state agencies, private insurers and other healthcare entities. He specializes in the design, implementation and evaluation of healthcare delivery and reimbursement systems for all types of provider services, and the evaluation of the adequacy of payment rates. Mr. Pettersson has extensive experience in the development of programs to enhance funding for provider services, and the regulatory and compliance considerations associated with enhanced and supplemental payment programs. He also has significant experience with the design of provider cost analysis and cost apportionment methodologies, and the analysis of large paid claims and provider cost databases. Examples of his relevant experience follow.

Inpatient Hospital Reimbursement Systems

» Currently directing a project for the Illinois Department of Healthcare and Family Services to evaluate potential options for modifications to the State's reimbursement systems for inpatient and outpatient hospital services provided to the Medicaid population.

» Directed a project for the State of Washington Department of Social and Health Services, Medicaid Purchasing Administration, to evaluate and make modifications to the State's Medicaid inpatient hospital prospective payment system. Currently assisting with the evaluation of options for future modifications to inpatient and outpatient hospital services. Analyzed inpatient paid claims data and provider cost data to establish new rates and expand the number of valid patient classifications for payment purposes under the All-Patient DRG grouper model. Calculated DRG relative weights and base rates, and developed fiscal simulation models to evaluate potential fiscal impacts of proposed changes. Facilitated a technical advisory group comprising senior hospital financial executives to gather stakeholder input and achieve consensus support of

proposed changes. Presented to a Legislative subcommittee the proposed methodology changes, and projected fiscal impacts related to proposed changes.

- » Directed a project for the Commonwealth of Kentucky to design and implement a new prospective payment system for inpatient hospital services provided to the Medicaid population based on the Medicare DRG patient classification model. Directed the development and analysis of a three-year database of Medicaid inpatient claims data. Directed the development of computer models to perform calculations of Medicaid payment rates for inpatient services that will cover operating, medical education and capital-related costs and disproportionate share payments. Assisted with the Commonwealth's development of numerous reimbursement policies, such as payment for hospital transfers and readmissions, inpatient services bundling, outlier payments and cost allocation methods. Also assisted with the development of systems change specifications to the Medicaid Management Information System (MMIS) pricing logic to support payment methodology changes.
- » Assisted the Commonwealth of Kentucky with technical requirements for establishing a non-payment policy for Hospital Acquired Conditions (HACs) and other surgical never events. Assisting with systems change specifications for modifications that will be made to the Commonwealth's Medicaid Management Information System (MMIS) to support the implementation of the new HAC policy.
- » Directed a project for the State of Nebraska to modify and upgrade its Medicaid inpatient hospital prospective payment system. Assisted with the transition from the Medicare DRG patient classification model to the All-Patient DRG model. Used data extracted from historical Medicaid paid claims data and Medicare cost report data, calculated DRG relative weights and provider base rates, and provided recommendations for changes to payment methods for low volume DRG classifications, outlier policies and transfer claim policies.
- » Assisted the State of Washington Department of Labor and Industries in the evaluation of inpatient hospital payment methodologies and payment rate rebasing. Directed the evaluation of the current inpatient hospital prospective payment system, evaluation and analysis of systems in other states through surveys and other methods, preparation of issue papers on relevant topics and related analyses. Calculated DRG relative weights and base rates, and developed fiscal simulation models to evaluate the potential fiscal impacts of proposed changes. Facilitated provider input through stakeholder meetings and impact analyses to evaluate the effects of changes to the system on providers, employers and those covered by the program.
- » Assisted the Commonwealth of Pennsylvania in the evaluation of the development of proposed reimbursement methods and policies for inpatient hospital services provided in acute care, psychiatric and rehabilitation hospitals. Provided technical assistance in the development and implementation of the recently implemented All-Patient Refined, or APR-DRG model.

- » Directed a project for the State of South Dakota to assist in rebasing hospital inpatient base rates for the State's prospective payment system for inpatient hospital services. Directed the calculation of program costs using Medicare costing methods. Supervised the development of a PC-based model for calculating provider costs in future periods.

Outpatient Hospital Reimbursement Systems

- » Directed a project for the State of Wyoming to design and implement an outpatient hospital prospective payment system based on the Medicare APC model. Analyzed paid claims data and provider cost data to estimate provider cost of outpatient services, and to establish rates under the new payment system. Assisted with the development of pricing logic specifications for modifications to the Medicaid Management Information System. Continue to provide assistance with quarterly updates to the payment system.
- » Directed a project for the Commonwealth of Kentucky to implement a hybrid outpatient prospective payment system that pays for services using a combination of bundled service rates based on certain procedure code combinations and individual fee schedule rates.
- » Assisted the Commonwealth of Kentucky in developing the preliminary design of a prospective payment system for outpatient hospital services provided to the Medicaid population. Evaluated several payment models, examining both a bundled approach based on Medicare Ambulatory Surgical Classifications (ASCs) and a fully bundled site-of-service approach. Conducted research and evaluation of payment methods used by other states and those under consideration by the Medicare program at the time of the study. Prepared an issue paper summarizing the results of the research and analysis.
- » Assisted the State of Illinois in the evaluation and implementation of its current outpatient payment policies for services provided to the Medicaid population. Researched and prepared a paper discussing the options available to the State for reforming outpatient payment policies. Directed the development of a conversion file, calculated from data extracted from Medicare cost reports, which the State used to convert individual outpatient claims' charges to costs for further analyses and evaluation.

Other Reimbursement Experience

- » Directing a project for University of Washington Medicine (University of Washington Medical Center, Harborview Medical Center, University of Washington Physicians and Children's University Medical Group) to develop a supplemental payment program for professional services, in collaboration with the State of Washington. Similarly assisted Valley Medical Center and Olympic Medical Center, two of the State's district hospitals. Determined the upper limit for all physician and other professional services using the participating physician groups' commercial fee schedule data, and calculating the average commercial rates for all services, by procedure code and site of service, to compare to Washington Medicaid's fee schedule rates. Projected total fee schedule gap based on Medicaid utilization data to determine the amount of Federal funding to be realized under the supplemental payment program. Currently assisting with implementation of the program.
- » Directed a project for the State of Washington Department of Social and Health Services to implement a provider assessment program. Assisted with the development of a comprehensive model to determine hospital assessment levels, and project potential rate increases resulting from the assessment funding stream, taking into consideration enhanced funding made available as a result of the Federal ARRA legislation. Presented analysis demonstrating the potential benefits of the program to the Washington Legislature's Senate Ways and Means Committee. Assisting the Department with determination of Medicare Upper Payment Limit calculations, and other elements necessary to achieve approval of the program by the Centers for Medicare and Medicaid Services (CMS). Assisted the Department with drafting necessary legislation, and with preparation of State Plan Amendment language to be submitted to CMS.
- » Assisted the State of Illinois with analyses to support the successful implementation of a hospital assessment program, and to achieve approval of the program by CMS.
- » Directed a project for the State of Washington Department of Health to conduct a comprehensive analysis of the costs of trauma services provided by trauma hospitals, rehabilitation providers, physicians and pre-hospital service providers. Analyzed the adequacy and distribution of the State's Trauma Fund, a legislatively mandated program intended to enhance the quality of, and access to, trauma services in the State. Presented on numerous occasions the study results and other ad hoc analyses to the Governor's Steering Committee on Trauma Care Services. Assisted with the development of a spending plan for distribution of current Trauma Care Fund appropriations.
- » Assisted the State of North Carolina with the determination of compliance related issues associated with the Disproportionate Share Hospital payment program. Prepared documentation to support the review of the program by CMS.

- » Directed a project to conduct a comprehensive evaluation of medical reimbursement methods for all services provided to injured workers for the State of Washington Department of Labor and Industries. Evaluated payments and payment methods for individual practitioners, such as physicians, therapists, chiropractors and naturopaths, as well as hospitals, outpatient surgery centers, pharmacies, durable medical equipment providers, nursing facilities, pain clinics and others. Prepared and prioritized recommendations for modifications to existing reimbursement methods and assisted with the development of monitoring plans.
- » Assisted the States of Illinois, Nebraska and South Dakota in their calculations of the Medicare Upper Payment Limit for nursing facilities. Directed analyses comparing payments made under each State's Medicaid reimbursement methodology to what payments would be for the same services under Medicare's Skilled Nursing Facility Prospective Payment System. For Nebraska, presented the proposed calculation approach to the Healthcare Financing Administration.
- » Assisted the State of Illinois with preparation for a review of its intergovernmental transfer transactions with certain public hospitals. Directed a detailed review of historical documentation related to the transactions for all years, and conducted a critical review of the Department's Medicare Upper Payment Limit tests. Assisted with the preparation and presentation of documentation to the Office of the Inspector General.
- » Assisted the Commonwealth of Pennsylvania in the development of Medicaid cost reporting principles and policies, and the development of a Medicaid cost manual. Participated in provider site visits to evaluate the impact on administrative and financial personnel resulting from changes to reporting requirements.
- » Assisted the Commonwealth of Kentucky in evaluating its options in the development of a prospective payment system for home health services.

Managed Care Program Design and Implementation

- » Assisted the Commonwealth of Pennsylvania with determination of pay-for-performance payments to be made to managed care organizations participating in Pennsylvania's comprehensive Medicaid managed care program. Reviewed and tested the pay-for-performance model which utilized a predetermined set of health-related outcomes measure, including national HEDIS metrics.

- » Assisted the State of Nebraska in the design and implementation of enhanced managed care options for long-term care services. This project resulted in a significant expansion of consumer options for all long-term care services, such as services provided in assisted living and other home- and community-based settings. Evaluated options for developing a preadmission screening instrument, access and entry points, options for development of quality of care indicators, provider certification standards and appropriate levels of care for various provider settings. Conducted a feasibility study, supported by the development of a fiscal impact model and other briefing materials, addressing various options for purposes of presentation. Co-presented the study to the Governor's office, other State agencies, provider organizations and stakeholders.

Reform Initiatives

- » Assisted the State of Illinois with developing analyses to support a gubernatorial initiative to provide universal health coverage to all State residents by 2010. Assisted the State in the development of budgetary impacts for this initiative, including analysis of commercial insurance benefits plans, State population demographics, employer healthcare spending, and the cost and availability of public and commercial benefit packages. Assisted with analysis of "ramp up" costs to the State during the first three to five years of implementation, the identification of potential Federal matching funds, and estimates of funding resulting from a variety of employer assessment scenarios.
- » Assisted the State of Illinois in the development of an 1115(a) Research and Demonstration Waiver for expanding medical benefits to parents of children enrolled in the State Children's Health Insurance Program. Directed the preparation of a waiver application document to be submitted to CMS.
- » Assisted the State of Illinois in the development of an 1115(a) Research and Demonstration Waiver for expanding medical benefits to individuals with Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome. This waiver will allow for comprehensive benefits for these individuals through focused programs in the Chicago area.

Selected Presentations

- » "The Implementation of Severity-Adjusted DRGs and Considerations for Ongoing Health Plan Operation" – World Research Group, Chicago, Illinois (September 24, 2008) and Scottsdale, Arizona (February 26, 2009)
- » "Participant Direction in Home and Community-Based Waivers and Ratesetting to Support Individual Budgets" – National Association of Reimbursement Officers, Annual Conference, Seattle, Washington (August 6, 2008)

- » “The DOORS Model – A 2007 Update” - National Association of State Units on Aging , 23rd National Home and Community Base Services Conference, Albuquerque, New Mexico (October 2, 2007)
- » “What are the Costs of Developmental Disabilities in an HCBS Setting?”, National Association of State Units on Aging, 22nd National Home and Community Based Services Conference, Minneapolis, Minnesota (October 5, 2006)
- » “State Revenue Enhancement Using Federal Matching Funds – Avoiding Federal Challenges” – American Association of Public Welfare Attorneys, National Meeting, Denver, Colorado (September 20, 2004)
- » “Becoming More Effective Users of Data in Managed Care” – Healthcare Financial Management Association, Annual National Institute, Seattle, Washington (June 2002)

Publications

- » Davidson, G. and Pettersson, J., “New Kid in Town – Medicare and Medicaid APCs” – Healthcare Financial Management (January 2006)