The purpose of this bulletin is to advise hospitals of new policy regarding outlier payments to children’s hospitals, effective with admission dates beginning July 1, 2009.

As a result of a recent emergency amendment to 89 Illinois Administrative Code Section 148.130, children’s hospitals, as defined in 89 Illinois Administrative Code Section 149.50 (c)(3)(B), are now eligible to receive outliers on claims for children through the age of 18.

The department is currently in the process of completing the necessary programming changes. After the new programming is implemented, the department will determine what claim adjustments are necessary and will adjust any affected paid claims.

This bulletin and the replacement handbook page may be obtained from the department’s Web site at: <http://www.hfs.illinois.gov/hospitals/>. The revisions in the replacement pages are identified by an “=” to the left of the affected text. Paper copies of the revised pages may be obtained by written request. To ensure delivery, you must specify a physical street address when requesting a paper copy.

You may submit your written request to the address below, or fax or e-mail it as noted:

Healthcare and Family Services
Provider Participation Unit
Post Office Box 19114
Springfield, Illinois 62794-9114
Fax Number: (217) 557-8800 / E-Mail Address: hfs.ppu@illinois.gov
Providers wishing to receive e-mail notification, when new provider information has been posted by the department, may register at the following HFS Web site:

http://www.hfs.illinois.gov/provrel

Instructions for updating the Handbook for Hospital Services:

Outlier Adjustment Calculation for
Per Diem Priced Claims

For a disproportionate share provider to qualify for an outlier, the patient must be under age six. For a non-disproportionate share provider, the patient must be under age one. For a children’s hospital as defined in 89 Illinois Administrative Code Section 149.50(c)(3)(A), the patient must be under the age of 19 with a date of admission on or after January 1, 2008. For a children’s hospital as defined in 89 Illinois Administrative Code Section 149.50(c)(3)(B), the patient must be under the age of 19 with a date of admission on or after July 1, 2009.

Provider information needed:
* daily per diem rate; * daily disproportionate share rate; * daily MHVA rate; * daily MPA rate; outlier standard deviation amount (in effect on admission date); outlier cost-to-charge ratio (in effect on admission date)

Claim information needed:
total covered charges; total covered days

* If the date of service crosses a rate period where there is a rate change, you will have to do steps 5 through 11 twice (one calculation for each rate period) and then add them together.

1. Outlier standard deviation $___________
2. Total covered charges $___________

Compare total covered charges to the outlier standard deviation. If total covered charges are less than the outlier standard deviation, then stop. The claim is not eligible for outlier consideration. If total covered charges are greater than the standard deviation, proceed to step 3.

3. Outlier cost-to-charge ratio
4. Multiply line 2 times line 3 $___________
5. Per diem rate $___________
6. Disproportionate share rate $___________
7. MHVA rate $___________
8. MPA rate $___________
9. Total of lines 5, 6, 7, and 8 $___________
10. Number of covered days
11. Multiply line 9 times line 10 $___________
12. Line 4 total minus line 11 total $___________

If step 12 total is zero or less, stop. The claim is not eligible for an outlier. If step 12 is greater than zero, then take step 12 total multiplied by the applicable factor below:

For admissions between December 3, 2001 and June 30, 2005:
X .22 (factor .22 is used for all hospitals)
Outlier Amount Due $___________

For admissions between July 1, 2005 and June 30, 2006:
X .20 (factor .20 is used for all hospitals)
Outlier Amount Due $___________

For admissions between July 1, 2006 and December 31, 2007:
X .18 (factor .18 is used for all hospitals)
Outlier Amount Due $___________

For admissions on and after January 1, 2008:
X .17 (factor .17 is used for all hospitals)
Outlier Amount Due $___________

July 2009
EXAMPLE

**Provider information:**
* daily per diem rate $ 1,219.11
* daily disproportionate share rate $ 60.60
* daily MHVA rate $ 87.38
* daily MPA rate $ 52.40
outlier standard deviation amount $52,682.40
outlier cost-to-charge ratio .50

**Claim information:**
* total covered charges $152,564.09
* total covered days 45

[1] Outlier standard deviation $ 52,682.40
[2] Total covered charges $ 152,564.09

Compare total covered charges to the standard deviation. If total covered charges are less than the outlier standard deviation, then **stop**. The claim is not eligible for outlier consideration. If total covered charges are greater than the standard deviation, proceed to step 3.

[3] Outlier cost-to-charge ratio .50

[4] Multiply line 2 times line 3 $ 76,282.05

[5] Per diem rate $ 1,219.11
[6] Disproportionate share rate $ 60.60
[7] MHVA rate $ 87.38
[8] MPA rate $ 52.40

[9] Total of lines 5, 6, 7, and 8 $ 1,419.49

[10] Number of covered days 45

[11] Multiply line 9 times line 10 $ 63,877.05

[12] Line 4 total minus line 11 total $ 12,405.00

[13]= If step 12 total is zero or less, **stop**. The claim is not eligible for an outlier. If step 12 is greater than zero, then take step 12 total multiplied by the applicable factor below:  

- **For admissions between December 3, 2001 and June 30, 2005:**
  X .22 (factor .22 is used for all hospitals): Outlier Amount Due $ 2,729.10

- **For admissions between July 1, 2005 and June 30, 2006:**
  X .20 (factor .20 is used for all hospitals) Outlier Amount Due $ 2,481.00

- **For admissions between July 1, 2006 and December 31, 2007:**
  X .18 (factor .18 is used for all hospitals) Outlier Amount Due $ 2,232.90

- **For admissions on and after January 1, 2008:**
  X .17 (factor .17 is used for all hospitals) Outlier Amount Due $ 2,108.85