

Hospital Reimbursement Reform Implementation Plan

The following outlines the timelines and significant operational phases (Shadow Pricing and MMIS Testing) relative to the implementation of Hospital reimbursement reform by April 1, 2014.

I. Timeline

<u>Timeframe/Deadline</u>	<u>Objective</u>
April 1, 2013 to June 30, 2013	Bi-weekly TAG meetings to finalize model for both inpatient and outpatient methodology
July 1, 2013	Methodology finalized and proposed rules begin to be drafted. Begin shadow pricing of claims.
July 1, 2013 to September 30, 2013	Department provides individual hospitals with twelve months of shadow pricing of adjudicated claims (10/1/12 to 9/30/13)
September 1, 2013	Proposed rules filed with JCAR
October 1, 2013 to March 31, 2014	Programming and testing of new payment model
December 31, 2013	Complete JCAR approval of final rules
April 1, 2014	GO LIVE!

II. Claim Shadow Pricing

Claim shadow pricing is intended to “shadow” claims paid under the current hospital rate system by re-pricing them under the new methodology allowing the hospitals and the department to do a comparative analysis of current rate logic to the proposed rate logic. The claims shadowing will be done by Navigant Consulting using the PC version of the APR DRG software and will mimic the logic as if it were programmed in the MMIS. The department will supply those hospitals that request it claim level detail of their hospital payments in an excel spreadsheet that are priced under the new methodology. The data will be 12 months of adjudicated claims data from October 1, 2012 to September 30, 2013. This phase allows hospitals to review their claims data to validate the fiscal impact of the new rate logic

III. MMIS Testing

MMIS Testing involves programming the new rates and methodology into the test system of the MMIS. A new MMIS system will not replace the old system, but instead the new pricing logic will be programmed in the test system of the MMIS. This internal testing phase will ensure the claims that are priced through the test system “match” the pricing in the PC version that was built by Navigant. In the test system of the MMIS, OIS will program the new hospital rate logic and submit a subset of hospital test claims to process against the new logic. The results will be reviewed by the department to make sure what is programmed in the MMIS is accurate and balances to the PC version.

Once MMIS testing is complete, the program will move to the live version of the MMIS and hospital claims will be paid under the new rate methodology effective April 1, 2014.