Health Services Cost Review Commission
4160 Patterson Avenue, Baltimore, Maryland 21215
Phone: 410-764-2605 · Fax: 410-358-6217
Toll Free: 1-888-287-3229
hscrc.maryland.gov

May 18, 2018

To: Hospital Chief Financial Officers and Case Mix Liaisons

From: Allan Pack, Principal Deputy Director, Population Based Methodologies
Claudine Williams, Associate Director, Clinical Data Administration

Re: ECMAD's, Weights, Financial Methodologies, and Update on Resubmission of FY 2016 – FY 2018 Outpatient Data due to Misreported Drug Code Units

---

The purpose of this memo is to update the hospital industry on new inpatient weights for RY 2019, describe changes to the Equivalent Case-Mix Adjusted Discharges (ECMADS) and Market Shift Methodologies, and notify hospitals of the extension to resubmit FY 2016 - FY 2018 Outpatient data.

Weights

For the past few years, due to concerns regarding conversion from ICD-9 to ICD-10, the HSCRC has used CY 2014 weights for its various methodologies that incorporate Equivalent Case-Mix Adjusted Discharges (ECMADs). Historically, staff would update the groupers in the late Fall following the annual update release and 3 revision releases thereafter. Staff plans to return to this annual cadence going forward, but in the interim the following strategy has been adopted.

1. For inpatient, staff updated to 3M's APR-DRG Grouper Version 35 and utilized CY 2016 weights. Weights are currently available on the CRISP Portal and the HSCRC website, under Market Shift Adjustments, Technical documents (http://hscrc.maryland.gov/Pages/gbr-adjustments.aspx).

2. For outpatient, staff engaged an ECMAD subgroup (as an offshoot of the Inter-hospital Cost Comparison (ICC) workgroup) to develop a new methodology for handling outpatient claims, particularly cycle billing claims. Final resolutions of the ECMAD subgroup should occur before May 30, 2018 and will potentially include among others; (a) expanding the number of codes that are grouped using the Enhanced Ambulatory Patient Grouping System (EAPGs) from 45 current procedural terminology codes (CPT codes) to all CPT codes that are reported; (b) decoupling oncology drugs from oncology

services; and (c) parsing out bundled cycle visits by service date. A full synopsis of proposed changes to the ECMAD methodology will be provided at a later date.

3. Staff requested, based upon a case mix data quality assessment, hospitals' outpatient data resubmissions from FY 2016 Q1 (July 2015) to FY 2018 Q2 (December 2017) by May 30, 2018. No fines will be associated with resubmissions but hospitals will be assessed processing fees. It is important to note that a) HSCRC does not anticipate reopening these quarters again, with the exception of resubmitted data for drug units (see section related resubmission below) and b) while providing resubmitted data is solely the decision of the hospital, failure to provide accurate information may have adverse impacts on various adjustment methodologies, e.g. the drug volume annual survey adjustment.

4. HSCRC will run CY 2016 weights for outpatient claims using EAPG Grouper Version 3.12 at the end of May 2018. Staff will send out an additional memo with a hyperlink to CY 2016 outpatient weights.

5. In either October or November of 2018, staff will convene another ECMAD subgroup as an ongoing annual process to discuss updates to the newest grouper as well as any requests from stakeholders to further refine our weighting methodologies. Staff expectation is that the newest groupers will not be used for mid-year market shift (which affects one-time revenue in the current rate year) but will instead be incorporated into the full calendar year market shift, which affects permanent revenue of the following rate year.

Financial Methodologies

As mentioned above, the newest APR-DRG and EAPG grouper versions will not be used for the mid-year market shift, i.e. version 35 (APR-DRG) and version 3.12 (EAPG) were not used for the January to June 2017 market shift. Staff does expect however, to use version 35 and version 3.12 for the January to December 2017 market shift, which will affect permanent revenue in the Rate Year (RY) 2019 rate orders. Going forward, the latest update to groupers released each year in October will only be used in the full calendar year market shift.

Given that the HSCRC has incorporated a drug volume adjustment into its financial methodologies, staff has discontinued the current version of the oncology market shift. Should the ECMAD subgroup resolve to decouple oncology drugs from other oncology related services, per the industry stakeholder recommendation, staff will create a new service line of oncology services that will exclude drug costs and will be realigned in the regular market shift. Oncology drugs and other drugs that constitute 80% of drug costs will still be assessed in the annual drug survey adjustment.

In terms of other financial methodologies that use ECMADs, staff plans to use the new groupers for the RY 2019 demographic adjustment as well as the next iteration of the ICC, the latter of which will be available following the drug resubmission in September.

Update on Resubmission

On Friday, May 11, 2018, HSCRC staff received a letter from MHA requesting that the Commission extend the deadline to re-submit the outpatient data, voicing concerns of the hospital industry that the timeline was too aggressive.

HSCRC has considered this request and will be extending the deadline for hospitals to resubmit outpatient data to correct missing or erroneous drug units for FY 2016 (July 2015) - FY 2018 (June 2018) until **September 1, 2018 with the FY 2018 Q4 (April -June 2018) final data submission**. However, hospitals are required to report all drug CPT/HCPCS codes in the outpatient case mix data in accordance with the HSCRC Data Submission Requirements. **If a hospital fails to submit drug codes with the next and future submissions, fines may be assessed.**

Please let us know if you have additional questions or concerns.