Provider Update

Important Information Regarding Hospital Payments

Summary: We updated our claims processing system retroactive to January 1, 2013, to ensure alignment with Texas Medicaid reimbursement for hospital services where indicated by contract language. This included all contract types: Rider 40, TEFRA, DRG, CCR, and all hospital types (e.g. teaching/psych). Recently, we determined reimbursement did not align with Texas Medicaid and overpayments were made. This applies to Medicaid (STAR and STAR+PLUS, CHIP, and CHIP Perinate).

► What this means to you: If your organization was overpaid because of this error, you will receive written notification indicating affected accounts and amounts owed. You’ll have the opportunity to issue a refund rather than offsets applied to current payments.

While we have 24 months from the paid date to recover payment, we will not seek recovery on an affected clean claim for dates of service prior to January 1, 2013.

Why is this change necessary?
A recent review of Medicaid policy as outlined in the Texas Medicaid Provider Procedures Manual revealed we incorrectly paid certain facilities for outpatient and inpatient services in cases where facility contracts are based on the Texas Medicaid methodology. As a result, we will update our claim payment system and reprocess incorrect payments for clean claim submissions with a date of service on or after January 1, 2013.

How will claims now be processed?
Outpatient services contracted in accordance with the Texas Medicaid methodology:

- Outpatient Hospital Ambulatory Surgery Centers (HASCs) will be reimbursed in accordance with the Texas Medicaid Surgery Groupers with the applicable adjustment. Payments to high-volume HASC providers will be increased by 5.2 percent.
- Outpatient laboratory services will be reimbursed at the Texas Medicaid fee schedule.
- Outpatient imaging services will be reimbursed at the Texas Medicaid fee schedule.
- All other outpatient hospital services will be reimbursed at the hospital’s established cost-to-charge ratio adjusted with either a low-volume or high-volume discount.

These provisions apply to all types of hospitals, including children’s, critical access, and state teaching hospitals.
**Inpatient services** contracted in accordance with the Texas Medicaid methodology will be reimbursed according to the Texas Medicaid methodology and Rider 40 as it applies to managed care and designated Rider 40 hospitals. Rider 40 stipulates:

- For patients enrolled in managed care — other than primary care case management, including health maintenance organizations — inpatient services provided at hospitals meeting the criteria outlined in Rider 40 will be reimbursed at the Medicaid reimbursement calculated using each hospital’s most recent fee-for-service rebased full-cost Standard Dollar Amount (SDA) for the biennium.

The Texas Health and Human Services Commission (HHSC) prepared a schedule of each hospital subject to the Rider and SDA believed to be consistent with the legislative intent expressed in Rider 40. The HHSC schedule and full Rider 40 language are available at www.hhsc.state.tx.us/rad/hospital-svcs/inpatient.shtml.

**Where is the Texas Medicaid Fee Schedule?**

All Texas Medicaid Fee Schedules are public and available at www.tmhp.com

**If Amerigroup identified an underpayment, will claim be reprocessed?**

Yes, Amerigroup would reprocess an underpaid claim under our contract terms with the Health and Human Services Commission (HHSC).

**What if I need assistance?**

If you have questions about this communication, need an authorization, received this fax in error, or need assistance with any other item, contact your local Provider Relations representative or call Provider Services at 1-800-454-3730.