

Milliman

Enhanced Ambulatory Patient Groups (EAPG) Payment System Educational Session

FEBRUARY 27, 2024



Agenda

- Introductions
- Overview of EAPG-Based Payment Methodology
- Process for Updating EAPG Payment System
- Base Data Preparation
- Payment Simulation Modeling
- Q&A

Introductions

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Overview of EAPG- Based Payment Methodology

Scope of EAPG-Based Reimbursement in Florida Medicaid Program

What is Included?

- Ambulatory surgical centers (ASC)
- In-state and out-of-state general acute care hospitals
- Rural hospitals
- Children's specialty hospitals
- Teaching hospitals
- Cancer specialty hospitals
- Rehabilitation specialty hospitals
- Long-term acute care specialty hospitals
- State-owned psychiatric specialty hospitals

What is Excluded?

Hospitals:

- Non-covered revenue codes
- Global transplant services
- Newborn hearing screening
- Vagus nerve stimulator devices
- Clinic services billed on the CMS 1500 claim form
- Inpatient only (IPO) services

ASCs:

- No service-specific carve outs

EAPG Payment Components



1

Standardized Base Rate

- Participating Hospitals
- Non-Participating Hospitals
- Participating ASCs
- Non-Participating ASCs



2

EAPG Relative Weights

- Represent the relative resource use required for services assigned to each EAPG category



3

Policy Adjustors

- Provider adjustor for rural hospitals
- Provider adjustor for high Medicaid outpatient utilization hospitals

Additional Adjustments

EAPG Service Line Payment Adjustments

For bundled lines, the Payment Adjustment Factor is equal to zero.

For all discounted lines except bilateral procedures, the Payment Adjustment Factor is equal to 0.50.

For bilateral procedures, the Payment Adjustment Factor is equal to 1.50.

Some claim lines may be eligible for more than one Payment Adjustment. For these claim lines, the payment is adjusted by the product of the applicable Payment Adjustments Factors.

Recipient Annual Benefit Limit

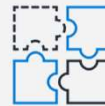
Reimbursement for hospital outpatient care provided to adults enrolled in the Florida Medicaid FFS program is annually limited to \$1,500 per SFY per recipient. Exempt from this annual benefit limit are services provided to Medicaid recipients under the age of 21, labor and delivery services, surgical procedures, dialysis services, chemotherapy services, which are covered when medically necessary, and services billed under certain revenue codes as documented in Appendix A of Attachment 4.19-B of the Florida State Plan.

Final EAPG Allowed Amount

Calculated for each claim service line as:



Final EAPG Allowed Amount



EAPG Payment



Additional Adjustments

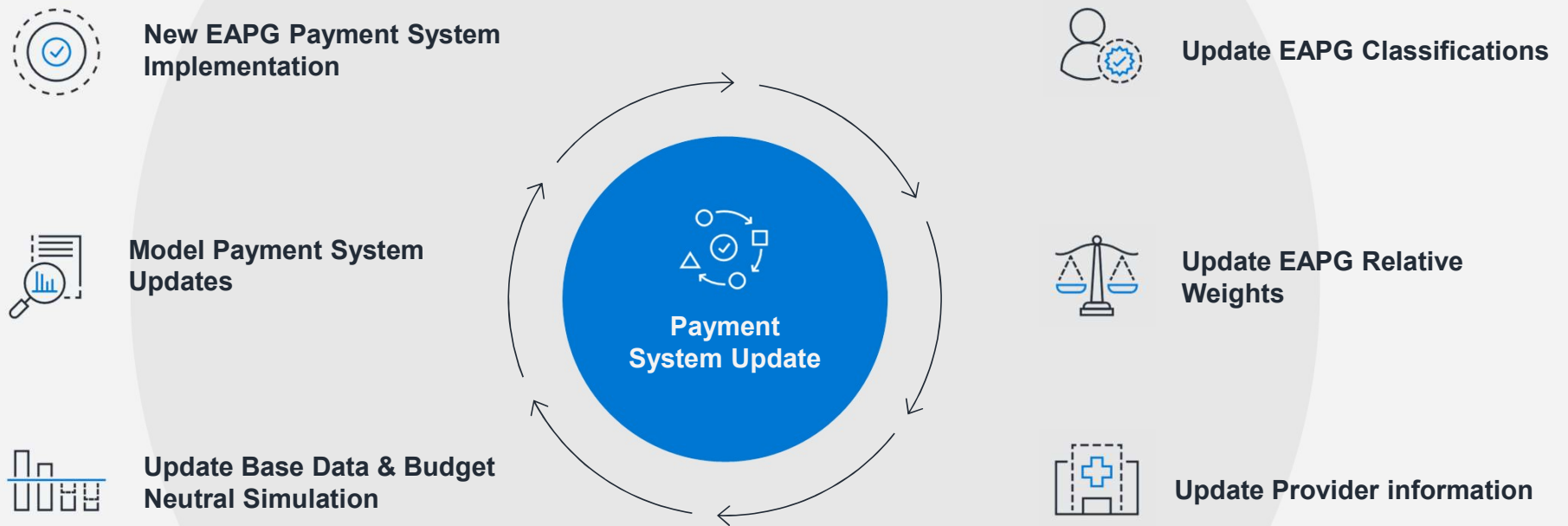
Children's Hospital Add-On Payments

- Children's hospital per-service add-on payments are paid to nonprofit hospitals that are separately licensed by the state as specialty hospitals providing comprehensive acute care services to children and qualify for the High Medicaid Outpatient Utilization Policy Adjustor. A hospital's eligibility to receive these add-on payments is contingent on the hospital having full network contracts with each applicable Medicaid managed care plan in the state.
- The outpatient EAPG per-service add-on payments are calculated by distributing appropriated funds to qualifying hospitals proportionately based on each hospital's total of simulated DRG and Trauma hospital rate enhancement payments and simulated EAPG payments from the budget neutral (baseline) simulations.



Process for Updating EAPG Payment System

Annual Process for Updating EAPG Payment System



EAPG Classification System Updates

Most years, on or around January 1, 3M™ releases a new version of EAPGs, revising the grouper logic to accommodate changes in clinical code sets and to enhance the clinical precision for EAPG classifications based on information coded on outpatient claims. However, 3M™ did not release a new version of the EAPG grouper but instead released updated version 3.18 EAPG weights in January 2024.



3M™ EAPG Relative Weights and Provider Information

Updating EAPG Relative Weights

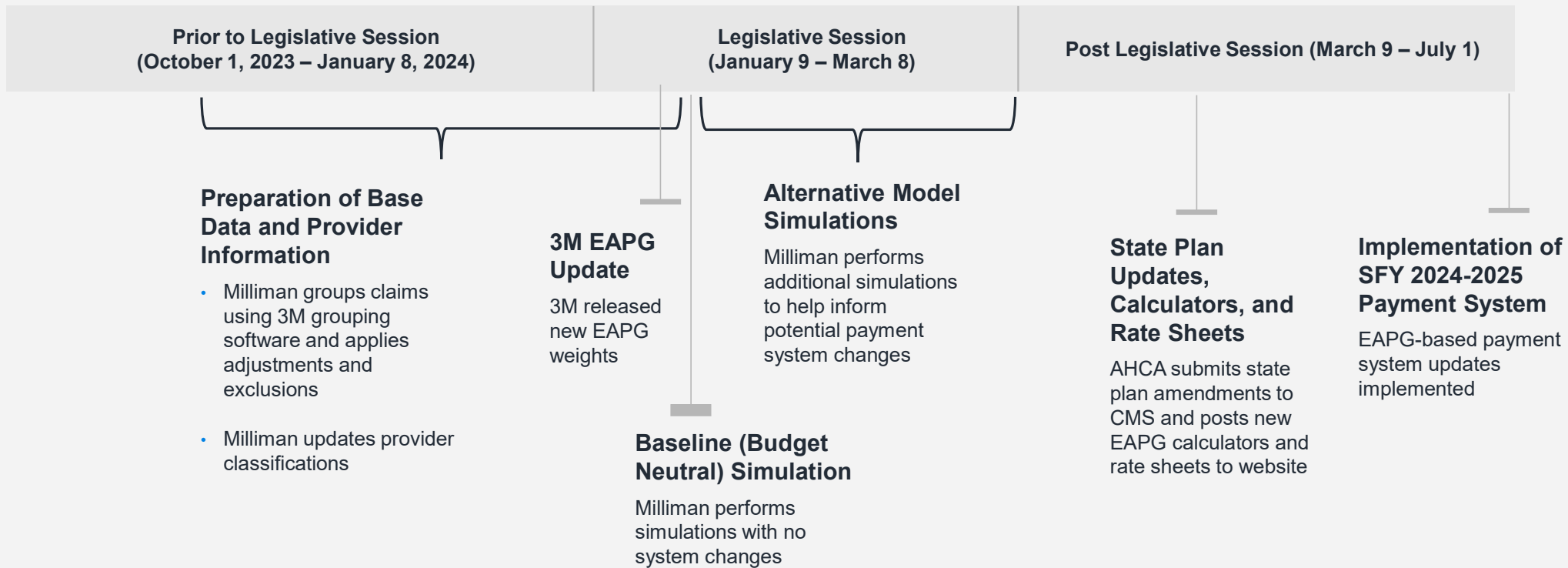
- 3M™ EAPG national relative weights represent the relative resource use required for services assigned to each EAPG category relative to the resource use required for services assigned to other EAPG categories.
- The version 3.18 EAPG weights published by 3M™ in January 2024 are calculated based on approximately 108 million CY 2022 CMS OPPS claims for services provided in the Medicare FFS program.

Updating Provider Classifications

- Determines qualification for provider policy adjustors



Timeline



Base Data Preparation

Base Data and EAPG Assignments



Relied on claims data files provided by the Agency's Bureau of Medicaid Data Analytics (MDA), including hospital inpatient FFS claim and managed care encounter records from the Florida Medicaid Management Information System (FMMIS)

Limited the Analytical Dataset to outpatient hospital outpatient and ASC services incurred in the calendar year ending 18 months prior to the rate effective date

Assigned EAPGs and discount flags to the FFS claim and managed care encounter records using 3M™ GPCS software.

Grouping preferences and settings are consistent with the Agency's EAPG grouping preferences and settings for prior rate years

Payment Simulation Modeling

Scenarios in Simulations

Baseline Scenario



Calculates payments using payment parameters currently in effect



Uses the EAPG grouper version and weights currently in effect

Simulation Scenario



Calculates payments using payment parameters that will be in effect in the new rate period



Uses the new EAPG grouper version and/or weights



Baseline (Budget Neutral) Simulation

- Calculate standardized hospital and ASC base rates and provider policy adjustors to achieve simulated budget neutral effect for each provider category:
 - High Medicaid Outpatient Utilization Hospitals
 - Rural Hospitals
 - All Other Hospitals
 - Ambulatory Surgical Centers (ASCs)
- Base rates and provider policy adjustors will change due to updates including base data, EAPG classifications, EAPG relative weights, and provider classifications.
- Children's hospital add-on payments are calculated for High Medicaid OP Utilization hospitals by distributing appropriated funds to qualifying hospitals proportionately based on each hospitals' total of Simulated DRG and Trauma Add-on payments and Simulated EAPG payments from the budget neutral (baseline) simulations.



Alternative Model Simulations

- Revisions to base rates and other payment system parameters for the July 1, 2024, payment system update are determined during and adopted through the 2024 legislative session.
- Milliman simulates payment impacts associated with potential revisions to base rates and other payment system parameters as requested by the Agency.



Q&A



Limitations

This material was developed for the specific purpose of providing general informational regarding the design and process for updating the Agency for Health Care Administration's (the Agency's) EAPG payment system, to support the facilitation of a stakeholder meeting on February 27, 2024. This material is not appropriate for, and should not be used for, any other purpose.

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In preparing this material, we relied on several sources of data and information from the Agency, 3M™, and other sources. These data sources and information include State Plan Amendments and other documents and guidance provided by the Agency, as well as EAPG documentation produced by 3M™. **We did not audit any of this information**, but we did assess the information for reasonableness. If the information that we relied on is inadequate or incomplete, the information in this material will be likewise inadequate or incomplete.

This material is technical in nature and is dependent upon specific assumptions and methods. No party should rely on this material without a thorough understanding of those assumptions and methods. Such an understanding may require consultation with qualified professionals.



Thank you

