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https://dmas.virginia.gov

MEDICAID BULLETIN

Last Updated: 07/13/2022

Hospital Reimbursement – Effective July 1, 2022

The purpose of this bulletin is to notify hospitals about reimbursement updates for state fiscal year 2023 (SFY23).

As stated in the June 28, 2022 bulletin on "Implementation of new rates from 2022 State Budget Appropriations," DMAS is diligently working on the implementation of new rates set forth in the 2023 Appropriation Act approved by Governor Youngkin June 22, 2022. The new fiscal year 2023 rates may not be posted online before July 1, 2022. At this time providers have the option to bill immediately under old rates, and later adjust their claims or delay billing until rates are updated. Additionally, Managed Care Organizations (MCOs) are working to update their rate systems, but providers will need to work with their MCO partners to determine billing procedures. Providers will also need to work with DMAS's Behavioral Health FFS Contractor (Magellan Behavioral Health) to determine billing procedures as well.

Hospital Rebasing

In accordance with Chapter 12 of the Virginia Administrative Code (VAC) Section 30-70-391 inpatient and outpatient rates for acute care, freestanding psychiatric hospitals, and inpatient rehabilitation hospitals shall be rebased for SFY23. Inflation for State Fiscal Year (SFY) 2023 is 5.2%

Inpatient Reimbursement Rebasing

Acute hospital inpatient reimbursement rate parameters have been rebased according to 12VAC30-70-391. For Type Two hospitals, the new base rates should result in total expenditures that reimburse on average 78% of acute and rehabilitation operating costs and 84% of psychiatric cooperating costs in the base year inflated to the rate year used. In accordance with 12VAC30-70-341, critical access hospital inpatient operating rate per day shall be based on an adjustment factor equal to 100% of cost reimbursement.

New rate parameters are calculated using both fee-for-service (FFS) and MCO claim experience. Rates are adjusted by geographic regions using Medicare wage adjustment factors; rural hospitals use the wage adjustment factors of the nearest urban area in accordance with 12VAC30-70-321(B).

Effective July 1, 2022, DMAS will implement version 38 of the 3M All-Patient Refined Diagnosis-Related Group (APR-DRG) grouper. The rebasing work developed APR-DRG weights for each APR-DRG group and severity level using Virginia-specific data. The Virginia-specific DRG weights as well as other inpatient reimbursement parameters are available on the DMAS web site at https://www.dmas.virginia.gov/for-providers/rates-and-rate-setting/hospital-rates/. The new rate parameters will be effective for claims with dates of service on or after July 1, 2022.

Inpatient Hospital Capital Reimbursement

In accordance with 12VAC 30-70-271(B)(6), inpatient capital percentages reflect 71% of costs for Type Two hospitals (76% for CHKD), 96% of costs for Type One hospitals, and 100% for Critical Access Hospitals. The capital percentages have been revised consistent with fee-for-service (FFS) cost reports with fiscal year ending in SFY21, which are the most recently available. Inpatient capital reimbursement will be cost settled for FFS. The new capital percentages will be effective for claims with dates of service on or after July 1, 2022 and are posted on the DMAS website at https://www.dmas.virginia.gov/for-providers/rates-and-rate-setting/hospital-rates/.

Outpatient Reimbursement Rebasing

In accordance with 12VAC30-80-36, DMAS established new outpatient Enhanced Ambulatory Patient Group (EAPG) weights and base rates effective July 1, 2022. DMAS implemented the EAPG version 3.16 grouper and will use the national weights developed by 3M. The new base rates are calculated to result in total expenditures that reimburse on average 76% of Type Two hospital non-laboratory costs in the base year inflated to the rate year. Critical Access Hospitals operating rates shall be based on an adjustment factor equal to 100% of cost reimbursement. The calculation of the new base rates reflects both FFS and MCO claim experience. Rates are adjusted by geographic regions using Medicare wage adjustment factors; rural hospitals use the wage adjustment factors of the nearest urban area in accordance with 12VAC30-80-36(B)(5).

The new EAPG weights and base rates are available on the DMAS web site at https://www.dmas.virginia.gov/for-providers/rates-and-rate-setting/outpatient-eapg/. The new EAPG weights and base rates will be effective for claims with dates of service on or after July 1, 2022.

Freestanding Rehabilitation and Psychiatric Hospital Rebasing

Freestanding rehabilitation hospital per diem rates have been rebased in accordance with 12VAC30-70-321. Freestanding psychiatric hospital per diem rates have been rebased in accordance with 12VAC30-70-415. Rates for these providers are available on the DMAS website at https://www.dmas.virginia.gov/for-providers/rates-and-rate-setting/hospital-rates/.

Quarterly Lump Sum Reimbursement: DSH/IME/GME

Payment of the Disproportionate Share Hospital (DSH) adjustment, Indirect Medical Education (IME), and Graduate Medical Education (GME) is separate from inpatient and outpatient claim payments. These payments receive the 5.2% inflation adjustment for SFY23. Payments are made as lump sum amounts at the end of each quarter. Payments for the fourth quarter will be made at the beginning of the next state fiscal year.

Lump sum payment amounts will be posted on the DMAS website at https://www.dmas.virginia.gov/for-providers/rates-and-rate-setting/lump-sum-reimbursement/ no later than August 30, 2022, for Type Two hospitals, except for CHKD. Lump sum payment amounts for CHKD and Type One hospitals will be posted on the DMAS website no later than September 30, 2022.

Disproportionate Share Hospital (DSH) Payment

In accordance with 12VAC 30-70-301(A), DSH payments are fully prospective amounts determined in advance of the state fiscal year to which they apply and are not subject to revision except for the application of limitations determined at cost settlement. In addition to meeting the 14% Medicaid utilization requirement in the DSH base year (i.e., cost reports with fiscal year ending in FY20), DSH hospitals must also meet the obstetric staff requirements or one of the regulatory exceptions. Any DSH hospital that eliminates obstetric services must promptly notify DMAS.

Indirect Medical Education (IME)

In accordance with 12VAC 30-70-291(A), prospective IME percentages for SFY23 have been calculated using the most recent resident and intern to bed ratios from cost reports with fiscal year ending in SFY21. IME payments will be cost settled based on the hospital's FFS and MCO operating costs. Prospective IME percentages and the interim annual IME payments will be posted on the DMAS website.

In accordance with Item 304.BBBB of the 2022 Acts of Assembly, DMAS has adjusted the formula used to calculate indirect medical education (IME) reimbursement for managed care discharges at Children's Hospital of the King's Daughters (CHKD). DMAS shall use 3.2962 or the rebasing case mix, whichever case mix value is greater. Total payments for IME in combination with other payments for freestanding children's hospitals with greater than 50 percent Medicaid utilization in 2009 may not exceed the federal uncompensated care cost limit that DSH payments are subject to.

Graduate Medical Education (GME)

In accordance with 12VAC 30-70-281(B), GME costs for interns and residents are reimbursed on a per-resident basis for Type Two hospitals. The annual interim GME payment reflects the most recently available hospital-reported number of interns and residents along with estimated nursing and paramedical education costs. GME payments for interns and residents will be settled based on the actual number of full-time equivalent (FTE) interns and residents, as reported on the hospital's annual cost report. Type One hospitals are reimbursed cost for interns and residents. GME payments for nursing and paramedical education costs will be cost settled. Interim GME payments will be posted on the DMAS website.

SFY 2023 Rate Notification

All hospital rates and rate parameters as well as lump sum payment amounts will be posted on the DMAS website at https://www.dmas.virginia.gov/for-providers/rates-and-rate-setting/ and will be considered official notification. DMAS will post rates from the last hospital rebasing year through the current state fiscal year as well as a log of any updates or revisions during the year.

Payments for Primary Care and High-Need Specialty Residents for Underserved Areas

Item 304.GG(1) of the 2022 Virginia Appropriations Act authorizes DMAS to award twenty-five (25) new residency payments beginning in SFY23. In addition, ten (10) Psychiatric residency slots have been authorized in accordance with Item 304.GG of the 2022 Virginia Appropriations Act. Hospitals with residency programs that began in prior state fiscal years must certify, no later than October 1, 2022, that the residency programs continue to meet DMAS requirements. Payments follow the same quarterly schedule as other lump sum payments.

For questions about hospital reimbursement, please contact the DMAS help line at 1-800-552-8627.

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PROVIDER CONTACT INFORMATION & RESOURCES	
Virginia Medicaid Web Portal Automated Response System (ARS) Member eligibility, claims status, payment status, service limits, service authorization status, and remittance advice.	https://vamedicaid.dmas.virginia.gov/
Medicall (Audio Response System) Member eligibility, claims status, payment status, service limits, service authorization status, and remittance advice.	1-800-884-9730 or 1-800-772-9996
KEPRO Service authorization information for fee-for-service members.	https://dmas.kepro.com/
Provider Appeals DMAS launched an appeals portal in 2021. You can use this portal to file appeals and track the status of your appeals. Visit the website listed for appeal resources and to register for the portal.	https://www.dmas.virginia.gov/appeals/
Managed Care Programs Medallion 4.0, Commonwealth Coordinated Care Plus (CCC Plus), and Program of All-Inclusive Care for the Elderly (PACE). In order to be reimbursed for services provided to a managed care enrolled individual, providers must follow their respective contract with the managed care plan/PACE provider. The managed care plan may utilize different guidelines than those described for Medicaid fee-for-service individuals.	
Medallion 4.0	http://www.dmas.virginia.gov/#/med4
CCC Plus	http://www.dmas.virginia.gov/#/cccplus
PACE	http://www.dmas.virginia.gov/#/longtermprograms
Magellan Behavioral Health Behavioral Health Services Administrator, check eligibility, claim status, service limits, and service authorizations for fee-for-service members.	www.MagellanHealth.com/Provider For credentialing and behavioral health service information, visit: www.magellanofvirginia.com, email: VAProviderQuestions@MagellanHealth.com,or Call: 1-800-424-4046
Provider HELPLINE Monday–Friday 8:00 a.m.-5:00 p.m. For provider use only, have Medicaid Provider ID Number available.	1-804-786-6273 1-800-552-8627

Aetna Better Health of Virginia	www.aetnabetterhealth.com/Virginia 1-800-279-1878
Anthem HealthKeepers Plus	www.anthem.com/vamedicaid 1-800-901-0020
Molina Complete Care	1-800-424-4524 (CCC+) 1-800-424-4518 (M4)
Optima Family Care	1-800-881-2166 www.optimahealth.com/medicaid
United Healthcare	www.Uhccommunityplan.com/VA and www.myuhc.com/communityplan 1-844-752-9434, TTY 711
Virginia Premier	1-800-727-7536 (TTY: 711), www.virginiapremier.com