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Public Notice Regarding Outpatient Hospital Services Reimbursement Methodology

April 5, 2021

Pursuant to Sections 1902(a) 13(A) of the Social Security Act, 42 Code of Federal Regulations (CFR) 447.205 which mandate that proposed changes in statewide Medicaid payment methods and standards for setting Medicaid payment rates be published and made available for review and comment, this is to advise that:

1. The Missouri Department of Social Services provides notice of the following:

13 CSR 70-15.160 Hospital Services Reimbursement Methodology is currently being amended in conjunction with the State Plan Amendment Attachment 4.19-B, effective July 1, 2021, the MO HealthNet Division (MHD) will change its outpatient reimbursement methodology. The goal is to implement a new outpatient reimbursement methodology that is sustainable, rewards efficiency, increases fairness and transparency, reduces administrative burden, and improves purchasing clarity. This change in methodology applies to all hospitals providing outpatient services. The MHD estimates a total savings of between \$28.1 and \$70 million in expenditures as a result of this change.

- A. The new outpatient reimbursement methodology uses an Outpatient Simplified Fee Schedule (OSFS) based on the Ambulatory Payment Classification (APC) groups and fees under the Medicare Hospital Outpatient Prospective Payment System (OPPS). When service coverage and payment policy differences exist between Medicare OPPS and Medicaid, MHD policies and fee schedules are used.
- B. Fees on the new OSFS are determined by the HCPCS procedure code at the line level and the following hierarchy:
 - I. The APC relative weight or payment rate assigned to the procedure in the Medicare OPPS Addendum B is used to calculate the fee for the service. Fees derived from APC weights and payment rates are established using the Medicare OPPS Addendum B effective as of January 1 of each year as published by the CMS for Medicare OPPS.
 - a) The fee is calculated using the APC relative weight times the Missouri conversion factor. The resulting amount is then multiplied by the payment level adjustment of ninety percent (90%) to derive the OSFS fee.
 - i. The APC relative weight.
 - ii. The Missouri conversion factor.
 - iii. The payment level adjustment.

Interpretive services are available by calling the Participant Services Unit at 1-800-392-2161.

Prevodilačke usluge su dostupne pozivom odjela koji učestvuje u ovom servisu na broj 1-800-392-2161.

Servicios Interpretativos están disponibles llamando a la unidad de servicios de los participantes al 1-800-392-2161.

AUXILIARY AIDS AND SERVICES ARE AVAILABLE UPON REQUEST TO INDIVIDUALS WITH DISABILITIES

TDD / TTY: 800-735-2966

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- b) For those APCs with no assigned relative weight, ninety percent (90%) of the Medicare APC payment rate is used as the fee.
 - II. If there is no APC relative weight or APC payment rate established for a particular service in the Medicare OPPS Addendum B, then the MHD approved fee will be ninety percent (90%) of the rate listed on other Medicare OPPS fee schedules: Clinical Laboratory Fee Schedule; Physician Fee Schedule; and Durable Medical Equipment Prosthetics/Orthotics and Supplies Fee Schedule, applicable to the outpatient hospital service.
 - III. Fees for dental procedure codes in the outpatient hospital setting are calculated based on 38.5% of the 50th percentile fee for Missouri reflected in the 2020 National Dental Advisory Service (NDAS).
 - IV. If there is no APC relative weight, APC payment rate, other Medicare fee schedule rate, or NDAS rate established for a covered outpatient hospital service, then a MO HealthNet fee will be determined using the MHD Dental, Medical, Other Medical or Independent Lab – Technical Component fee schedules.
 - V. Federally deemed critical access hospitals will receive an additional forty percent (40%) of the OSFS fee for each billed procedure code.
 - VI. Nominal charge providers will receive an additional twenty-five percent (25%) of the OSFS fee for each billed procedure code.
 - C. MHD adopts Medicare guidelines for procedure codes identified as “Items and Services Packaged into APC Rates” under Medicare OPPS Addendum D1. These procedures are designated as always packaged. Claim lines with packaged procedure codes will be considered paid but with a payment of zero.
 - D. Payment will be the lower of the provider's charge or the payment as calculated under the OSFS Payment Methodology.
 - E. Payment for outpatient hospital services under this rule will be final, with no cost settlement.
 - F. MHD will review and adjust the OSFS annually on July 1st.
2. Comments may be sent by regular mail, express or overnight mail, in person or by courier by end of business day **May 5, 2021** and must be sent or delivered to the following address:

MO HealthNet Division
615 Howerton Ct., 2nd Floor
Jefferson City, MO 65109
Attention: Jamie Purnell

Comments may also be emailed to Ask.MHD@dss.mo.gov. Please use “Public Comment for Outpatient Hospital Services” in the subject line.

3. A copy of the proposed Outpatient Hospital Services State Plan Amendment and Outpatient Simplified Fee Schedule FAQ are available for public review by contacting the Department of Social Services, MHD at Ask.MHD@dss.mo.gov. These documents may also be viewed online at <https://dss.mo.gov/mhd/alerts~public-notice.htm>.