Outpatient Classification Systems and Enhanced Ambulatory Patient Groups (EAPGs)

Presented by Treo Solutions

Presentation Highlights

- Goals of outpatient payment classification systems

- How EAPGs meet these goals

- How EAPGs classify visits/services

- Key EAPG grouper elements

- Questions

TREO SOLUTIONS

Key Goals of Outpatient Classification Payment Systems

- Be clinically meaningful, comprehensive and flexible, describing <u>every patient</u> in the outpatient setting.

- Be simple and cost-effective to develop, implement and maintain.

- Promote provider incentives that encourage a <u>balance</u> between cost-effective and quality-based provision of services.

- Be flexible in meeting unique community reimbursement goals.

- Provide the ability to report to customers on outpatient services purchased for their employee and dependent populations.

- Increased accountability and transparency.

- Promote equity in payment.

TREO
SOLUTIONS

Payment equity is achieved through:

- Pay utilizing one set of payment weights that reflect the relativity of costs for all services in the payment system.

- Cost based weights that utilize the same hospital RCCs for both inpatient and outpatient to ensure payment consistency.

- Base rates that reflect the cost of similar providers, services, and service settings.

- Consistent definition of the 'unit of service' to be paid.

4

TREO
SOLUTIONS

EAPGs – The Definition

- Enhanced Ambulatory Patient Groups (EAPGs) is a visit-based patient classification system used to organize and pay services with similar resource consumption across multiple settings.

- EAPGs have the potential to bring about beneficial changes to management, communication, cost accounting and planning within hospitals and hospital systems.

TREO
SOLUTIONS

Key Characteristics of EAPGs

- Visit based payment decisions.

- Ambulatory visits reflect similar resource use.

- Patients in each APG have similar clinical characteristics.

- Encompass full range of ambulatory care settings including same day surgery units, hospital emergency departments, outpatient clinics (excluding phone contacts, home visits, nursing home services, inpatient services).

- Use administrative data readily available on claim forms in the classification logic.

- Developed to represent ambulatory patient across entire patient population, not just Medicare.

TREO
SOLUTIONS

EAPGs are a similar concept to DRG-based inpatient payments.

- **APR-DRGs**
  - Describes an inpatient admission as unit of service
  - Uses discharge date to define code sets
  - Based only on standard code sets (ICD-9-CM)

  Differences:
  - **Each admission assigned only 1 DRG**

- **EAPGs**
  - Defines ambulatory visit as unit of service
  - Uses from date to define code sets
  - Based on standard code sets (ICD-9-CM Dx and HCPCS Px)

  - **Multiple EAPGs may be assigned per visit**
  - **Each Line assigned an EAPG**

TREO SOLUTIONS

APCs vs. EAPGs: Key Differences

	APCs	**EAPGs**
Methodology	Primarily a payment classification system and fee schedule of individual outpatient procedures/ services	Outpatient visit classification system, which places services into clinically coherent groups
Efficiency	**Minimal** packaging of ancillaries and bundling of procedures	**Comprehensive** packaging and bundling—flexible to meet reimbursement goals.
Comprehen-siveness	**Excludes** many services, which are then covered under other fee schedules	**Covers all** medical outpatient services
Medical Payment Basis	Medical APCs pay based on self-reported effort (duration of patient contact)	Medical EAPGs pay based on patient's condition and service intensity (i.e., diagnosis and procedure)
Setting and Scope	Applicability limited to payment for facility cost for hospital based outpatient services and ambulatory surgery centers	Broader applicability to other services and settings (e.g., Mental Hygiene, Physical Therapy, and Occupational Therapy) and to performance reporting
Unit of Service	Payment structure based on utilization of services (**volume**)	Payment structure based on **visits**

TREO SOLUTIONS

APCs vs EAPGs: grouping

Category	APC	EAPG
Groupings	838 APC Groups: •394 significant procedures •17 medical groups •336 drug groups •39 ancillary	505 EAPG groups: •229 significant procedures •183 medical groups •12 drug (for chemotherapy/pharmacotherapy) •66 ancillary
Editing	Extensive OCE edits	Limited editing for code validation and gender validation
Modifiers	Extensive use in editing	Smaller subset & purpose •25 separate E&M •27 multiple E&M on same day •52 reduced services •73 discontinued service •59 distinct procedural service •50 bilateral procedure •Therapy

TREO
SOLUTIONS

According to CMS, APCs have moved from packaged encounter-based payment to inefficient service-level payment

- "… over the past 7 years, significant attention has been concentrated on service specific payment for services furnished to particular patients, rather than on creating incentives for the efficient delivery of services through encounter or episode-of-care-based payment."

- "Overall packaging included in the clinical APCs has decreased, and the procedure groupings have become smaller as the focus has shifted to refining service-level payment."

- " Specifically, in the CY 2003 OPPS, there were 569 APCs, but by CY 2007, the number of APCs had grown to 862, a 51 percent increase in 4 years."

Federal Register / Vol. 72, No. 148 / Thursday, August 2, 2007 / Proposed Rules

TREO SOLUTIONS

CMS believes packaging and bundling provides flexibility and creates efficiency

- "Packaging and bundling payment for multiple interrelated services into a single payment creates incentives for providers to furnish services in the most efficient way by enabling hospitals to manage their resources with maximum flexibility..."

- "In many situations, the final payment rate for a package of services may do a better job of balancing variability in the relative costs of component services compared to individual rates covering a smaller unit of service without packaging and bundling."

- *CMS's new Composite APCs will bundle and package more services:*
  - "... it would be more appropriate to establish a composite APC under which we would pay a single rate for the service reported with a combination of HCPCS codes on the same date of service ... than to continue to pay for these individual services under service specific APCs."

Federal Register / Vol. 72, No. 148 / Thursday, August 2, 2007 / Proposed Rules

TREO
SOLUTIONS

EAPG CLASSIFICATION

TREO
SOLUTIONS

EAPG Key Features

- Utilize UB-04 Data

- Processes claims with multiple Dates of Service

- Eligible sites of service can be customized

TREO
SOLUTIONS

Other user customized features are:

- Packaging

- Use of consolidation algorithms
  - Same EAPG
  - Clinically similar

- Per Diem Identification for MHSA

- Inpatient Only procedure list
  (additions only)

- Use of discounting algorithms
  - Multiple procedure
  - Repeat Ancillary
  - Bilateral procedure
  - Terminated procedure
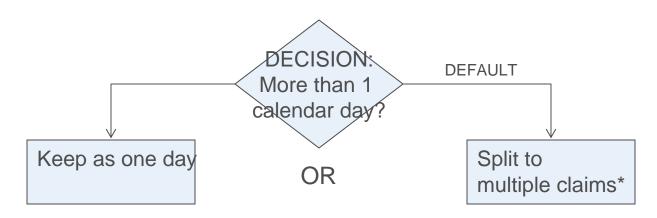
- Direct Admission for Observation

TREO
SOLUTIONS

- Supports 5 years of codes using '*from date*' lookup logic

- Codes will be updated October and January of each year

TREO
SOLUTIONS

EAPG unit of service

- The unit of service for EAPG is the *visit.*
- User actions are required to define what constitutes a *visit.*

DECISION: More than 1 calendar day?

DEFAULT

Keep as one day

OR

Split to multiple claims*

*Note: recent enhancements to EAPGs allow for exceptions to emergency department and direct admit for observation claims.

TREO
SOLUTIONS

Assigning APGs

Each line on a claim is assigned an APG. Based on the grouper 'rules' certain paths are followed and a final overall visit type is assigned.

*The **Unassigned APG (999)** can result for any of the following reasons:*

- User Ignored
- Inpatient Procedure
- Invalid Procedure Code
- Code not used by APGs
- Invalid Dx for Medical Visit
- E-code Dx for Medical Visit
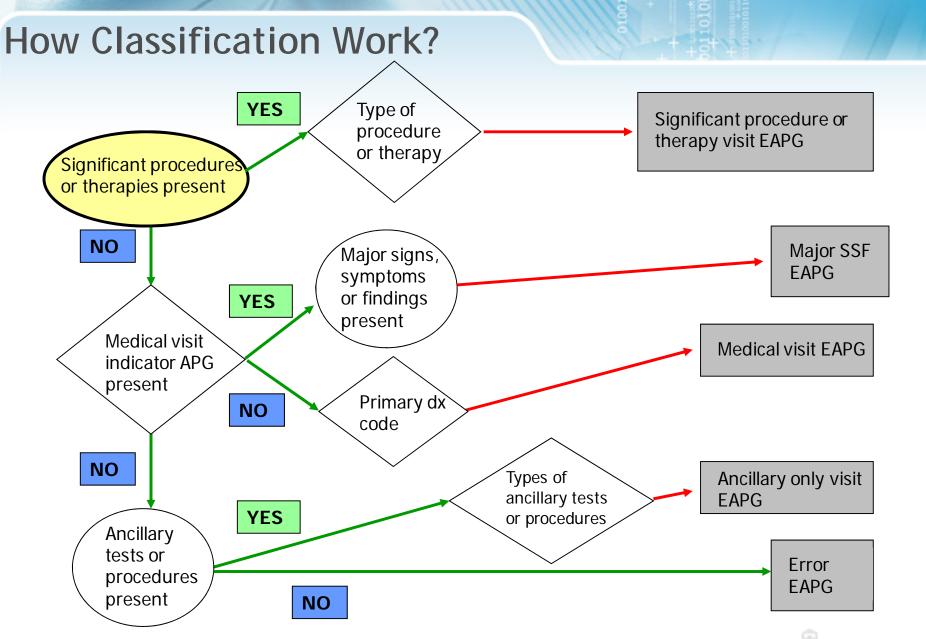- Non-covered care or settings

- Invalid date (out of range)
- Invalid Procedure
- Direct Per Diem code w/o qualifying Pdx
- Observation condition error
- DAO condition error
- Gender Unknown
- Home Management

TREO
SOLUTIONS

EAPG Types (classify services in a visit)

- Significant Procedures, Therapies, Tests
- Ancillary Services (test and procedures)
- Incidental Procedures
- Medical Visits
- Drugs
- Durable Medical Equipment
- Per Diem
- Unassigned

TREO
SOLUTIONS

How Classification Work?

TREO SOLUTIONS

Significant Procedures

- Procedural service that constitutes the reason for the visit.

- Dominates the time and resources expended during the visit.

- Examples:
  - Echocardiography   -Bone/Joint Manipulation
  - Hernia Repair   -Cat Scans
  - Stress tests   -Pacemakers

TREO
SOLUTIONS

- EAPG payment includes an algorithm for consolidation (optional)
  - Multiple Same Significant Procedure Consolidation
  - Clinical Significant Procedure Consolidation

- Modifier 59 overrides consolidation

- Modifier 50 for an eligible service will trigger bilateral payments.

- Includes packaging algorithms
  - Optional
  - Can be modified at the EAPG level
  - Incidentals are always packaged (EAPG 490)

TREO SOLUTIONS

- Discounting options include:
  - Multiple significant procedures on same day
  - Repeat ancillary APGs
  - Bilateral with Modifier 50
  - Terminated procedures (Modifiers 52 or 73)

TREO
SOLUTIONS

Medical Visits

- Describe patients who receive medical treatment <u>but do not</u> have a significant procedure performed during the visit.

- Development was based upon the following variables: *(not EAPG distinctions, but considerations in development)*

Variable	Example
Etiology	Pregnancy, Poisoning, etc...
Body System	Respiratory, Digestive, etc...
Type of Disease	Acute or Chronic
Medical Specialty	Ophthalmology, Gynecology, etc...
Patient Age	Pediatric, Adult, etc...
Patient Type	New or Old
Complexity	Time needed to treat patient

TREO SOLUTIONS

•Assigned based on principal diagnosis code

•Requires a medical visit indicator code = E&M CPT code

•The medical visit EAPG is assigned to the E&M code
  Examples:
    -Chest Pain
    -Headaches
    -Fracture of Femur
    -Hernia

•Significant Procedures and medical visits are allowed on the same day with the presence of Modifier 25.

TREO
SOLUTIONS

- Final Medical visit EAPG relies on principal diagnosis for assignment.

  - Multiple medical visits indicators on the same day will be assigned the final EAPG associated with the principal diagnosis.

  - Multiple medical visit indicators with separate dates will result in the same final EAPG associated with the principal diagnosis.

- All other lines with a medical visit indicator will receive the same final EAPG and get packaged.

TREO
SOLUTIONS

Ancillary Tests and Procedures

- Ordered by the primary physician to assist in patient diagnosis or treatment

- Examples:

  - Immunizations
  - Plain films
  - Laboratory tests
  - Pathology Tests

- Basic ancillaries are eligible for packaging

- Repeat ancillaries are eligible for discounting

TREO SOLUTIONS

Mental Health and Substance Abuse Per Diem

- Full day or half day

- Establishes 'criteria' for per diem payments
  - Direct Assignment (full or half day)
  - Indirect Assignment (full day only)

- Both types of assignments require the presence of an associated Pdx code

TREO
SOLUTIONS

Direct Assignment

- Assigned based upon the HCPCS code

- Optional

- Packaging of related services may apply

- Direct assignment HCPCS codes without qualifying diagnoses are given a final APG assignment of *Unassigned (999)*

TREO
SOLUTIONS

Indirect Assignment

- Need to develop qualifying lists A and B
- List A are always significant procedures
- List B can be the procedurally based or diagnosis based
- Establish counts of items from A and B and qualifying Pdx
- If counts meet criteria, claim is labeled per diem
- List A 1st line establishes EAPG, others are packaged

TREO
SOLUTIONS

Observation

- Direct Admit or Ancillary observation is assigned based upon the HCPCS code.

- Payment for direct admit requires a medical visit indicator or code indicating direct admission from MD office or emergency department.

- Final EAPG depends on principal diagnosis: maternity and all other.

TREO
SOLUTIONS

- Packaging applies to observation on per diem and significant procedure visits.

- Ancillary observation will be paid separately only on Medical Visits unless user applies option to add to packaged list.

TREO
SOLUTIONS

EAPG GROUPER FUNCTIONS

TREO
SOLUTIONS

Three Key Elements

- Consolidation

- Ancillary packaging

- Discounting

TREO
SOLUTIONS

Consolidation

- Refers to the collapsing of multiple related significant procedure EAPGs into a single EAPG for the purpose determining <u>the payment</u>.

- Applies to Significant Procedures only.

- When a patient has multiple significant procedures, some of the significant procedures may require minimal additional time or resources. Therefore, these procedures require no additional payment.

- Types of consolidation
  - Same EAPG Consolidation
  - Clinically Similar EAPG Consolidation

TREO
SOLUTIONS

Example of Same Significant Procedure Consolidation

Arthroscopic Knee Surgery				
PROC_CODE_1	APG	APG Description	Payment Element	Payment Action
29876	37	LEVEL I ARTHROSCOPY	Significant Procedure	Full Payment
29877	37	LEVEL I ARTHROSCOPY	Significant Procedure	Consolidated
28881	37	LEVEL I ARTHROSCOPY	Significant Procedure	Consolidated

Different procedures, but all fall into the same APG

Visit EAPG = 037 - Level I Arthroscopy

TREO SOLUTIONS

Example of Clinically Similar Consolidation

Arthroscopic Knee Surgery				
PROC_CODE_1	**APG**	**APG Description**	**Payment Element**	**Payment Action**
29851	38	LEVEL II ARTHROSCOPY	Significant Procedure	Full Payment
29877	37	LEVEL I ARTHROSCOPY	Significant Procedure	Consolidated
12017	13	LEVEL II SKIN REPAIR	Significant Procedure	Consolidated

Different APGs, but they are clinically related
to EAPG 038 - Level II Arthroscopy

Visit EAPG = 038 Level II Arthroscopy

TREO
SOLUTIONS

Multiple Significant Procedure (MSP) Discounting

- MSP Discounting refers to a reduction in the standard payment rate for an significant procedure.

- When <u>multiple, un-related</u> significant procedures or therapies are performed, a discounting of the EAPG payment is applied.

- Discounting recognizes that the marginal cost of providing a second procedure to a patient during a single visit is less than the cost of providing the procedure by itself.

TREO
SOLUTIONS

Example MSP Discounting

Arthroscopic Knee Surgery with Foot Procedure				
PROC_CODE_1	**APG**	**APG Description**	**Payment Element**	**Payment Action**
29851	38	LEVEL II ARTHROSCOPY	Significant Procedure	Full Payment
29877	37	LEVEL I ARTHROSCOPY	Significant Procedure	Consolidated
12017	13	LEVEL II SKIN REPAIR	Significant Procedure	Consolidated
12017	35	LEVEL I FOOT PROCEDURE	Significant Procedure	Discounted

Unrelated Significant Procedure is discounted instead of consolidated

Visit EAPG = 038 Level II Arthroscopy

TREO SOLUTIONS

Ancillary Packaging

- Refers to the packaging of certain, routine ancillary services when they occur <u>with</u> a significant procedure or medical visit.

- Payment for routine ancillary services is built into the payment of a significant procedure or medical visit for which they are routinely associated.

- If ancillary services are not done as part or a significant procedure or medical visit, they <u>do not</u> package and are paid, but multiple ancillary discounting may apply.

TREO
SOLUTIONS

Uniform Packaging List

EAPG	EAPG Description
380	ANESTHESIA
390	LEVEL I PATHOLOGY
394	LEVEL I IMMUNOLOGY TESTS
396	LEVEL I MICROBIOLOGY TESTS
398	LEVEL I ENDOCRINOLOGY TESTS
400	LEVEL I CHEMISTRY TESTS
402	BASIC CHEMISTRY TESTS
406	LEVEL I CLOTTING TESTS
408	LEVEL I HEMATOLOGY TESTS
410	URINALYSIS
411	BLOOD AND URINE DIPSTICK TESTS

EAPG	EAPG Description
412	SIMPLE PULMONARY FUNCTION TESTS
413	CARDIOGRAM
423	INTRODUCTION OF NEEDLE AND CATHETER
424	DRESSINGS AND OTHER MINOR PROCEDURES
425	OTHER MISCELLANEOUS ANCILLARY PROCEDURES
426	PSYCHOTROPIC MEDICATION MANAGEMENT
427	BIOFEEDBACK AND OTHER TRAINING
471	PLAIN FILM

EAPG 490, *Incidental to Medical Visit, Significant Procedure or Therapy,* is always packaged.

TREO SOLUTIONS

Example of Ancillary Packaging

Arthroscopic Knee Surgery and Foot Procedure with blood test and anesthetic				
PROC_CODE_1	**APG**	**APG Description**	**Payment Element**	**Payment Action**
29851	38	LEVEL II ARTHROSCOPY	Significant Procedure	Full Payment
29877	37	LEVEL I ARTHROSCOPY	Significant Procedure	Consolidated
12017	13	LEVEL II SKIN REPAIR	Significant Procedure	Consolidated
12017	35	LEVEL I FOOT PROCEDURE	Significant Procedure	Discounted
82800	400	LEVEL I CHEMISTRY TEST	Ancillary	Packaged
01220	380	ANESTHESIA	Ancillary	Packaged

Routine ancillaries package only when there is a medical visit or significant procedure EAPG.

Visit EAPG = 038 Level II Arthroscopy

TREO SOLUTIONS

Ancillary Discounting

- Ancillary Discounting refers to a reduction in the standard payment rate for multiple, non-routine ancillaries.

- When the same, unpackaged ancillary is performed multiple times on the same visit, a discounting of the EAPG payment is applied.

- Discounting recognizes that the marginal cost of providing a second ancillary to a patient during a single visit is less than the cost of providing the ancillary by itself.

TREO
SOLUTIONS

Ancillary Discounting Example

PROC_CODE_1	APG	APG Description	Payment Element	Payment Action
Arthroscopic Knee Surgery and Foot Procedure with clotting tests, blood test, and anesthetic				
29851	38	LEVEL II ARTHROSCOPY	Significant Procedure	Full Payment
29877	37	LEVEL I ARTHROSCOPY	Significant Procedure	Consolidated
12017	13	LEVEL II SKIN REPAIR	Significant Procedure	Consolidated
12017	35	LEVEL I FOOT PROCEDURE	Significant Procedure	Discounted
82800	400	LEVEL I CHEMISTRY TEST	Ancillary	Packaged
01220	380	ANESTHESIA	Ancillary	Packaged
85220	407	LEVEL II CLOTTING TEST	Ancillary	Full Payment
85230	407	LEVEL II CLOTTING TEST	Ancillary	Discounted

The first non-packaged ancillary pays in full. The second procedure that falls into the same EAPG is discounted, even if it is a different procedure.

Visit APG = 038 Level II Arthroscopy

TREO SOLUTIONS

EAPG Process Review

1. Claim is submitted.

2. Claim split into visits based on date of service.

3. Each line assigned an EAPG based on the CPT or HCPCS present on the line = Line EAPG

4. Lines are flagged for consolidation, discounting, and packaging based on the mix of other services included during the visit.

5. After line flags are applied, visit is described by the most resource intense procedure provided during the visit = Visit EAPG

6. Visits can further aggregated by service line, summary service line, category, or Visit Type.

TS TREO SOLUTIONS

Arthroscopic Knee Surgery and Foot Procedure with clotting tests, blood test, and anesthetic

PROC_CODE_1	APG	APG Description	Payment Element	Payment Action
29851	38	LEVEL II ARTHROSCOPY	Significant Procedure	Full Payment
29877	37	LEVEL I ARTHROSCOPY	Significant Procedure	Consolidated
12017	13	LEVEL II SKIN REPAIR	Significant Procedure	Consolidated
12017	35	LEVEL I FOOT PROCEDURE	Significant Procedure	Discounted
82800	400	LEVEL I CHEMISTRY TEST	Ancillary	Packaged
01220	380	ANESTHESIA	Ancillary	Packaged
85220	407	LEVEL II CLOTTING TEST	Ancillary	Full Payment
85230	407	LEVEL II CLOTTING TEST	Ancillary	Discounted

3   4

5   **Visit APG = 038 Level II Arthroscopy**

6   **Service Line = Orthopedic Surgery**

Summary Service Line = Surgery

1. Claim is submitted.
2. Claim split into visits based on date of service
3. Each line assigned an EAPG based on the CPT or HCPCS present on the line = Line EAPG
4. Lines are flagged for consolidation, discounting, and packaging based on the mix of other services included during the visit .
5. After line flags are applied, visit is described by the most resource intense procedure provided during the visit = Visit EAPG.
6. Visits can further aggregated by service line, summary service line, category, or Visit Type .

TS TREO SOLUTIONS