



VA Medical Fee Schedule A Hospital Perspective

VCU Health System
Department of Insurance Services and
Claims

Finally . . . A Compromise

What Does the Legislation Mean to a Provider?

- ✓ Access to care should not be an issue
- ✓ The “hit” to a provider’s bottom line is somewhat predictable as fees are fixed as of a date certain.
- ✓ Providers can still contract for services below or above the medical fee schedule (MFS).
- ✓ Fees are not tied to a government set MFS.
- ✓ A provider can use only ONE charge master.

What Does the Legislation Mean to a Provider (cont'd)

- ✓ Lower level complexity traumas will no longer be billed charges but rather fee scheduled.
- ✓ Level III and IV trauma centers will not be able to charge more for services under the new MFS.
- ✓ Medical fees will be reviewed for inflation every 2 years.
- ✓ Providers intend to submit data to the actuaries to ensure MFS accuracy.

Key Provisions

Trauma for Level I and Level II hospitals

- ✓ Certain traumas require a significant degree of services and the cost of saving a life has no limitations (at this time).
- ✓ Certain traumas and all burns treated in a “burn center” will be paid at current billed rate (per charge master) less 20%.
- ✓ Exception to this rule applies to “denied” claims. If found compensable, fees equal 100% of billed charges*.

Key Provisions (cont'd)

Trauma for Level I and Level II hospitals

- ✓ “Trauma injuries” and/or burn patients who die in the emergency department before actually being admitted are considered as if they were admitted trauma cases.

New Technology

- ✓ Implantable devices, other third party devices are billed at 130% of cost.

New Procedure – No billing code assigned

- ✓ 80% of charge master only if employer and provider pre-agree to procedure.

Key Provisions (cont'd)

Type One Teaching Hospitals

- ✓ State owned – higher operating costs

Stop Loss on inpatient Diagnosis-Related Group(DRG)

- ✓ For inpatient hospitalizations where there are outliers applicable to the DRG (~ 5%) coding of inpatient stay, the maximum reimbursement will be the MFS plus 80% of total charges in excess of the charge outlier threshold. The charge outlier threshold is set at 150% of the maximum fee*.

Stop Loss Example

Assumptions

- ✓ Patient is inpatient for a compound fx leg.
- ✓ Patient develops thrombosis and experiences a serious blood clot extending the hospital stay beyond that of a fx leg.
- ✓ Average cost of a compound fx sx with 2 day stay = \$30,000. The cost to treat the blood clot adds an additional \$30,000 in charges to the bill.

Stop Loss Example

Fee Schedule

Total bill = \$60,000

Hospital is entitled to Prevailing Community Rate which may be between \$48,000 and \$60,000.

Proposed Fee Schedule

Total bill = \$60,000

MFS for DRG = \$24,000

Stop Loss outlier = \$36,000

$\$60,000 - \$36,000 = \$24,000$

paid @80% = \$19,200.

Total Paid = \$43,200