

KENTUCKY HOSPITAL TAC MEETING MINUTES
Health Services Building
275 East Main Street
Frankfort, Kentucky

May 6, 2014
10:00 a.m. EST.

The meeting of the Hospital Technical Advisory Committee (TAC) was called to order by Carl Herde, Chair.

The TAC members in attendance were: Carl Herde, Russ Ranallo, Kyle White, Elaine Younce, Danny Harris, Rob Moore, Tandi Kelling, and Kevin Riley. TAC members joined by phone were: Michelle Lawless and Nina Eisner.

Medicaid staff in attendance was: Commissioner Lawrence Kissner, Neville Wise, Christina Heavrin, Charles Douglass, Harriett Devore, David Dennis, Lee Guice, Steve Bechtel, Brian McFarland and Barbara McCarter.

Others in attendance were: Scott Simerly, Tara Clark, Amy Perry and Jon Galliers, Myers & Stauffer; Nancy Galvagni and Steve Miller, Kentucky Hospital Association.

DRG REGULATION - STATUS:

Ms. Galvagni asked if DMS would consider withdrawing the regulation until certain issues could be addressed but Commissioner Kissner stated the regulation would not be withdrawn. Ms. Galvagni discussed five major problems with the regulation as proposed:

- (1) No transition period – There needs to be a three-year transition period to new rates to minimize the financial losses on those facilities whose payments will be significantly reduced under the new system. Ms. Galvagni stated the TAC and KHA would like DMS to revisit other state models. Commissioner Kissner stated DMS will take these concerns under consideration.
- (2) Limit on severity increase – Proposed regulation includes an arbitrary limit on how much inpatient severity can rise each year. Ms. Galvagni stated KHA and the TAC would like to have this removed from the regulation and work through a method to look at what is a real change in case mix versus what a documentation and coding adjustment is. Commissioner Kissner stated DMS will take this under consideration.
- (3) Excludes MCO claims from rebasing calculation – The claims from patients enrolled with Medicaid MCOs must be used when the rate system is updated every four years to assure valid rates. Commissioner Kissner stated DMS is basing the rates today based on fee-for-service, and in the future he does not want DMS to set a precedent of using MCO claims because DMS does not set the MCO reimbursement. Mr. Herde stated the TAC respectfully requests an understanding of what will happen in four years when the rebasing occurs without the appropriate data necessary to have the current model be the basis of the next reimbursement model.
- (4) Limits hospitals' ability to appeal – Cabinet has proposed wholesale changes which were never discussed with the TAC, and which is believed to be unconstitutional because they eliminate the ability of hospitals to appeal their rate for any reason. Ms. Galvagni stated KHA and the TAC would prefer to keep the current regulation in place on appeals. Mr. Simerly of Myers & Stauffer explained their basis for the proposed change. Commissioner Kissner stated DMS will take this under consideration.
- (5) Payments to out-of-state hospitals – Out-of-state hospitals should not be paid a higher percent of their costs than in-state hospitals are paid. Commissioner Kissner stated that DMS' decision on this will not change.

HOSPITAL OUTPATIENT SERVICES COVERAGE PROVISIONS:

A KHA document outlining proposed changes to 907 KAR 10:14 had been submitted to DMS. Ms. Galvagni reviewed these proposed changes, and Ms. Eisner noted that these proposed changes are consistent with the practice standards in the field and the requirements of other managed and commercial insurance companies. Mr. Wise stated that these would be reviewed and considered at a meeting to be held later in the day with BH/DID staff and DMS staff.

RECIPIENT COST-SHARING REGULATION:

KHA and the TAC requested that the Cabinet defer the cost-sharing rule scheduled to be heard on May 13th due to concerns that hospitals will be unable to comply with the federal rules which outline specific activities that must be done for collection of any cost-sharing amount when certain MCOs have implemented policies to make a decision of which patients are non-emergencies on a post-service basis. Commissioner Kissner stated DMS will take this under consideration.

STATUS OF USAGE OF NDC'S: Commissioner Kissner stated he would discuss this issue with his team.

CORRECTION OF INCORRECTLY DENIED CLAIMS WHEN MODIFIER IS USED:

This discussion was tabled.

OTHER BUSINESS:

REVIEW OF MINUTES: A motion was made by Ms. Eisner and seconded by Mr. Ranallo to approve the February 20, 2014 minutes. Motion was passed.

NEXT MEETING DATE: No date was set for a future meeting.

The meeting was adjourned.

(Minutes were taped and transcribed by Terri Pelosi, Court Reporter, this the 16th day of May, 2014.