

Terminology

***CPT is an abbreviation for Current Procedural Terminology.**

***HCPCS is an abbreviation for Healthcare Common Procedure Coding System.**

Both of these are industry recognized standard coding for procedures or supplies received by or performed on a patient from a medical provider. Medicaid sets allowances for these codes which they cover and they are included in their fee schedules.

ASC is an abbreviation for Ambulatory Surgical Center. ASC Groupings are set by Medicaid for different surgical procedures that are not normally performed in an outpatient surgical setting. Each group is assigned a value or allowance by Medicaid based on what it costs a facility to perform these services.

Anesthesia allowances are calculated by a formula of time value (1 unit for each 15 minutes of anesthesia time) + the procedures base anesthesia RVU (relative value unit) + plus any additional physical factors, etc.). You take that total and multiply it by the conversion factor (Medicaid's Rate) to calculate the allowance.

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County Contract Analysis

Based on FY 2007 County Patient Activity
DSS 2639.002

	Hospital		FGP		Total	
	Total	Coll %	Total	Coll %	Total	Coll %
Current Rates						
Coalition Counties	3,214,267	35.0%	878,277	35.0%	4,092,544	35.0%
Other Counties	1,933,678	35.0%	605,945	35.0%	2,539,623	35.0%
All Counties	5,147,945	35.0%	1,484,222	35.0%	6,632,167	35.0%
Proposed/Medicaid Rates ^{(1) (2)}						
Coalition Counties	3,577,124	39.0%	818,845	32.6%	4,395,968	37.6%
Other Counties	2,013,948	35.9%	562,790	32.5%	2,576,738	35.5%
All Counties	5,591,072	38.0%	1,381,635	32.6%	6,972,707	36.8%

⁽¹⁾ Hospital Medicaid revenue is based on DRG weight schedule in effect 09/01/2007 and standard dollar amount (SDA) of \$5,170.44. Outpatient revenue is calculated using the Laboratory and ASC fee schedule/weights effective 09/01/2007. All other Hosp OP fees are based on TEFRA Out-Patient Percentage (43% of billed charges).

⁽²⁾ Professional revenue is based on 115% of current Medicaid fee schedule (TMRM) except for those patients over the age of 20 that had charges not reimbursed by Medicaid. For these patients the under 21 rate was used.

Note: Net Collection Percentage for Coalition Counties under Proposed/Medicaid Rates schedule

Chambers	40.8%
Fort Bend	37.0%
Galveston	38.1%
Jefferson	37.4%
Liberty	34.6%
Montgomery Hosp Dist	35.4%

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2/5/2008

**ATTACHMENT A
Compensation Schedule**

DRAFT
2-5-8

- Inpatient Services:** (COUNTY / HEALTH DISTRICT) agrees to pay for authorized Inpatient Services in accordance with Texas Medicaid allowable DRG payments, calculated using UTMB's facility specific Standard Dollar Amount (SDA) of \$5,170.44. The universal mean used to calculate cost outliers is \$3,328.89.
- Outpatient Services:** (COUNTY / HEALTH DISTRICT) agrees to pay authorized Outpatient Services, except Outpatient Surgeries that fall under Medicaid ASC groupers and Outpatient Laboratory Services that fall under Medicaid HCPCS, based on billed charges at the TEFRA Out-Patient Percentage determined by TMHP based on UTMB's most recent Medicaid cost report settlement. UTMB's TEFRA Out-Patient Percentage is 43.00% of billed charges as of August 1, 2007.
- In addition to DRG reimbursement, outpatient reimbursement, and Outpatient ASC Grouper and Laboratory reimbursement, (COUNTY / HEALTH DISTRICT) further agrees to reimburse UTMB for the actual cost of implants provided under Revenue Codes 274, 275, and 278 for which UTMB's charge is more than \$500 per implant. For these high cost implants, (COUNTY / HEALTH DISTRICT) will reimburse UTMB at 85% of billed charges, which equals UTMB's invoiced cost.
- Outpatient Surgery:** (COUNTY / HEALTH DISTRICT) agrees to pay authorized Outpatient Surgeries in accordance with the Medicaid allowable ASC Grouper rates and requirements.
- Outpatient Laboratory Services:** (COUNTY / HEALTH DISTRICT) agrees to pay authorized Outpatient Laboratory Services in accordance with the Medicaid allowable HCPCS rates and requirements.
- Professional Services:** (COUNTY / HEALTH DISTRICT) agrees to pay all authorized physician services, except Anesthesia services reimbursed per ASA unit, at 115% of the Texas Medicaid Reimbursement Methodology (TMRM).
- Mid-Level Providers:** (COUNTY / HEALTH DISTRICT) agrees to pay all covered mid-level provider services at 95% of the Texas Medicaid Reimbursement Methodology (TMRM).
- Anesthesia:** (COUNTY / HEALTH DISTRICT) agrees to pay \$38 per ASA unit, based on current ASA units and 15 minute time units.
- Any fees not otherwise defined:** (COUNTY / HEALTH DISTRICT) agrees to pay 43% of billed charges.



TEXAS MEDICAID & HEALTHCARE PARTNERSHIP
A STATE MEDICAID CONTRACTOR

12357-B Riata Trace Parkway
Austin, TX 78727

September 1, 2007

094092602
UNIVERSITY OF TEX MED BRANCH
P O BOX 4786-730
HOUSTON, TX 77210-4786

TO: Administrator or Chief Financial Officer
SUBJECT: Medicaid Standard Dollar Amounts

This letter is to notify you of the change in your facility's standard dollar amount (SDA) for State Fiscal Year (SFY) 2008. Effective for admissions on or after September 1, 2007, your facility's SDA is **\$5170.44**. This increase in your SDA was appropriated by the 80th Legislature, Regular Session 2007, and will remain in effect until the end of SFY 2008 (i.e., August 31, 2008). The universal mean used to calculate cost outliers remains unchanged at \$3,328.89.

Grouper 24 containing the Diagnosis Related Group (DRG) information regarding relative weight, mean length of stay and day outlier thresholds will remain in effect until the implementation of Grouper 25 on October 1, 2007. This information is available on the TMHP website at www.tmhp.com. Access this information by searching for the acronym "ICD 9".

If you have questions about the calculation of your SDA, please contact Alisa Jacquet at the Health and Human Services Commission at (512) 491-1432.

Sincerely,

A handwritten signature in black ink that reads "Barry Massey". The signature is written in a cursive, flowing style.

Financial Services Officer
Texas Medicaid & Healthcare Partnership

06/07/2007

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Provider Name: UNIVERSITY OF TEX MED BRANCH
Provider No. : 094092602

If the last figure in column (2) reflects an amount due TMHP, we hereby request full payment within (30) thirty days to the Texas Medicaid & Healthcare Partnership, Medicaid Audits, 12565B Riata Trace Parkway, Austin, Texas 78727. When making your refund, please enclose a copy of Page 1 of this letter to ensure proper crediting of your account. If payment is not received within the specified time period, we are required to reduce your interim payments by the amount due.

If column (2) reflects an amount due provider, payment will be made by TMHP on a future Remittance and Status Report.

TMHP has settled your cost report and has determined the following rates:

- * TEFRA In-Patient Percentage : 0.5100
- * TEFRA Out-Patient Percentage : 0.4300

The rates will be effective for claims received on and after 08/01/2007.

The use of the rate in setting future Standard Dollar Amounts will be determined by the paid claims data in use at the next rate setting period. DRG Percentage : %0.5100

Once the claims payment system is modified to pay your claims with a new visit rate, the per visit rate determined from your most current cost settlement will be used. All claims submitted to TMHP after this date must be billed in accordance with the procedures outlined in our September 30, 1991, letter to your facility.

Your Medicaid Notice of Program Reimbursement will be prepared after we receive the audited or "settled-without-audit" Medicare cost report from your intermediary.

Your right to request either an informal review or file a formal appeal of the reimbursement determination process is governed by Medicaid procedures. These appeal procedures are set forth in the Texas Administrative Code Title 1, Part 15, Chapter 355, Subchapter A, Rule 355.110.

If you have any questions regarding your encounter rate please contact Medicaid Audits at 506-7466 and for questions regarding the appropriate billing procedures, please contact your Provider Relations representative or the Call Center at (800) 925-9126.

Sincerely,



Kayla Blount
Medicaid Audit
Attachments
CRR# 70062150000393610849

Cc: Provider file