



Date: January 17, 2012

To: In-state hospitals on Diagnosis Related Group (DRG) payment

From: Don Ross, Manager
Policy and Planning Section, DMAP

Subject: Beginning January 22, 2013, DMAP's billing system will apply Medicare Ambulatory Payment Classification (APC) methodology to process fee-for-service outpatient Oregon DRG hospital claims.

As you know, effective January 1, 2012, the Division of Medical Assistance Programs (DMAP) changed its outpatient reimbursement methodology for Oregon DRG hospital claims to Medicare's APC methodology under the Outpatient Prospective Payment System in compliance with statutory changes.

Over the past year, we have been updating our payment system so that it will apply the new APC methodology when processing DRG hospital claims.

What is new?

We are now able to use our billing system to process all DRG hospital claims applying the new APC methodology.

After discussing next steps with representatives from the Oregon Association of Hospitals and Health Systems, DMAP will:

- Begin using its billing system on Jan. 22 to calculate new reimbursements for DRG hospital claims applying all three methodologies:
 - APC grouper,
 - Fee Schedule (clinical lab), and
 - Percentage of billed amount (for services not grouped and priced in the APC system).
- Process claims for services prior to Jan. 22 separately and inform you of when and how those processes will happen, and
- Make necessary payments to hospitals related to DRG hospital claims to make them whole for budget neutrality for 2012.

Remember:

Under the APC methodology DMAP has adopted the grouper only and will *not* implement the following Medicare guidelines (*list may not be all inclusive*):

- Outpatient outlier,
- Professional services billed on a professional claim instead of an institutional claim, or
- Discounting for a second or subsequent occurrence of a significant procedure.

Questions?

See more information about the [APC implementation and claims processing guidelines](#).

If you have questions about this announcement, please contact Angel Wynia, DMAP Hospital Program Policy Analyst at 503-945-5754 or via e-mail angel.wynia@state.or.us.

Thank you for your patience and, as always, thank you for all the care you provide to Oregon Health Plan clients.

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