

Hospital Reimbursement – Differences Between Medicare and BWC

The two tables below provide a summary of areas where the Ohio Bureau of Workers' Compensation (BWC) differs from Medicare for reimbursement of hospital inpatient and outpatient services. Use this document as supplemental material to support Ohio Administrative Code Rule 4123-6-37.1, Payment of Hospital Inpatient Services, and Rule 4123-6-37.2, Payment of Hospital Outpatient Services, for the effective dates specified at the beginning of each table.

4123-6-37.1 Payment of Hospital Inpatient Services Effective for Discharge Dates from Feb. 1, 2011, to Jan. 31, 2012

Area	Medicare	BWC
Payment adjustment factors	100 percent of the Medicare rate (Includes both the Medicare portion and the beneficiary portion)	<ul style="list-style-type: none"> • 120 percent of inpatient prospective payment system (IPPS) rate for inliers (non-outlier bills). • 180 percent of IPPS rate for outliers • Additional 0.25 percent adjustment to restore Medicare's market basket adjustment • Additional 2.9 percent adjustment to restore Medicare's documentation and coding adjustment
Hospital acquired conditions (HACs) provision	Reduces IPPS payments when hospitals meet the HAC criteria	<p>Excludes the HAC provision</p> <p>Does not reduce IPPS payments</p>
Direct graduate medical education per diem (DGME)	Does not provide DGME per diem payments under IPPS	<p>Provides a per diem add-on payment for DGME for eligible providers</p> <p>Does not apply DGME per diem add-on payments to outlier bills</p>

**4123-6-37.2 Payment of Hospital Outpatient Services
Effective for Dates of Service from April 1, 2011, to March 31, 2012**

Area	Medicare	Ohio BWC
Payment adjustment factors	100 percent of the Medicare rate (Includes both the Medicare portion and the beneficiary portion)	<ul style="list-style-type: none"> • 197 percent of Medicare outpatient prospective payment system (OPPS) rate (Includes clinical lab fee schedule (CLFS) and Medicare physician fee schedule (MPFS), for all facilities except children’s hospitals) • 253 percent of the Medicare OPPS rate (Includes CLFS and MPFS, for children’s hospitals) • Additional 0.25 percent adjustment to APC paid services to restore market basket adjustment mandated under the ACA • Additional 1.75 percent adjustment to CLFS services to restore the productivity adjustment mandated under the ACA • Additional 30.78 percent adjustment to restore the MPFS payment rates to the 2010 reimbursement level
Multiple procedure payment reduction of therapy services	20 percent reduction to the practice expense component of the service relative value unit (RVU) under the MPFS	25 percent reduction to the practice expense component of the service RVU under the MPFS
Payment status indicator A Items – fee schedule items	Reimbursed under the Medicare clinical lab fee schedule, Medicare physician fee schedule or carrier priced	Reimbursed under the Medicare clinical lab fee schedule, Medicare physician fee schedule or BWC’s customized fee schedule Table 3 of rule 4123-6-37.2 lists BWC’s customized fee schedule.
Medicare non-covered services	Not reimbursed under OPPS	Includes a select set of Medicare non-covered services in its benefit package Example: unattended electrical stimulation (CPT code 97014) Table 4 of rule 4123-6-37.2 lists these procedures, covered services and supplies.

Vocational rehabilitation services	Not included in the Medicare benefit package	Uses BWC specific W-codes (Level III HCPCS codes) for vocational rehabilitation services Table 2 of rule 4123-6-37.2 lists the covered vocational rehabilitation services.
Outlier reconciliation process	Grants the Medicare administrative contractors the ability to execute an outlier reconciliation process	Will not execute the Medicare outlier reconciliation process
Inpatient only services	Does not provide payment for services that are designated as inpatient only with payment status indicator C	Reimburses managed care organization-approved inpatient only services at reasonable cost Reasonable cost is calculated as allowed charge * hospital overall outpatient cost-to-charge ratio as indicated in the applicable Medicare outpatient provider specific file. BWC medical policy will release a policy on inpatient only procedures.
Hold harmless calculation	Executes the hold harmless provision on a quarterly basis with an end of year reconciliation process	Executes the hold harmless provision at the bill level Will not execute a reconciliation process Provision applies only to eligible line items identified by the payment status indicator Eligible payment status indicators include G, H, K, P, R, S, T, U, V and X.
Integrated outpatient code editor (I/OCE)	Uses the I/OCE as published in the applicable quarterly program transmittal	Uses the I/OCE but will bypass 10 edits Table 1 of rule 4123-6-37.2 provides the list of bypassed (deactivated) edits.
Devices provided at no or partial cost (FB/FC Modifier) provision	Reduces the APC payment when hospitals apply modifier FB or FC as warranted	Excludes this provision Does not allow modifiers FB and FC Bypassed the I/OCE edit #75

<p>Critical Access Hospitals (CAHs)</p>	<p>Excluded from OPPS</p>	<p>Processes CAH bills through the I/OCE</p> <p>Reimburses payable line items at 101 percent of cost</p> <p>Cost is determined as allowed charge * overall outpatient cost to charge ratio as provided in the Medicare outpatient provider specific file (OPSF).</p> <p>If the provider is not included in the OPSF, BWC uses the state default cost to charge ratios as published in the OPPS final rule.</p> <p>Will apply the applicable payment adjustment factor to 101 percent of the cost figure</p>
<p>Non-Medicare Providers</p>	<p>n/a</p>	<p>Non-Medicare hospitals are those that do not participate in the Medicare program, do not have a Medicare number or Online Survey, Certification and Reporting (OSCAR) number and do not submit a cost report to Medicare. Therefore, the pricing factors required under OPPS are not present.</p> <p>Processes facility bills through the I/OCE prior to pricing to determine payable line items</p> <p>Reimburses these facilities at 47 percent of the allowed billed charges for all payable line items</p>