



# STATE OF NEW YORK DEPARTMENT OF HEALTH

Corning Tower The Governor Nelson A. Rockefeller Empire State Plaza Albany, New York 12237

Richard F. Daines, M.D.  
*Commissioner*

James W. Clyne, Jr.  
*Executive Deputy Commissioner*

August 11, 2010

Mr. Robert E. Beloten  
Chairman  
New York State Workers' Compensation Board  
20 Park Street  
Albany, NY 12207

Dear Mr. Beloten:

The Office of Health Insurance Programs has calculated revised rates of reimbursement for the period December 1, 2008 through December 31, 2010 for hospital inpatient services rendered to patients covered under the Workers' Compensation Law, the Volunteer Firefighters' Benefit Law, the Volunteer Ambulance Workers' Benefit, and the Comprehensive Motor Vehicle Insurance Reparations Act.

Pursuant to section 2807(4) of the Public Health Law, I hereby certify to you that the rates appearing on the enclosed schedules have been developed in accordance with section 2807-c of the Public health Law, as amended by the Health Care Reform Act, and Part 86-1 of the Title 10 (Health) Codes, Rules and Regulations of the State of New York.

Sincerely,

A handwritten signature in black ink that reads "Donna Frescatore".

Donna Frescatore  
Deputy Commissioner  
Office of Health Insurance Programs

Enclosure(s)



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Mr. Robert E. Beloten  
Chairman  
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20 Park Street  
Albany, New York 12207

Dear Mr. Beloten:

Enclosed please find the schedules of hospital reimbursement rates for inpatient medically managed detoxification (MMD) and medically supervised inpatient withdrawal (MSIW) services rendered to patients covered under the Workers' Compensation Benefit Law, the Volunteer Firefighters' Benefit Law, the Volunteer Ambulance Workers' Benefit Law, and the Comprehensive Motor Vehicle Reparation Act for the period December 1, 2008 through December 31, 2010.

The formula on which these rates are based was promulgated in accordance with Article 28 of the Public Health Law and reflect the detox rate reform provisions of Section 2807-c (4)(1) enacted under Chapter 58 of the Laws of 2008.

Public Health Law Section 2807-c (4)(1) established a new methodology for determining rates of payment for general hospitals certified by the Office of Alcoholism and Substance Abuse Services (OASAS). The statute provides that for patients discharged on and after December 1, 2008, rates of payment for OASAS certified general hospitals providing services to patients determined to be in the diagnostic category of substance abuse are to be made on a per diem basis. Following is a summary of key features of the reform measures, their timelines for implementation, and implications for payment determination utilizing the per diem rate construct for OASAS certified detox unit services:

1. The operating cost component of the per diem rates is a regional price established based on the average 2006 detox cost per day for the region in which the hospital is located. The 08/09 enacted state budget established a 4 year phase-in to full implementation during which time the hospital's payment rate effective December 31, 2007 would be incorporated into the detox per diem rate on a sliding scale. The 09/10 enacted state budget accelerated the timeline for transitioning to full regional pricing down to 16 months. Under the new timeline, the proportionate share of old and new rate methodologies for determining the operating cost component of the MMD and MSIW rates is as follows:

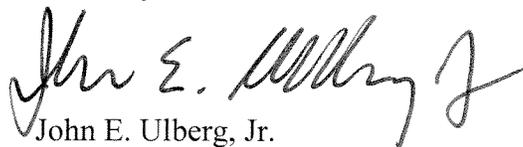
- December 1, 2008 – March 31, 2009: 75% old / 25% new
- April 1, 2009 – March 31, 2010: 37.5% old / 62.5% new
- April 1, 2010 forward: 100% new (full regional pricing implementation)

The rates provided herein establish the MMD and MSIW per diems for all rate periods through to full regional pricing.

2. Effective January 1, 2010, the operating cost component of the MSIW rate is to be established at 75% of the prevailing operating cost component of the MMD rate. Accordingly, the MSIW rates effective January 1, 2010 forward reflect this 25% reduction.
3. The statute provides that reimbursement for patients placed in observation (OBS) beds is to be recognized for payment at the MMD rate for up to 2 days (48 hours) of care. As the operating cost component of the MSIW rate is reduced to 75% of the operating cost component of the MMD rate effective January 1, 2010 forward, revisions to the rate code construct were required to effect accurate payment on MSIW claims when OBS days are included in the stay. The revised/expanded rate codes implemented January 1, 2010 allow for accurate payment determination when OBS days are provided.
4. Lengths of stay (LOS) reductions in payment were established to be effective 12/1/2008 forward, and apply to both the MMD and MSIW rates of payment. The LOS reductions are as follows:
  - Days 0 - 5 are to be reimbursed at 100% of the applicable rate,
  - Days 6 -10 are to be reimbursed at 50% of the applicable rate,
  - Days 11 and greater are not reimbursable (i.e. 0%).

The enclosed *Billing Instructions For Part 816 OASAS Certified Inpatient Detox Per Diem Rates* provides rate code descriptions and the necessary details for accurately calculating payment for inpatient detoxification services provided at OASAS certified general hospitals. Should you have any questions or require further information, please do not hesitate to contact Mr. John W. Gahan Jr., Director, Bureau of Primary and Acute Care Reimbursement at (518) 474-3267.

Sincerely,



John E. Ulberg, Jr.

Director

Division of Health Care Financing

Enclosure(s)

## **Billing Instructions For Part 816 OASAS Certified Inpatient Detox Per Diem Rates**

The shift from DRG case payment to a per diem rate methodology for Part 816 OASAS certified Detox Program services required the Department to develop new billing rate codes and payment logic to accurately calculate payment over the various phase-in periods to full regional pricing. Two discrete stages were needed to implement the changes, each with specific rate codes, rate code constructs (operating and/or capital cost) and payment logic for calculating payments. Following is a discussion of each stage and the billing instructions that apply to ensure accurate claims processing for Part 816 OASAS certified inpatient detoxification services.

### **Stage 1:**

**This stage covers the time period 12/1/2008 – 12/31/2009**, during which the Medically Supervised Inpatient Withdrawal (MSIW) level of care, with or without observation days, is reimbursed at the Medically Managed Detox (MMD) rate of payment. Since MMD and MSIW services are clinically different, 2 discrete rate codes were established to correlate with each discrete level of care. During stage 1, since observation days are deemed equivalent to the MMD level of care, and the MSIW rate is established at the MMD rate of payment, a 2 rate code configuration works effectively to accurately calculate payment for claims with dates of service between 12/1/2008 – 12/31/2009. The 2 rate codes and related rate code descriptions that were established to implement Stage 1 detox per diem billings are as follows:

1. **Rate Code 4800** – Medically Managed Inpatient Detoxification \*
2. **Rate Code 4801** – Medically Supervised Withdrawal Inpatient \*

\* The rate is inclusive of operating and capital cost and applies w/or w/o observation (OBS) days included in the stay.

***Claims are to be submitted on a per discharge basis using the rate code that corresponds to the level of care rendered to the patient on day 3 of the admitted stay, or the level of care determined on the day of admission if the LOS is less than 3 days.*** The eMedNY claims processing system will calculate payment with applicable LOS reductions based on the total number of days for the stay. ***The patient's admission date, not detox service begin date, is used to determine the first day for calculating the LOS reductions.***

The eMedNY claims processing system cannot calculate payment on 4800 and 4801 claims where the admission date or detox service begin date are prior to 12/1/2008. Since rate codes 4800 and 4801 did not exist prior to 12/1/2008 and the pre 12/1/2008 rate methodology determined payment on a per case basis, the system's programming logic cannot straddle the two time periods to calculate payment on such transition period claims. Therefore, for billing purposes, the new rate codes 4800 and 4801 are effective for **admissions** to the detox unit that occur on or after 12/1/2008.

## Stage 2:

**This stage covers the time period 1/1/2010 forward**, where the operating cost component of the MSIW rate of payment is reduced to 75% of the prevailing operating cost component of the MMD rate of payment. The capital cost component of the MSIW rate will continue to be included at 100% of the allowable detox capital cost per diem established based on the current methodology for determining allowable capital cost for exempt unit per diem rates. OBS bed days, as required by statute, are to be reimbursed at the MMD rate of payment.

For patients at the MMD level of care, OBS days included in the stay pose no billing system difficulties in determining total payment due on the claim. Under the rate code 4800 construct noted for Stage 1, the impact is transparent in the overall calculation. However, effective 1/1/2010 forward, rate code 4801, as configured for Stage 1, no longer accurately calculates payment for patients at the MSIW level of care when OBS days, to be paid at the higher MMD rate, are included in the stay. Given current systems constraints, it was necessary for the Department to revise the Stage 1 rate code construct and expanded the number of rate codes available for detox per diem billing effective 1/1/2010 forward.

The revised and expanded detox per diem rate codes effective 1/1/2010 forward are as follows:

1. **Rate Code 4800:** MMD (operating cost) with or without OBS Days
2. **Rate Code 4801:** MSIW (operating cost) without OBS Days
3. **Rate Code 4802:** MSIW (operating cost) with 1 OBS Day
4. **Rate Code 4803:** MSIW (operating cost) with 2 OBS Days
5. **Rate Code 4804:** Inpatient Detox Capital Cost Per Diem (*add-on rate code only*)

***During the transition to the Stage 2 rate code construct, claims with dates of service that straddle both time periods (i.e., admission date in 2009 with a discharge date in 2010) must be billed using the rate codes that were in effect for Stage 1 (4800 or 4801).*** Since billing rate codes 4802 and 4803 do not exist prior to 1/1/2010, the computer system cannot calculate payment on 4802 and 4803 claims where the admission or detox service begin date is in 2009. Accordingly, the new Stage 2 rate codes are effective for billing on ***admissions*** to the detox unit that occur on or after 1/1/2010.

***Claims are to be submitted on a per discharge basis using the rate code that corresponds to the level of care rendered to the patient on day 3 of the admitted stay, or the level of care determined on the day of admission if the LOS is less than 3 days.*** Though we recognize there may be instances where a patient transitions through multiple levels of care during a given stay, systems limitations do not allow for the development of more refined billing parameters to address such situations. Day 3 is the first day after the maximum allowable OBS period and is deemed to fairly represent the overall clinical status of the patient's stay for reimbursement purposes. LOS reductions based on the total number of days for the stay continue, with the detox service begin date determining the first day for the LOS calculations.

The table provided as Appendix I gives a detailed presentation of the Stage 2 detox per diem billing rate codes 4800 and 4801 (revised descriptions), describes the 2 new billing rate codes 4802 and 4803 to be used for claims where OBS days are included during the MSIW patient's

stay, and identifies rate code 4804 which will store the detox capital cost per diem add-on amount. ***Please note that rate code 4804 is not a billing rate code (i.e., will not be include on the claim form for submission)***, but is necessary from a systems standpoint to be retrieved and added to the calculation for the final payment to be inclusive of capital cost. The schematic presented in Appendix I assumes that the rates posted to the various rate codes are fixed amounts, when in fact they will change from time to time as rates are revised. The programming logic does indeed recognize that detox rate codes 4800-4804 can have different rate amounts that need to be selected and applied based on the claim's dates of service, and will select the applicable rate amount based on the service date.

## **OTHER DETOX REIMBURSEMENT RELATED ISSUES**

### **Detox Unit Overflow:**

Part 816 OASAS certification is specific as to hospital site/address location and number of beds approved for the unit. On occasions where the OASAS certified detox unit is at full capacity and another patient in need of detoxification services must, consequently, be admitted to a medical surgical bed at the same location, the hospital is to bill for such "overflow" detox unit patients using the detox per diem rates. Presumably, such overflow admissions to a medical surgical bed will be short term until a bed in the detox unit becomes available. From a clinical perspective, such patients are detoxification unit patients and their treatment plan will follow Part 816.6 OASAS program regulations. Hence, the detox per diem rates, rather than the hospital's DRG case payment rate, are the appropriate rates to use for determining reimbursement for the inpatient detox service provided such patients.

### **Detox Scatter Bed Reimbursement For Non-OASAS Certified Hospitals:**

The detox per diem rate methodology applies only to general hospitals certified by OASAS to operate a Part 816.6 Detoxification Program. This certification is specific as to hospital site/address location, as well as the number of beds for the unit, and the detox per diem rates are loaded only to the locator code site that corresponds to the OASAS certified site. The per diem rates do not apply to inpatient detoxification services provided in general hospitals that do not have OASAS certification, or to non-certified hospital sites of OASAS certified general hospitals (e.g., hospital entities, such as mergers, that operate multiple acute care inpatient sites at different physical plant locations, not all of which have OASAS certified detox units). Such general medical "scatter bed" inpatient detox services continue to be reimbursed through the DRG rate methodology.

**APPENDIX I**

**Inpatient Detox Per Diems Rate Codes  
Effective For Admissions On and After 1/1/2010**

**Rate Code Legend:**

1. RC 4800 – MMD (operating cost) w/or w/o OBS Days
2. RC 4801 – MSIW (operating cost) w/o OBS Days
3. RC 4802 – MSIW (operating cost) w/1 OBS Day
4. RC 4803 – MSIW (operating cost) w/2 OBS Days
5. RC 4804 – Inpatient Detox Capital Cost Per Diem

<b><u>Service Description:</u></b>	<b><u>LOS (Days):</u></b>	<b><u>Payment Logic:</u></b>
MMD w/or w/o OBS Days	1 – 5	(RC 4800 amount + RC 4804 amount) * Number of Days
	6 – 10	(RC 4800 amount + RC 4804 amount) * 0.5 * Number of Days
	>10	\$0.00
MSIW w/o OBS Days	1 – 5	(RC 4801 amount + RC 4804 amount) * Number of Days
	6 – 10	(RC 4801 amount + RC 4804 amount) * 0.5 * Number of Days
	>10	\$0.00
MSIW w/1 OBS Day	1	((RC 4802 amount/0.75) + RC 4804 amount) * Number of Days
	2 – 5	(RC 4802 amount + RC 4804 amount) * Number of Days
	6 – 10	(RC 4802 amount + RC 4804 amount) * 0.5 * Number of Days
	>10	\$0.00
MSIW w/2 OBS Days	1 – 2	((RC 4803 amount/0.75) + RC 4804 amount) * Number of Days
	3 – 5	(RC 4803 amount + RC 4804 amount) * Number of Days
	6 – 10	(RC 4803 amount + RC 4804 amount) * 0.5 * Number of Days
	>10	\$0.00

**NEW YORK STATE DEPARTMENT OF HEALTH  
OFFICE OF HEALTH INSURANCE PROGRAMS  
OASAS CERTIFIED PROVIDER - INPATIENT DETOX PER DIEM RATES  
Effective April 1, 2009 - December 31, 2009  
WORKERS' COMPENSATION - NO FAULT RATE SCHEDULE**

<u>OpCert</u>	<u>Facility Name</u>	<u>Medically Managed Detox RC 4800</u>	<u>Medically Supervised Inpatient Withdrawal RC 4801</u>
0101004	ST PETERS HOSPITAL	\$548.04	\$548.04
0303001	UNITED HEALTH SERVICES, INC	\$881.31	\$881.31
1302000	ST FRANCIS HOSP / POUGH	\$917.77	\$917.77
1401005	ERIE COUNTY MEDICAL CENTER	\$747.69	\$747.69
1401006	SHEEHAN MEMORIAL EMERGENCY	\$874.31	\$874.31
2902000	LONG BEACH MEDICAL CENTER	\$762.39	\$762.39
2950002	NASSAU UNIV MED CTR	\$794.15	\$794.15
3301008	CROUSE HOSPITAL	\$845.04	\$845.04
3402000	GENEVA GENERAL HOSPITAL	\$835.71	\$835.71
3535001	BON SECOURS COMMUNITY HOSP	\$775.68	\$775.68
4102003	SETON HEALTH SYSTEMS	\$698.23	\$698.23
4324000	NYACK HOSPITAL	\$799.39	\$799.39
4329000	GOOD SAMARITAN / SUFFERN	\$780.53	\$780.53
4429000	CANTON-POTSDAM HOSPITAL	\$799.07	\$799.07
5127000	EASTERN LONG ISLAND HOSPITAL	\$795.51	\$795.51
5263000	CATSKILL REGIONAL MED CTR	\$1,029.90	\$1,029.90
# 5501001	KINGSTON HOSPITAL	\$672.16	\$672.16
# 5501000	BENEDICTINE HOSPITAL	\$672.16	\$672.16
5904000	SOUND SHORE MEDICAL CENTER	\$812.93	\$812.93
5907001	ST JOHNS RIVERSIDE HOSPITAL	\$775.53	\$775.53
7000001	BRONX-LEBANON HOSPITAL CTR	\$939.81	\$939.81
7000002	JACOBI MEDICAL CENTER	\$1,147.45	\$1,147.45
7000006	MONTEFIORE NORTH DIVISION (OLM)	\$1,156.32	\$1,156.32
7000014	ST BARNABAS HOSPITAL	\$916.94	\$916.94
7001003	BROOKLYN HOSPITAL	\$1,026.50	\$1,026.50
7001009	CONEY ISLAND HOSPITAL	\$1,011.85	\$1,011.85
7001016	KINGS COUNTY HOSPITAL CENTER	\$1,109.78	\$1,109.78
7001019	LUTHERAN MEDICAL CENTER	\$943.99	\$943.99
7001024	ST JOHNS EPISCOPAL SO SHORE	\$1,002.78	\$1,002.78
7001045	WOODHULL MEDICAL	\$1,216.93	\$1,216.93
7001046	INTERFAITH MEDICAL CENTER	\$1,229.66	\$1,229.66
7002001	BELLEVUE HOSPITAL CENTER	\$951.97	\$951.97
7002002	BETH ISRAEL MEDICAL CENTER	\$961.01	\$961.01
7002009	HARLEM HOSPITAL CENTER	\$1,134.46	\$1,134.46
7002021	METROPOLITAN HOSPITAL CENTER	\$1,075.57	\$1,075.57
7002032	ST LUKES / ROOSEVELT HOSP	\$1,113.58	\$1,113.58
7002052	NORTH GENERAL HOSPITAL	\$1,203.03	\$1,203.03
7003001	FLUSHING HOSPITAL MED CTR	\$987.40	\$987.40
7003007	QUEENS HOSPITAL CENTER	\$1,179.33	\$1,179.33
7004003	STATEN ISLAND UNIV HOSP	\$874.52	\$874.52
7004010	RICHMOND UNIVERSITY MED CTR (BAYLEY)	\$816.56	\$816.56

<= effective 12/14/2009

# OASAS certified Detox transitioned from Kinston Hospital to Benedictine Hospital effective 12/14/2009