

## DRG Implementation: Rehabilitation Services and Administrative Level 2 Days

### **Rehabilitation Services**

For admissions beginning July 1, 2013, and after, the Department of Health Care Services (DHCS) will reimburse Rehabilitation Services rendered by DRG Hospitals, through a hospital specific per diem rate for Rehabilitation Hospital Stays provided to Medi-Cal beneficiaries. For admissions beginning before July 1, 2013, regardless of the date of discharge, claims will price under the current contract rate or cost-based reimbursement for non-contract hospitals.

“Rehabilitation Services” are defined as acute inpatient intensive rehabilitation stays for Medi-Cal beneficiaries, in accordance with Sections 14064 and 14132.8 of the Welfare and Institutions Code.

A per diem payment method will be used for payment of rehabilitation claims. Rehabilitation claims will be identified by the presence of one or more of revenue codes 118, 128, 138, or 158 on one or more service lines on the claim. Rehabilitation claims will be paid a hospital specific per diem amount. The per diem will be multiplied by the number of days authorized on the required Treatment Authorization Request (TAR) or Service Authorization Request (SAR). Rehabilitation Services will continue to require a daily TAR or SAR.

Hospital specific base rates have been established as follows: for Rehabilitation Services provided to beneficiaries age 21 and over, a per diem rate of \$1,032 will be assigned to a DRG hospital. This per diem rate is then adjusted by the wage index of each specific hospital in the same manner as the DRG base price is adjusted. The wage area adjustment applies to 68.8 percent of the rate.

For Rehabilitation Services provided to beneficiaries under the age 21, a per diem rate of \$1,841 will be assigned to a DRG hospital. This per diem rate is then adjusted by the wage index of each specific hospital in the same manner as the DRG base price is adjusted.

For DRG hospitals that provided services to both an adult and pediatric population, a specific per diem has been calculated to blend both rates above based on the allocation of days provided to each age category. This per diem rate is then adjusted by the wage index of each specific hospital. Effective July 1 of each year, the hospital specific blend of pediatric and adult rehabilitation services will be updated based on the blend in the most recent year for which data is available. Rates will not be retroactively reconciled based on actual experience.

In developing the above referenced rates, DHCS utilized a comprehensive paid claims dataset representing all days billed and paid with the revenue codes 118, 128, 138, and 158 for the calendar year 2011. Payments for such claims were then trended forward to July 1, 2013, based upon hospital-specific increases in Medi-Cal Selective Provider Contracting Program (SPCP) contract rates or non-contract trend factors as utilized in the Quality Assurance Fee (QAF) model. Claims for hospital stays that do not list one of the identified revenue codes and group to DRG code 860 (Rehabilitation) will be denied. Hospitals are advised to resubmit these

denied claims with the appropriate revenue code(s) to ensure rehabilitation pricing or to indicate the correct primary diagnosis if it is not rehabilitation to ensure the claim is assigned the appropriate DRG group.

Hospitals that provide such services will receive a letter stating their hospital's specific per diem rate during the month of March. For further questions please contact the DRG mailbox at [drg@dhcs.ca.gov](mailto:drg@dhcs.ca.gov).

### **Administrative Level 2 Days**

For admissions beginning July 1, 2013, and after, the Department of Health Care Services' (DHCS) will reimburse administrative day level 2 services rendered by DRG Hospitals through a per diem rate for Subacute Care provided to Medi-Cal beneficiaries. For admissions beginning before July 1, 2013, regardless of the date of discharge, claims will price under the current contract rate or cost-based reimbursement for non-contract hospitals.

Administrative day level 2 services for pediatric patients are billed with revenue code 190 (room and board, pediatric subacute). The appropriate pediatric patient is younger than 21 years of age with a fragile medical condition with medical and nursing care needs which meet the requirements outlined in the *Subacute Care Programs: Pediatric* section in the appropriate Part 2 provider manual and Chapter 7 of the *Manual of Criteria for Medi-Cal Authorization*.

Administrative day level 2 services for adult patients are billed with revenue code 199 (room and board, adult subacute). The appropriate adult patient is 21 years of age or older and has a fragile medical condition with medical and nursing care needs which meet the requirements outlined in the *Subacute Care Programs: Adult* section in the appropriate Part 2 provider manual and Chapter 7 of the *Manual of Criteria for Medi-Cal Authorization*.

A per diem payment method will be used for payment of administrative day level 2 claims. Administrative day level 2 claims will be identified by the presence of revenue codes 190 or 199 on one or more service lines on the claim. Administrative day level 2 claims will be paid a per diem amount as follows:

The Subacute Pediatric Administrative Day Level 2 (Revenue/Accommodation Code 190) rate is \$894.60, which is the average of the established Distinct Part Pediatric Subacute rate for vent and non-vent services. However, hospitals with an established rate that is lower will continue to receive their facility-specific rate.

The Subacute Adult Administrative Day Level 2 (Revenue/Accommodation Code 199) rate is \$896.67, which is an average of the median rate for vent and non-vent services for Distinct Part Adult Subacute. However, hospitals with an established rate that is lower will continue to receive their facility-specific rate.

The per diem amount will be multiplied by the number of days authorized on the required Treatment Authorization Request (TAR) or Service Authorization Request (SAR). All administrative day level 2 services will require a daily TAR or SAR.

In addition to the per diem payment noted above, DHCS has established limits on reimbursement of ancillary services provided during administrative day level 2 days. Only codes listed with a dagger (†) in the *Ancillary Codes* section of the provider manual are reimbursable when billed with administrative day level 2 days. If ancillary codes that are not marked with a dagger are billed with administrative day level 2 days, the ancillary services will be denied. The allowed ancillaries will be reimbursed on a cost to charge methodology. The existing Administrative Day will be known as Administrative Day Level 1 effective with admissions beginning July 1, 2013 and will be billed and paid consistent with the current method.