

Payment Method Development Value Purchasing for Medicaid Programs

In 2009, the nation's Medicaid programs paid nearly \$400 billion to physicians, hospitals, nursing facilities, health plans and other providers. And in many cases, payers were underserved by the old ways of setting rates – percentages of charges, cost reimbursement and static fee schedules. As a result, many states are now looking to improve cost efficiency, access to services and quality of care.



We can help. As fiscal agent or facilities manager, we're uniquely positioned to help Medicaid programs develop payment methods that operate within complex claims processing systems. And unlike many consultants, we already have in-depth knowledge of your MMIS, Medicaid program and providers.

Our Expertise

Among our areas of expertise, and the projects we can perform for you, are:

- Assessing your current payment methods and developing options for improvement
- Assisting with your transition from outdated Medicaid inpatient payment methods – such as Medicare CMS-DRGs or MS-DRGs – to more-sophisticated and appropriate methods
- Designing and implementing payment methods for outpatient hospital care
- Developing or reviewing fee schedules for services provided by physicians, therapists, dentists and ambulance providers
- Creating incentives to provide quality care
- Comparing Medicaid payment rates with those of other payers or other states
- Designing and implementing nursing home cost settlement and rate setting systems
- Assisting with your administrative rules, state plan amendments, advanced planning documents, provider manuals and technical documentation

Our Flexible Approach

We can help you with payment method tasks ranging in scope from several hours to several thousand hours.

For most projects, we combine the state's fiscal agent staff (business analysts, programmers, provider relations) with specialists from our offices across the country to meet your specific needs.

Payment Method Development

Our Complete Solution

We offer a complete, “one-stop” suite of systems and services that:

- Provides an end-to-end solution for all state-administered healthcare programs
- Serves the continuum of government healthcare program administration
- Offers an integrated suite of systems, complementary services and expertise designed specifically to meet the needs of the state healthcare market.

Success Story: Montana Medicaid

In 2008, when Montana Medicaid implemented a new payment method for inpatient hospitals, it changed payment methods. The old method was based on CMS Diagnosis Related Groups (CMS-DRGs); the new method is based on All Patient Refined Diagnosis Related Groups (APR-DRGs) developed by 3M Health Information Systems and the National Association of Children’s Hospitals and Related Institutions (NACHRI). Montana Medicaid’s goals:

- Use a grouper appropriate for Medicaid
- Simplify the payment method
- Reward efficiency
- Reduce reliance on Medicare cost reports

Montana Medicaid selected us to assess its current payment method, evaluate DRG options, design the new payment method and implement it in the MMIS. Traditionally, Medicaid programs contracted with consultants who lacked real-world experience in processing claims and working with providers. But Montana Medicaid recognized that we had intimate familiarity with claims data, program rules and the State’s hospitals.

The design work was completed by a small team that included subject matter experts from operations, systems, payment method development and Montana Medicaid. Throughout the project, we worked closely with the client’s staff to ensure that the new payment method met policy and budget needs. We also performed extensive simulations to estimate the impact of the payment method changes on hospitals and the Medicaid budget. Our solution was implemented, on schedule and on budget, in October 2008.

For details on the Montana Medicaid case study, go to www.mtmedicaid.org, choose “Resources by Provider Type” and then “Hospital (Inpatient).” You can find Frequently Asked Questions, pricing examples and more in “New APR-DRG Payment Method.”

Contact Us

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Or visit www.acs-inc.com/pages_exp.aspx?id=234.

About ACS

ACS is part of Xerox’s \$22 billion global enterprise with 140,000 employees serving our clients in 160 countries.

You can learn more about us at www.acs-inc.com.



Our Qualifications

One of the nation’s leading Medicaid fiscal agents, we have healthcare contracts for multiple programs in 27 states. Our Government Healthcare Solutions business specializes in population health management for government healthcare programs. We deliver solutions that:

- Improve health outcomes
- Increase administrative and operational efficiencies
- Save money for patients, payers and providers.



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