Fiscal Year 2006 Inpatient Billing Rates and Guidance

1.0. Fiscal Year (FY) 2006 Inpatient Charges Effective 1 October 2005. [1/2]

Average FY06 Direct Care Inpatient Reimbursement Rates

Adjusted Standard Amount	Average IMET	Average Interagency	Average Other (Full/Third Party)
Area Wage Index > 1.00	$4,781.35	$8,191.14	$8,632.90
Area Wage Index ≤ 1.00	$5,268.16	$8,470.97	$8,939.81
Overseas	$5,220.36	$11,702.48	$12,283.14

Overview

The FY06 inpatient rates are based on the direct care standardized cost per Relative Weighted Product (RWP). The RWP is a Diagnosis Related Group (DRG) based measure of the relative costliness of a given discharge. The average standardized cost per RWP for hospitals in locations with area wage rates greater than 1.0, less than or equal to 1.0, and overseas will be published annually as an inpatient Adjusted Standardized Amount (ASA). This is a change from previous years when separate ASAs were developed for Large Urban, Other Urban/Rural, and Overseas hospitals. This change makes the direct care ASA system for reimbursing military hospitals compatible, in this regard, with changes Medicare and TRICARE implemented in FY05. The military hospital's ASA will be applied to the RWP for each inpatient case, determined from the TRICARE DRG weights, outlier thresholds, and payment rules published annually for hospital reimbursement rates under the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) pursuant to 32 CFR 199.14(a)(1). Note that due to data system limitations, for military hospitals, adjustments are made for length of stay (LOS) outliers rather than high cost outliers. Each military hospital providing inpatient care has its own applied ASA rate. The hospital-specific ASA rate is the published ASA rate adjusted for area wage differences and indirect medical education (IDME) costs, if any, for the discharging hospital (see Appendix A). The military hospital-specific ASA-based amount submitted on the claim is the amount payers will use for reimbursement purposes. The individual ASAs are published on the TRICARE Management Activity (TMA) Resource Management website for the Uniform Business Office (http://www.tricare.osd.mil). An example of how to use a military hospital's applied ASA rate for a discharge in a specific DRG to arrive at the costs to be recovered through reimbursement is shown below.

Example of Adjusted Standardized Amounts for Inpatient Stays

Figure 1 shows examples for a non-teaching hospital (Reynolds Army Community Hospital, Fort Sill, Oklahoma) in an Area Wage Index ≤ 1.00 location.

a. The cost to be recovered is the appropriate ASA rate adjusted to the military hospital's location and teaching status as well as specific inpatient medical services provided. Billing in this example will be at the third party rate.

b. Example case: Discharge in DRG 020 – Nervous System Infection Except Viral Meningitis. The RWP for a non-outlier case is the CHAMPUS DRG weight of 2.2876.

c. The FY06 military hospital-applied ASA rate is $8,289.12 (Reynolds Army Community Hospital's third party rate as shown in Appendix A).

d. The military hospital's amount to be recovered is the RWP factor (2.2876) in subparagraph b., above, multiplied by the applied ASA ($8,289.12) in subparagraph c., above.

e. Cost to be recovered is $18,962.19.

Figure 1. Third Party Billing Examples

DRG Number	DRG Description	DRG Weight	Arithmetic Mean LOS	Geometric Mean LOS	Short Stay Threshold	Long Stay Threshold
020	Nervous System Infection Except Viral Meningitis	2.2876	7.3	5.2	1	29

Hospital	Location	Area Wage Rate Index	IME Adjustment	Group ASA	Applied ASA
Reynolds Army Community Hospital	Low Wage Index Area	0.7666	1.0	$8,939.81	$8,289.12

Patient	Length of Stay	Days Above Threshold	Relative Weighted Product			TPC Amount***
			Inlier*	Outlier**	Total	
#1	7 days	0	2.2876	0	2.2876	$18,962.19
#2	21 days	0	2.2876	0	2.2876	$18,962.19
#3	35 days	6	2.2876	0.8710	3.1586	$26,182.01

* DRG Weight

** Outlier calculation = 33 percent of per diem weight × number of outlier days
= 0.33 (DRG Weight/Geometric Mean LOS) × (Patient LOS - Long Stay Threshold)
= 0.33 (2.2876/5.2) × (35-29)
= 0.33 (0.43992) × 6 (round to five decimal places)
= 0.14517 × 6 (round to five decimal places)
= 0.8710 (round to four decimal places)

*** Military Hospital-Applied ASA × Total RWP

2. Reference Notes Regarding the CY 2005/FY 2006 Medical and Dental Reimbursement Rate Package

[1] The inpatient full reimbursement rate per hospital discharge is based on the cost per DRG, weighted to reflect the intensity of the principal and secondary diagnoses, surgical procedures, and patient demographics. The ASA per RWP for use in the direct care system is comparable to procedures used by the Centers for Medicare and Medicaid Services (CMS) and CHAMPUS. The expenses represented by the ASAs include all direct care expenses associated with direct inpatient care. The average cost per RWP for hospitals with area wage rates greater than 1.0, less than or equal to 1.0, and overseas facilities will be updated and published annually as an inpatient Adjusted Standardized Amount (ASA) and will include the cost of inpatient professional services as well as institutional costs. The inpatient full reimbursement rate does not include physical therapy and occupational therapy professional services. The DRG rates will apply to reimbursement from all sources, not just third party payers.

Military treatment facilities (MTFs) without inpatient services whose providers are performing inpatient care in a civilian facility for a DoD beneficiary can bill payers the percentage of the charge that represents professional services. The ASA rate used in these cases, based on the absence of an ASA rate for the facility, will be based on the average ASA rate for the type of metropolitan statistical area in which the MTF is located – areas with wage rate indices greater than 1.0, less than or equal to 1.0, or overseas. The UBO must receive documentation of care provided in order to produce an appropriate bill.

[2] Percentages can be applied when preparing bills for inpatient services. Pursuant to the provisions of 10 U.S.C. 1095, the inpatient DRG percentages are 93% hospital institutional and 7% professional charges. When preparing bills for inpatient services, professional fees (7%) are based on the privileged provider services. The hospital fees (93%) are based on the charges for support staff, facility costs, ancillary services, pharmacy, and supplies.

APPENDIX A: FY 2006 Adjusted Standardized Amounts (ASA) by Military Treatment Facility

DMIS ID	MTF NAME	ASA GROUP	FULL COST RATE	INTERAGENCY RATE	IMET RATE	TPC RATE
0005	Bassett ACH - Ft. Wainwright	H	$9,034.87	$8,572.54	$5,003.98	$9,034.87
0006	3rd Med Grp - Elmendorf AFB	H	$8,697.71	$8,252.63	$4,817.25	$8,697.71
0009	56th Med Grp - Luke AFB	H	$8,634.70	$8,192.85	$4,782.35	$8,634.70
0014	60th Med Grp - Travis AFB	H	$13,953.12	$13,239.12	$7,727.97	$13,953.12
0024	NH Camp Pendleton	H	$10,370.18	$9,839.52	$5,743.55	$10,370.18
0028	NH Lemoore	H	$8,632.90	$8,191.14	$4,781.35	$8,632.90
0029	NH San Diego	H	$12,920.61	$12,259.44	$7,156.11	$12,920.61
0030	NH Twentynine Palms	H	$8,708.13	$8,262.52	$4,823.02	$8,708.13
0032	Evans ACH - Ft. Carson	L	$8,733.95	$8,275.91	$5,146.85	$8,733.95
0033	10th Med Grp - USAF Academy	L	$8,926.67	$8,458.52	$5,260.42	$8,926.67
0037	Walter Reed AMC - Washington DC	H	$13,378.82	$12,694.20	$7,409.89	$13,378.82
0038	NH Pensacola	L	$10,487.64	$9,937.63	$6,180.28	$10,487.64
0039	NH Jacksonville	L	$11,321.68	$10,727.93	$6,671.78	$11,321.68
0042	96th Med Grp - Eglin AFB	L	$11,111.88	$10,529.13	$6,548.14	$11,111.88
0045	6th Med Grp - MacDill AFB	L	$8,939.81	$8,470.97	$5,268.16	$8,939.81
0047	Eisenhower AMC - Ft. Gordon	L	$10,707.55	$10,146.00	$6,309.88	$10,707.55
0048	Martin ACH - Ft. Benning	L	$9,715.30	$9,205.79	$5,725.15	$9,715.30
0049	Winn ACH - Ft. Stewart	L	$8,731.11	$8,273.22	$5,145.17	$8,731.11
0052	Tripler AMC - Ft. Shafter	H	$12,215.87	$11,590.76	$6,765.79	$12,215.87
0053	366th Med Grp - Mountain Home AFB	L	$8,894.29	$8,427.84	$5,241.34	$8,894.29
0055	375th Med Grp - Scott AFB	L	$11,239.70	$10,650.24	$6,623.47	$11,239.70
0056	NH Great Lakes	H	$8,654.64	$8,211.77	$4,793.39	$8,654.64
0057	Irwin AH - Ft. Riley	L	$8,429.92	$7,987.82	$4,967.69	$8,429.92
0060	Blanchfield ACH - Ft. Campbell	L	$8,243.15	$7,810.85	$4,857.62	$8,243.15
0061	Ireland ACH - Ft. Knox	L	$8,717.49	$8,260.31	$5,137.15	$8,717.49
0064	Bayne-Jones ACH - Ft. Polk	L	$8,299.84	$7,864.56	$4,891.03	$8,299.84
0066	89th Med Grp - Andrews AFB	H	$12,283.60	$11,655.03	$6,803.30	$12,283.60
0067	NNMC Bethesda	H	$12,186.62	$11,563.01	$6,749.59	$12,186.62
0073	81st Med Grp - Keesler AFB	L	$13,061.49	$12,376.49	$7,697.03	$13,061.49
0075	Wood ACH - Ft. Leonard Wood	L	$8,395.38	$7,955.09	$4,947.33	$8,395.38
0078	55th Med Grp - Offutt AFB	L	$11,695.66	$11,082.29	$6,892.16	$11,695.66
0079	99th Med Grp - Nellis AFB	H	$8,643.82	$8,201.50	$4,787.40	$8,643.82
0086	Keller ACH - West Point	H	$9,202.54	$8,731.63	$5,096.85	$9,202.54
0089	Womack AMC - Ft. Bragg	L	$9,748.67	$9,237.41	$5,744.81	$9,748.67
0091	NH Camp LeJeune	L	$9,251.99	$8,766.78	$5,452.13	$9,251.99
0092	NH Cherry Point	L	$8,753.76	$8,294.68	$5,158.52	$8,753.76
0095	74th Med Grp - Wright-Patterson AFB	L	$14,254.86	$13,507.28	$8,400.28	$14,254.86
0098	Reynolds ACH - Ft. Sill	L	$8,289.12	$7,854.40	$4,884.71	$8,289.12
0104	NH Beaufort	L	$8,803.26	$8,341.58	$5,187.69	$8,803.26
0105	Moncrief ACH - Ft. Jackson	L	$8,700.08	$8,243.81	$5,126.89	$8,700.08
0108	Wm Beaumont AMC - Ft. Bliss	L	$10,712.34	$10,150.54	$6,312.70	$10,712.34

DMIS ID	MTF NAME	ASA GROUP	FULL COST RATE	INTERAGENCY RATE	IMET RATE	TPC RATE
109	Brooke AMC - Ft. Sam Houston	L	$12,606.19	$11,945.07	$7,428.73	$12,606.19
0110	Darnall AH - Ft. Hood	L	$9,361.57	$8,870.61	$5,516.70	$9,361.57
0117	59th Med Wing - Lackland AFB	L	$13,918.04	$13,188.12	$8,201.79	$13,918.04
0120	1st Med Grp - Langley AFB	L	$8,890.54	$8,424.28	$5,239.13	$8,890.54
0121	McDonald ACH - Ft. Eustis	L	$8,504.92	$8,058.89	$5,011.88	$8,504.92
0123	Dewitt AH - Ft. Belvoir	H	$10,552.53	$10,012.54	$5,844.54	$10,552.53
0124	NH Portsmouth	L	$11,465.34	$10,864.05	$6,756.44	$11,465.34
0125	Madigan AMC - Ft. Lewis	H	$12,904.08	$12,243.76	$7,146.95	$12,904.08
0126	NH Bremerton	H	$10,376.83	$9,845.83	$5,747.23	$10,376.83
0127	NH Oak Harbor	H	$8,807.30	$8,356.62	$4,877.94	$8,807.30
0131	Weed ACH - Ft. Irwin	H	$8,689.61	$8,244.95	$4,812.76	$8,689.61
0606	95th CSH - Heidelberg	O	$12,283.14	$11,702.48	$5,220.36	$12,283.14
0607	Landstuhl Rgn MC	O	$12,283.14	$11,702.48	$5,220.36	$12,283.14
0609	67th CSH - Wurzburg	O	$12,283.14	$11,702.48	$5,220.36	$12,283.14
0612	121st Gen Hosp - Seoul	O	$12,283.14	$11,702.48	$5,220.36	$12,283.14
0615	NH Guantanamo Bay	O	$12,283.14	$11,702.48	$5,220.36	$12,283.14
0617	NH Naples	O	$12,283.14	$11,702.48	$5,220.36	$12,283.14
0618	NH Rota	O	$12,283.14	$11,702.48	$5,220.36	$12,283.14
0620	NH Guam	O	$12,283.14	$11,702.48	$5,220.36	$12,283.14
0621	NH Okinawa	O	$12,283.14	$11,702.48	$5,220.36	$12,283.14
0622	NH Yokosuka	O	$12,283.14	$11,702.48	$5,220.36	$12,283.14
0623	NH Keflavik	O	$12,283.14	$11,702.48	$5,220.36	$12,283.14
0624	BH Sigonella	O	$12,283.14	$11,702.48	$5,220.36	$12,283.14
0633	48th Med Grp - RAF Lakenheath	O	$12,283.14	$11,702.48	$5,220.36	$12,283.14
0638	51st Med Grp - Osan AB	O	$12,283.14	$11,702.48	$5,220.36	$12,283.14
0639	35th Med Grp - Misawa	O	$12,283.14	$11,702.48	$5,220.36	$12,283.14
0640	374th Med Grp - Yokota AB	O	$12,283.14	$11,702.48	$5,220.36	$12,283.14
0805	52nd Med Grp - Spangdahlem	O	$12,283.14	$11,702.48	$5,220.36	$12,283.14
0808	31st Med Grp - Aviano	O	$12,283.14	$11,702.48	$5,220.36	$12,283.14

ASA GROUPS:

Area Wage Index > 1.0	**H**
Area Wage Index ≤ 1.0	**L**
Overseas	**O**