Iowa Medicaid
IOWA HHS

MEDICAID POLICY CLARIFICATION #000269 PSYCHIATRIC INTENSIVE CARE (PIC) RATE CODES AND REIMBURSEMENT METHODOLOGY

11/10/2022

To: Iowa Medicaid Managed Care Plans

This letter is a formal notification of the state's expectations related to the operations and implementation of Iowa Medicaid under the managed care program. This purpose of this letter is to do following:

☒ Provide formal guidance
☐ Clarification of existing Iowa Medicaid policy
☐ Guidance on new process or policy
☐ Request for information

The purpose of this letter is to provide formal guidance related to implementing the psychiatric intensive care (PIC) Medicaid rate. During the 2022 legislative session, HF2546 was passed directing the development of a psychiatric intensive inpatient care reimbursement rate for Medicaid. This bill requires the department of human services, no later than January 1, 2023, to implement a tiered rate reimbursement methodology for psychiatric intensive inpatient care under the Medicaid program based on the level of patient acuity and other factors as recommended in the inpatient bed tracking study committee report submitted to the governor and the general assembly on December 1, 2021.

HF2578, the 2022 DHHS appropriations bill, allocated approximately $1.5 million dollars to fund this rate from January through June 2023. It is anticipated an approximately $3 million dollar appropriation will be made annual thereafter to support the rate.

The following provides information related to billing processes.

Billing codes:
The following two billing codes will be used to claim the PIC rate:

- Revenue code 0204
- CPT Code 90899

Both codes are required on the claim for tracking purposes. The PIC revenue code should be reported as an additional line item for PIC qualifying days on claims.

Rate Calculations:

For providers reimbursed on an IP psych per diem rate, providers will receive provider specific rates for the PIC reimbursement. For these providers' PIC rate, it will be an add on reimbursement to the base IP psych per diem rate as determined by DHHS and submitted to the MCOs through standard regulatory rate sharing files.

For providers reimbursed on a DRG, reimbursement is as follows:

To ensure the PIC reimbursement methodology results in more payment than the standard DRG rate and outlier methodology, rate calculations will include all covered inpatient days and covered charges in the outlier calculation on the claim. In the example below, if we use the PIC rate add-on per diem of $520.47.

LONG STAY DAY OUTLIER CALCULATION

Qualifications: If the total number of claim days is greater than the DRG high trim value	
Total # of Claim days (approved)	***56***
DRG High Trim Value	***10***
Does Claim qualify?	***Yes***
Total Days - High Trim Value = Approved covered days(in excess of high trim)	***46***
If qualified in field 49C the following Calc would apply (if not ignore):	
Hospital's Base Rate	$7,371.11
(x) DRG's Relative Weight	0.41760
(x) contract % - leave this at 100%	100%
Hospital's Base DRG Payment	$3,078.18
Divided By: Average Length of Stay for DRG	2.8
Average Daily Rate	1,099.35
(x) Approved Covered Days (in excess of high trim)	46
Total Payment At Average Daily Rate	$50,570.03
(x) 60%	60%
LONG STAY DAY OUTLIER PAYMENT	$30,342.02
(+) DRG rate	$3,078.18
Long Stay Outlier Payment	**$33,420.19**

The DRG payment plus long-stay day outlier is $33,420.19. Of the 56 covered inpatient days, the PIC days are 5 so the PIC per diem rate add-on would be $2,602.35 (5*$520.47). Total payment on the claim would be $36,022.54 ($33,420.19+$2,602.35).

Related Policy Clarifications:

This policy clarification should be used in correlation with the following policy clarifications:

This formal guidance impacts capitation rates in the following manner:

☐ This [is was] an Iowa Medicaid practice prior to April 1, 2016 and was included in the experience used to develop the capitation rates.

☐ This is a new process or policy that does not have a fiscal impact.

☒ This is a new process or policy that will be reflected in revised capitation rates and implemented in FY 2023, effective January 1, 2023.