4.19 Payments for Remedial Care and Services

ATTACHMENT 4.19-A Inpatient Hospital Services

A. FACILITIES EXCLUDED FROM THE PROSPECTIVE PAYMENT SYSTEM: The prospective payment system applies to most acute care hospitals in West Virginia. Cases treated in excluded facilities are paid under their current payment methodologies. The qualifying provisions for exempt facilities and units that are of relevance are as follows:

1. **Psychiatric Hospitals:** Psychiatric hospitals and distinct-part units must meet the Medicare regulatory definition of a psychiatric hospital or distinct-part unit and be primarily engaged in providing psychiatric treatment of mentally ill patients.

2. **Rehabilitation Hospitals:** Rehabilitation hospitals and distinct-part units may qualify as excluded facilities if they meet the Medicare regulatory definitions and are primarily engaged in furnishing intensive rehabilitation services. Payment for inpatient rehabilitation hospitals is a cost-based retrospective system determined by applying the standards, cost reporting periods, cost reimbursement principles, and method of cost apportionment used under Title XVIII of the Social Security Act, prior to the Social Security Amendment of 1983 (Section 601, Public Law 98-21). That is, payment is to be determined by the current Medicare Principles methodology of cost-based reimbursement.

3. **Essential Access Community Hospitals (EACH) and Rural Primary Care Hospitals (RPCH):** Excluded from PPS are RPCH hospitals that participate in HCFA's EACHIRPCH program.

   (a) Payment for cases treated in RPCH hospitals is based on Medicare's per diem payment methodology.

   (b) For rate year 1996, payment levels for the RPCH hospitals are at their respective Medicare levels.

   (c) EACH hospitals remain within PPS and receive payment as Sole Community Hospitals.

B. CASES EXCLUDED FROM THE PROSPECTIVE PAYMENT SYSTEM: The prospective payment system applies-to most, but not all; discharges treated in acute care hospitals in West Virginia. The qualifying provisions for exempt cases that are of relevance are as follows:

1. **Rehabilitation Cases:** If rehabilitation treatment is rendered outside a PPS excluded rehabilitation unit or a freestanding rehabilitation hospital, the discharge cannot be assigned to DRG 462, Rehabilitation. Payment will be denied for all cases assigned to this DRG.

1.5 **High-Investment Drugs**: Certain drugs provided in an inpatient hospital setting will be reimbursed separately from the DRG payment. Drugs separately reimbursed and not part of a bundled hospital reimbursement methodology will be paid at the pharmacy reimbursement rate found in Attachment 4.19-B. High Investment Drugs are reimbursed under the methodology described in Attachment 4.19-B Item 12 for Prescribed Drugs. A list of high-investment drugs is found on the BMS website at Pharmacy | Bureau for Medical Services.

2. **Transplant Cases:** Discharges assigned to the following organ transplant DRGs are excluded from PPS: