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Health and Human Services

Enhanced Ambulatory Patient Groups (EAPG)

Rate Methodology

Preface

Context for EAPG implementation

Section 536.005 of the Texas Government Code mandates the conversion of outpatient hospital reimbursement systems "to an appropriate prospective payment system" that fulfills the following objectives:

1. More accurately classifies of the full range of outpatient service episodes;
2. More accurately accounts for the intensity of services provided; and
3. Motivates outpatient service providers to increase efficiency and effectiveness.

HHSC has proposed updates to the Texas Administrative Code (TAC) related to EAPGs. The proposed TAC rule 355.8061 was published on June 23, 2023, in the *Texas Register* (48 Tex Reg 3375). https://www.sos.state.tx.us/texreg/index.shtml with a public comment period ending on Monday, July 24, 2023.

Texas Health & Human Services Commission (HHSC) has been tasked with implementing the new outpatient reimbursement methodology and has selected the EAPG payment methodology.

HHSC has published EAPG DRAFT modeling here https://pfd.hhs.texas.gov/provider-finance-communications

EAPG is a proprietary 3MTM system, for more information about the EAPG system and methodologies, please contact Flora Coan, Regional Manager, fcoan@mmm.com Eric DeWitt, Implementations Manager, eldewitt@mmm.com at 3MTM Health Information Systems.

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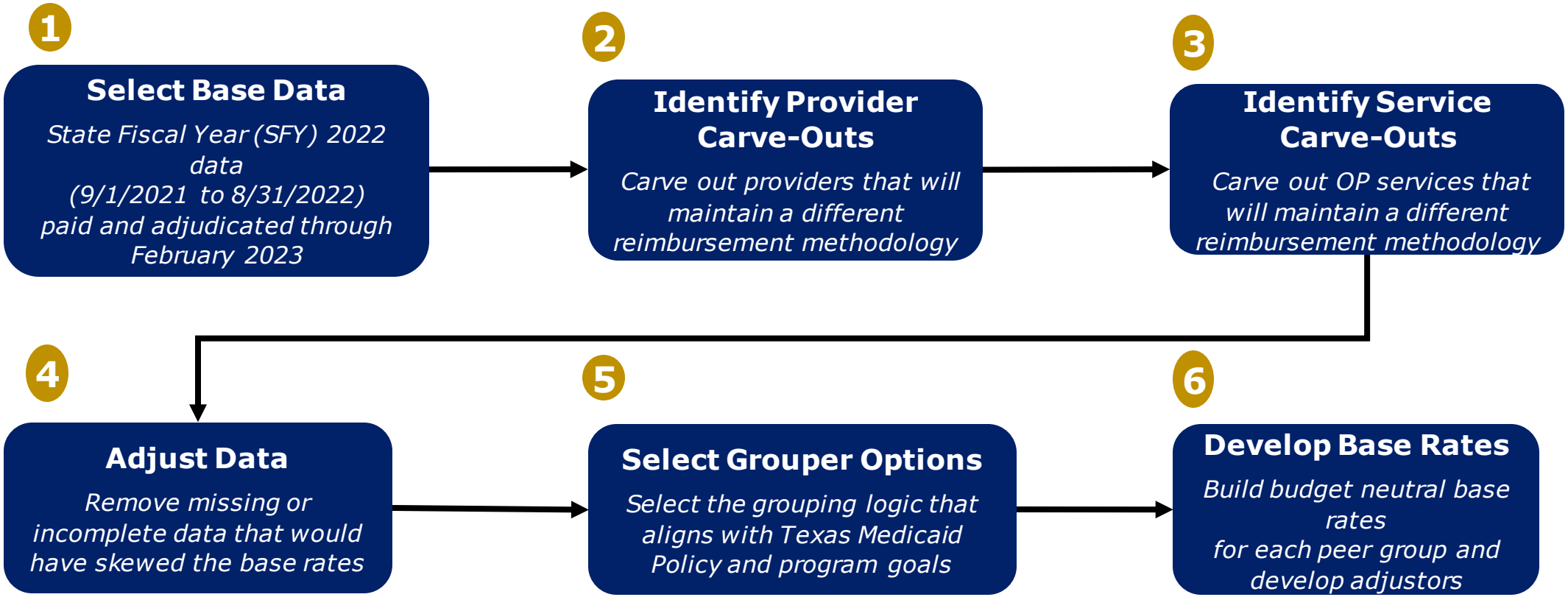
Summary of HHSC Carve out Decisions

Process for EAPG Impact Analysis

General steps taken by HHSC to analyze EAPG impact and develop final base rates.



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Provider Carve-Outs

Summary of provider carve-outs selected for separate reimbursement methodology.

Provider Type	Payment Method
Rehab Centers	• Carve out Rehabilitation Hospitals, and Comprehensive Outpatient Rehabilitation Facilities/Outpatient Rehabilitation Facilities • Reimbursement: via current method, fee schedule
State Owned Teaching Hospitals	• Reimbursement: via current method, TEFRA pricing
Psychiatric Hospitals	• HHSC does not reimburse outpatient services for behavioral health facilities under the FFS program • Managed Care Data for Outpatient Psychiatric claims are not included in the payment model

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Service Carve-Outs

3 Identify Service Carve-Outs

Summary of service carve-outs selected for separate reimbursement methodology.

Services Carved Out of EAPG	
Service	**Additional Detail**
Human Donor Breastmilk *(services associated with inpatient stay)*	• HCPCS: T2101
Long-Acting Reversible Contraceptives (LARC)	• HCPCS: 11976, 55250, 58300, 58301, 58565, 58600, 58605, 58611, 58615, A4264, J1050, J7296, J7297, J7298, J7300, J7301, J7304, J7307
Non-Risk Drugs	• HCPCS: J9229, J7192, J7211, J7208, J7193, Q2042, J7181, J7189, J7182, J7203, J7204, J7200, J7190, J7207, J7188, J7179, J7170, J7185, J7195, J1426, J1428, J1429, J7168, J7180, J7187, J7198, J7175, J2326, J0172, J7205, J7201, J0567, J7194, J7186, J7209, J7183, J0584, J7210, J7202, J7212, Q2041, J3398, J3399, J1427
DME	• HCPCS: A4290, C1883, C1897, E0720, E0730, E0731, E0745, E0762, E0764, L7368, L8499, L8614, L8615, L8616, L8617, L8618, L8619, L8621, L8622, L8623, L8624, L8625, L8627, L8628, L8629, L8680, L8682, L8683, L8684, L8685, L8686, L8687, L8688, L8689, L8695, L8696 ○ These comprise of cochlear implants, vagal nerve, and other nerve stimulators
Non-Emergent ED Claims	• Carve entire non-emergent ED claims out of EAPG to fulfill legislative intent to reduce non-emergent ED reimbursement

Note: Procedure codes listed above are subject to change based on federal coding requirements and Texas Medicaid policy changes

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Data Adjustments

4 Adjust Data

Summary of data exclusions made prior to the EAPG impact analysis and base rate development.

Data Adjustments	
Data Item	**Additional Detail**
Comprehensive Hospital Increase Reimbursement Program (CHIRP) Payments	• CHIRP is a directed payment program for hospitals providing healthcare services to adults and children enrolled in the STAR and STAR+PLUS Medicaid managed care programs • CHIRP payments were summarized and provided by HHSC at the claim line level • CHIRP payments were removed from encounters prior to base rate development and the EAPG impact analysis
Claim lines with missing HCPCS	• The grouper requires complete 5-digit HCPCS on every claim line to assign the appropriate EAPG, otherwise EAPG 999 – "Unassigned" is assigned with a weight of 0 • Including these claim lines has the potential to significantly skew the base rate development • Revenue codes reported in place of HCPCS pertain to this category
Claim lines assigned EAPG 999	• Claim lines not fulfilling grouper requirements are assigned EAPG 999 with a weight of 0 (e.g., observation claim lines without medical visit indicator on the claim) • Including these claim lines has the potential to significantly skew the base rate development
Claim lines assigned EAPG 0	• Claim lines that the grouper cannot process are assigned EAPG 0 with a weight of 0 (e.g., incorrect diagnosis code, line date outside of from/to date) • Including these claim lines has the potential to significantly skew the base rate development
Claim lines with status code D, X, or I	• Data was restricted on status code 'P' (Paid) • Claims lines with status code 'D' (Denied), 'X' (Denied and not used for any auditing history), and 'I' (Informational) were carved out

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Data Adjustments – OP Hospitals & ASCs

4 **Adjust Data**

OP Hospital and ASC data excluded from the EAPG impact analysis as a result of a policy carve-out or data exclusion.

OP Hospitals and ASCs		Dollars	Claim Lines	Dollars %	Claim Lines %
Data Before Carve Outs & Data Exclusions		**$ 3,323,299,712**	**32,235,223**	**100.0%**	**100.0%**
Policy Carve Out	Non-Emergent ED	$ 498,992,879	6,312,623	15.0%	19.6%
	Non-Risk Drugs	$ 27,734,661	327	0.8%	0.0%
	LARC	$ 778,547	14,733	0.0%	0.0%
	Newborn Breastmilk	$ 5,413,013	22,796	0.2%	0.1%
	DME	$ 6,832,317	574	0.2%	0.0%
Data Exclusions	Missing HCPCS	$ 366,381,373	3,445,802	11.0%	10.7%
	EAPG 999	$ 10,717,527	26,373	0.3%	0.1%
	EAPG 0	$ 102,188	700	0.0%	0.0%
	Status Code X, I	$ -	9,812	0.0%	0.0%
Total Carve Outs & Data Exclusions		$ 916,952,504	9,833,740	27.6%	30.5%
Data After Carve Outs & Data Exclusions		**$ 2,406,347,209**	**22,401,483**	**72.4%**	**69.5%**

- *Note – Claim lines can fall into multiple carve-out groups (e.g., a claim line can be identified as a non-risk drug at the same time the entire claim is identified as a non-emergent ED visit). Therefore, a bucketing hierarchy was applied to the data. The hierarchy is as follows: non-emergent ED, missing HCPCS, Status code X/I, LARC/newborn breastmilk/DME/non-risk drugs (all identified by different HCPCS codes), EAPG 999, EAPG 0.*

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Summary of HHSC Grouper Software Setting Decisions

5

Select Grouper Options

Summary of HHSC decisions for discounting and consolidation Grouper options.

#	Option - Discounting	Decision
25 - 30	Multiple Procedure Discounting	Yes, 100%/50%
31	Repeat Ancillary Procedure Discounting	Yes, 100%/50%
32	Bilateral Discounting	Yes, 150%
33	Terminated Procedure Discounting	Yes, 50%
56	Repeat Ancillary Discounting for Drug	No
57	Repeat Ancillary Discounting for DME	No
70	Cross-Type Multiple Procedure Discounting	No
-	Pre-Ranking Terminated Procedure Discounting Flag	Does not impact grouper output. Only used in pricing software
-	Pre-Ranking Bilateral Adjustment Flag	
-	Cross-Type Significant Procedure Discount Ranking	
-	Independent Bilateral Procedure Discount Percent	

#	Option – Consolidation	Decision
13	Same Type 2 – Significant Procedure	Yes
14	Same Type 21 – Physical Therapy & Rehab	Yes
15	Same Type 22 – Behavioral Health & Counseling	Yes
16	Same Type 23 – Dental or Oral Surgery Procedure	Yes
17	Same Type 24 – Radiology Procedure	Yes
18	Same Type 25 – Diagnostic or Therapeutic Procedure	Yes
19	Clinical Type 2 – Significant Procedure	Yes
20	Clinical Type 21 – Physical Therapy & Rehab	Yes
21	Clinical Type 22 – Behavioral Health & Counseling	Yes
22	Clinical Type 23 – Dental or Oral Surgery Procedure	Yes
23	Clinical Type 24 – Radiology Procedure	Yes
24	Clinical Type 25 – Diagnostic or Therapeutic Procedure	Yes
49	Same Significant Procedure Consolidation Exclusion List	Empty

- *Note – A "Yes" for a grouper option is synonymous with "1" and indicates that the option is turned on. Similarly, a "No" is synonymous with "0" and indicates that the option is turned off.*
- *Note – Grouper Option location and descriptions are provided in the appendix*

Color	Status
	HHSC Decision
	3M Default

5

Select Grouper Options

Summary of HHSC decisions for medical visit, other visit, and modifier Grouper options.

#	Option – Medical and Other Visits	Decision
58	Package Medical Visit with Type 2 – Significant Procedure	Flag = 0 "package medical visit"
59	Package Medical Visit with Type 21 – Physical Therapy & Rehab	Flag = 2 "do not package medical visit. Do not package observation if >8 hours"
60	Package Medical Visit with Type 22 – Behavioral Health & Counseling	Flag = 2 "do not package medical visit. Do not package observation if >8 hours"
61	Package Medical Visit with Type 23 – Dental Or Oral Surgery Procedure	Flag = 2 "do not package medical visit. Do not package observation if >8 hours"
62	Package Medical Visit with Type 24 – Radiology Procedure	Flag = 2 "do not package medical visit. Do not package observation if >8 hours"
63	Package Medical Visit with Type 25 – Diagnostic Or Therapeutic Procedure	Flag = 2 "do not package medical visit. Do not package observation if >8 hours"
	Allow Medical Visit with Significant Procedure EAPG List – Adds	Empty List
79	Multiple Medical Visit Option	Flag 0 – "do not assign multiple medical visits" (package)
69	Observation Hours Option	">= 8 hours"
6	Visit Per Claim	"Multiple"
64	Single Visit Per Claim Revenue Codes	ER and Observation Revenue codes

#	Option - Modifiers	Decision
55	Anatomical/Select Modifier	No
75	Distinct Procedure Modifier	No
44	Modifier 59	No
45	Therapy Modifier	No
46	Ignore All Modifiers	No
78	Modifier JW	Yes
-	Modifier JW No Payment Flag	Does not impact grouper output. Only used in pricing software
68	Never Event Modifier	No
42	Modifier 25	No
43	Modifier 27	Yes
74	Modifier 57	No
80	Distinct Medical Visit Modifier	No

- *Note – A "Yes" for a grouper option is synonymous with "1" and indicates that the option is turned on. Similarly, a "No" is synonymous with "0" and indicates that the option is turned off.*
- *Note – Grouper Option location and descriptions are provided in the appendix*

Color	Status
	HHSC Decision
	3M Default

5

Select Grouper Options

Summary of HHSC decisions for ancillary packaging, and additional miscellaneous options.

#	Option – Ancillary Packaging	Decision
7	Packaged EAPG List – Adds	Empty List
9	Packaged EAPG List – Deletes	Empty List
71	Radiology Procedure Packaging	Flag = 0 "Do not package ancillary EAPGs with radiology procedures"

#	Option – All Other Options	Decision
81	Direct Per Diem	No
82	Indirect Per Diem	No
66	Acuity Secondary Diagnosis Codes	Empty List
66	Acuity EAPGs	Empty List

#	Option – All Other Options	Decision
72	User-Defined 340B Drug List	Empty List
53	EAPGs Conditional Upon Diagnosis Code	Empty List
76	EAPGs Conditional Upon Diagnosis Code Range	Empty List
40	Never Pay HCPCS Codes/EAPGs	Empty List
11	Inpatient Only HCPCS Codes/EAPGs	Empty List
47	Alternative Payment HCPCS Codes/EAPGs	LARC, newborn breastmilk, non-risk drugs, certain DME

- *Note – A "Yes" for a grouper option is synonymous with "1" and indicates that the option is turned on. Similarly, a "No" is synonymous with "0" and indicates that the option is turned off.*
- *Note – Grouper Option location and descriptions are provided in the appendix*

Color	Status
	HHSC Decision
	3M Default

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Base Rate Development

Base Rate Development –Approach

6 Develop Base Rates

Methodology for developing base rates based on peer group type and Medicaid OP volume.

Base Rate Structure	
Item 1: Peer Group	Item 2: High/Low Medicaid OP Volume Adjustment
• Base rates were developed separately for five peer groups: ○ Rural, Urban, Children's, Freestanding ASC • Base rates were developed to maintain budget neutrality within each peer group except for Rural • Rural Hospitals received their own provider specific base rate and were kept budget neutral by individual hospital	• A High/Low Medicaid OP Volume adjustment was applied to Urban and Children's peer groups • Hospitals are designated as "high volume" if they received > $200k Medicaid outpatient payments during calendar year 2004. This is consistent with the most recent RCC list, *RCC Rate Outpatient September 2022.xlsx* • This adjustment is based on the difference in the "allowed charges rate" under the current reimbursement methodology. The methodology for calculating the adjustor is reflected in the "High OP Volume Adjustor" table below.

Peer Group Breakdown		
Peer Group	Number of Unique Base Rates	High OP Volume Adjustor
Rural	**152 base rates** (varies by hospital)	N/A
Urban	**2 base rates** (varies by Medicaid OP Volume)	5.2%
Children's	**2 base rates** (varies by Medicaid OP Volume)	5.2%
Freestanding ASC*	**1 base rate**	N/A

High OP Volume Adjustor			
OP Volume Indicator	Peer Group	Allowable Charges rate	High OP Volume Adjustor
High	Children's	76.03%	76.03% / 72.27% - 1 = **5.2%**
	Urban	72.00%	72.00% / 68.44% - 1 = **5.2%**
Low	Children's	72.27%	
	Urban	68.44%	

** Hospital-based ASCs receive the peer group specific base rate for the hospital they are associated with.*

EAPG Reimbursement Calculation

EAPG reimbursement calculation and additional detail on its components.

6 **Develop Base Rates**

Components of EAPG Reimbursement Calculation	
Item	Detail

Base Rate	• Provider specific
	• Determined by state agency
	• HHSC identified 5 peer groups for separate base rate development
	  ○ **Rural Hospitals** – provider specific (152 rates)
	  ○ **Children's Hospitals** – varies by high/low Medicaid OP volume (2 rates)
	  ○ **Urban Hospitals** – varies by high/low Medicaid OP volume (2 rates)
	  ○ **Freestanding ASCs** – does not vary by provider (1 rate)

Unadjusted EAPG Weight	• Average amount of cost and resources needed for one EAPG relative to average amount of cost and resources needed for all EAPGs • HHSC utilized the 3M National Weights for this analysis
Discount Factors	• Percentage applied to unadjusted weights to account for discounting, consolidation, packaging, and other grouper logic • Unadjusted EAPG weight * discounting percentage = adjusted EAPG weight
EAPG Payment	• Final calculation of reimbursement level

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Steps for calculating a base rate, including an example calculation for freestanding ASCs.

Step-by-Step Formula for Base Rate Development	
Steps	Description
Step 1	Sum all **applicable dollars** (excluding any policy carve-outs and data exclusions) for the specific peer group or hospital.
Step 2	Sum all **adjusted EAPG national weights** for the specific peer group or hospital.
Step 3	Divide result from Step 1 by Step 2 to determine **base rate.**
High/Low Medicaid OP Volume Application	For Urban and Children's peer groups, the high and low base rates were calculated to maintain a differential equal to the high Medicaid OP volume adjustor on the previous slide while ensuring the total peer group dollars remained budget neutral.

Base Rate Formula – This formula is used to calculate the base rates for each peer group or, in the case of rural, each individual provider.

Step 1 – Total Applicable Dollars ÷ **Step 2 –** Total Adjusted EAPG Weights = **Step 3 –** Base Rate

Freestanding ASC Example – Using the same formula, this example calculates the freestanding ASC base rate by dividing the total applicable Medicaid OP dollars paid to freestanding ASCs by the total adjusted EAPG national weights assigned to the ASC claims.

Total ASC Dollars $16,376,891 ÷ **Total Adjusted EAPG Weights for ASCs** 69,815 = **Base Rate** $234.58

Base Rate Development – Final Summary

Final summary of base rate development by peer group.

6 **Develop Base Rates**

Final Peer Group Breakdown			
Peer Group	Number of Unique Base Rates	High OP Volume Adjustor	Developed Base Rate
Rural	**152 base rates** (varies by hospital)	N/A	Median: $935.77 (varies by hospital)
Urban	**2 base rates** (varies by Medicaid OP Volume)	5.2%	Low: $534.66 High: $562.47
Children's	**2 base rates** (varies by Medicaid OP Volume)	5.2%	Low: $941.32 High: $990.30
Freestanding ASC*	**1 base rate**	N/A	$234.58

** Hospital-based ASCs receive the peer group specific base rate for the hospital they are associated with.*

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Appendix

Grouper Option Descriptions

Discounting – Grouper Descriptions (1/3)

What are the Grouper's options for discounting?

#	Option	Description	Location in Grouper & Flags	HHSC Selection
25 - 30	**Multiple Procedure Discounting**	• Significant procedures include EAPG types 2, 21-25 and are typically the main reason for an outpatient visit. • When more than one significant procedure is identified on the same visit, discounting can apply to the second+ or to all procedures. ○ E.g., If a hand procedure and foot procedure occurred on the same day, the procedure with the highest EAPG weight receives the full price at 100% while the other is discounted at 50%.	**Location** • *Yes/No* - "Grouping – EAPG Type Processing" tab • *Discount Value* – "Values" tab **Flag** 0 – Not apply option 1 – Apply option	1 – Apply option Discount = 100%/50%

31	**Repeat Ancillary Procedure Discounting (EAPG Type 4)**	• Ancillary procedures are usually supplementary procedures, ancillary to the main significant procedures.
		  ○ By default, most ancillaries are packaged.
		• Like multiple procedure discounting, if there is more than one ancillary identified on the same visit, discounting can apply.
		  ○ E.g., If you had an (unpackaged) allergy test and a urology test, the ancillary with the highest EAPG weight receives the full price at 100% while the other is discounted at 50%.
			Location
			• *Yes/No* - "Grouping – General" tab
			• *Discount Value* – "Values" tab
			
			Flag
			0 – Not apply option
			1 – Apply option
				1 – Apply option
				Discount = 100%/50%

32	**Bilateral Discounting**	• A bilateral procedure occurs when a procedure happens on both sides of the body
		  ○ E.g., Bilateral breast ultrasound.
		• Modifier 50 is a flag that identifies when a bilateral procedure is performed.
		• If a bilateral procedure is flagged by modifier 50, the procedure is then discounted, typically at 150%.
		  ○ A 150% discount means that the second procedure is discounted at 50%.
				1 – Apply option
				Discount = 150%

Discounting – Grouper Descriptions (2/3)

What are the Grouper's options for discounting?

#	Option	Description	Location in Grouper & Flags	HHSC Selection

33	**Terminated Procedure Discounting**	• Terminated procedures occur when a procedure is terminated prior to administration of anesthesia.
		  ○ E.g., A surgery is terminated due to circumstances threatening the well being of the patient.
		• Modifier 52 and 73 flag a terminated procedure. When flagged, terminated procedures are typically discounted at 50%.
		  ○ Modifier 52 – partial reduction or discontinuation of radiology procedures and other services that do not require anesthesia
		  ○ Modifier 73 – discontinued outpatient procedure due to extenuating circumstances
			Location
			• *Yes/No* - "Grouping – General" tab
			• *Discount Value* – "Values" tab
			
			Flag
			0 – Not apply option
			1 – Apply option
				1 – Apply option
				Discount = 50%

56	**Repeat Ancillary Discounting for Drug**	• Like repeat ancillary procedure discounting (prior slide), this option discounts repeat ancillary drugs (EAPG Type 6).		0 – Not apply option
57	**Repeat Ancillary Discounting for DME**	• Like repeat ancillary procedure discounting (prior slide), this option discounts repeat ancillary DME (EAPG Type 7).		
-	**Pre-Ranking Terminated Procedure Discounting Flag**	• Applies the terminated procedure discounting (above) before applying multiple procedure discounting (prior slide).	**Location** "Values" tab **Flags** 0 – No 1 – Yes	0 – No Does not impact grouper output. Only used in pricing software
-	**Pre-Ranking Bilateral Adjustment Flag**	• Applies bilateral procedure discounting (prior slide) before the applying multiple procedure discounting (prior slide).		

Discounting – Grouper Descriptions (3/3)

What are the Grouper's options for discounting?

#	Option	Description	Location in Grouper & Flags	HHSC Selection
70	**Cross-Type Multiple Procedure Discounting**	• Multiple procedure discounting only allows discounting of the same EAPG type (e.g., type 2 or type 23).* • Cross-type discounting allows discounting for multiple procedure across different EAPG types. ○ E.g., usually if an arthroscopy (type 2) and dental restoration (type 23) were on the same claim they would be treated independently in terms of discounting. With cross-type discounting one would get a discounted payment.	**Location** • *Yes/No* – "Grouping – General" tab **Flag** 0 – Not apply option 1 – Apply option	0 – Not apply option
-	**Cross-Type Significant Procedure Discount Ranking**	This option is pending further clarification from 3M. • When applying significant procedure discounting, this option determines if different final EAPG types are ranked separately or together (cross-type). • If cross-type discounting is applied, this option needs to be "on" in order to rank EAPG types properly.	**Location** • "Values" tab **Flags** 0 – No 1 – Yes	0 – Not apply option Does not impact grouper output. Only used in pricing software
-	**Independent Bilateral Procedure Discount Percent**	• Independent/non-surgical bilateral procedure is usually a radiological or a diagnostic procedure performed on both sides of the body. • If this option is identified in the grouper, discounting would work similarly to the bilateral discounting.	**Location** • "Value" tab **Flags** Percentage (%)	NA Does not impact grouper output. Only used in pricing software

- *Note – In this example, both procedures are categorized as significant, but by different EAPG types.*

Consolidation – Grouper Descriptions

What are the Grouper's options for consolidation of significant procedures?

#	Option	Description	Location in Grouper/Flags	HHSC Selection
13 – 18	**Same Procedure Consolidation**	• If 2+ identical EAPGs are present, all subsequent EAPGs are given a weight of 0 and are consolidated for a more efficient bundled payment. • On/off switch for each EAPG types 2, 21-25. (See note below.)	**Location:** • "Grouping – EAPG Type Processing" tab **Flags:** 0 – Not apply option 1 – Apply option	1 – Apply option
19 - 24	**Clinical Procedure Consolidation**	• If 2+ clinically similar EAPGs are present, all subsequent EAPGs, to the EAPG with the highest weight, are given a weight of 0 and are consolidated for a more efficient bundled payment. • On/off switch for each EAPG types 2, 21-25. (See note below.) • Clinically similar consolidation list found in Appendix E of 3M EAPG Definitions Manual.		

49	**Same Significant Procedure Consolidation Exclusion List**	• Exclude specified significant procedure EAPGs from same procedure consolidation.
		  ○ Maximum of 250 EAPGs available to list
		  ○ This option only applies to same consolidation (i.e., does not apply to clinical consolidation)
			Location:
			• "Grouping – Consolidation" tab
			
			Flags:
			List option – EAPG numbers
				Empty list

- *Note – The EAPG Definitions Manual categorizes significant procedure EAPGs into 6 separate EAPG types:*
  - *EAPG Type 2 – Significant Procedure*
  - *EAPG Type 21 – Physical Therapy & Rehab*
  - *EAPG Type 22 – Behavioral Health & Counseling*
  - *EAPG Type 23 – Dental or Oral Surgery Procedure*
  - *EAPG Type 24 – Radiology Procedure*
  - *EAPG Type 25 – Diagnostic or Therapeutic Procedure*

Ancillary Packaging – Grouper Descriptions

What are the Grouper's options for ancillary packaging?

#	Option	Description	Location in Grouper/Flags	HHSC Selection
7	**Packaged EAPG List - Adds**	• Packaging refers to ancillary EAPGs only, categorized as EAPG types 4, 6, & 7. These ancillaries are typically not the main reason for the outpatient visit. • If a significant procedure appears on a claim line, any ancillary EAPGs on the claim line that are also on the packaging list will be assigned a weight of zero and "packaged" with the significant procedure. • The packaging list is preset by 3M but EAPGs can be added or deleted as desired. • Default Packaging list (Appendix – D of 3M EAPG Definitions Manual)	**Location:** • "Grouping – Consolidation" tab **Flags:** • List option – EAPG numbers • Yes/No on EAPG types to package into	Empty list
9	**Packaged EAPG List – Deletes**		**Location:** • "Grouping – Consolidation" tab **Flags:** List option – EAPG numbers	
71	**Radiology Procedure Packaging**	• Determines whether ancillary services from the packaging list are packaged with EAPG type 24 (Radiology Procedure). • With default settings ancillaries only get packaged with EAPG type 2, 21-23, 25 (excludes 24)	**Location:** • "Grouping – General" tab **Flags:** 0 – Do not package ancillary EAPGs with radiology procedures 1 – Package ancillary EAPGs with radiology procedures	0 – Do not package ancillary EAPGs with radiology procedures

- *Note – Packaging options are relevant to ancillary EAPGs only: EAPG types 4 (Ancillary), 6 (Drug), and 7 (DME).*

Medical Visit with Significant Procedure (1/2)

What are the Grouper's options for a medical visit that occurs with a significant procedure?

#	Option	Description	Location in Grouper & Flags	HHSC Selection
58 - 63	**Medical Visit Processed with Significant Procedures**	• Assigns the first medical visit to EAPG Type 3 instead of packaging it with the significant procedure. ○ Modifier 25 does not need to be reported. • Flag 2 option allows for special consideration of observation services. • EAPG Type 2 default: medical visit gets packaged • EAPG Type 21-25 default: medical visit is assigned EAPG Type 3 and observation is packaged unless more than 8 hours.	**Location:** "Grouping – EAPG Type Processing" tab **Flags:** 0 – Do not assign medical visit w/ procedure (i.e., package it) 1 – Assign medical visit 2 – Assign medical visit and observation; do not package observation if 8 or more hours is present	*EAPG Type 2* **Flag = 0** package medical visit *EAPG Types 21-25* **Flag = 2** Do not package medical visit. Do not package observation if more than 8 hours
42	**Modifier 25** *(Same Physician Modifier)*	• Modifier 25 is reported with patients that have multiple procedures on same day, with same physician. • When Modifier 25 is on, the medical visit is assigned EAPG Type 3 instead of packaging it with the significant procedure.	**Location:** "Grouping – Modifiers" tab **Flags:** 0 – Not apply option 1 – Apply option	0 – Not apply option
51	**Allow Medical Visit with Significant Procedure EAPG List - Adds**	• List of Significant Procedure EAPGs to trigger the assumption of the presence of modifier 25 on the first Medical Visit Indicator EAPG encountered on the same day/visit.	**Location:** "Grouping – Conditional" tab **Flags:** List option – Significant Procedure EAPG numbers	Empty list

- *Note – When these three options are all set to default settings, the first medical visit is packaged if it occurs with EAPG Type 2. If the first medical visit occurs with EAPG Types 21-25, it get assigned (EAPG Type 3) and the observation gets packaged if less than 8 hours.*

Medical Visit with Significant Procedure (2/2)

What are the Grouper's options for a medical visit that occurs with a significant procedure?

#	Option	Description	Location in Grouper & Flags	HHSC Selection
74	**Modifier 57** *(Decision for Surgery Medical Visit Modifier)*	• Modifier 57 denotes a decision for surgery. ○ E.g., when a patient comes in with frostbite and the physician decides to amputate immediately. • When modifier 57 is reported and on, it assigns the medical visit associated with it an EAPG Type 3, reimbursing the medical visit separately.	**Location:** "Grouping – Modifiers" tab **Flags:** 0 – Not apply option 1 – Apply option	0 – Not apply option
80	**Distinct Medical Visit Modifier Option**	• Distinct medical visit modifier denotes if the encounter is "distinct" from the significant procedure for the reasons listed below. • If the medical visit that occurs on the same day as a significant procedure is reported with one of these modifiers, it would be assigned an EAPG Type 3 and receive separate reimbursement. • Distinct procedure modifiers: ○ XE: Separate encounter ○ XP: Separate practitioner ○ XS: Separate structure ○ XU: Unusual non-overlapping service	**Location:** "Grouping – Modifiers" tab **Flags:** 0 – Not apply option 1 – Apply option	

Multiple Medical Visits

What are the Grouper's options for multiple medical visits on the same day?

Policy Decision	When the patient has multiple medical visits on the same day, the way the subsequent medical visits are reimbursed can be customized by the following options.

#	Option	Description	Location in Grouper & Flags	HHSC Selection
43	**Modifier 27** *(Additional Medical Visit Modifier)*	• Modifier 27 indicates multiple services on the same day with same or different physicians and is used to assign separate ancillary payment. • When Modifier 27 is reported, the grouper assigns EAPG 449 (Additional Undifferentiated Medical Visits/Service). • EAPG 449 is on the default packaging list. End-user must remove from list if ancillary payment is desired. • This grouper packages any additional medical visits reported with this modifier and gives them a weight of 0 under default settings.	**Location:** "Grouping – Modifiers" tab **Flags:** 0 – Not apply option 1 – Apply option	1 – Apply option
79	**Multiple Medical Visit Option**	• Assigns up to 3 multiple medical visits on the same day to be reimbursed separately. • The flagging options 1,2,3,4 assign EAPG Type 3 to the additional medical visits ○ Maximum of 3 medical visits can be assigned to same day/visit. any additional visits after 3 get packaged with EAPG 491 or 449 depending on modifier 27 ○ This option will be overridden by any other grouper logic associated with packaging medical visits. ○ Modifier 27 is required for options 1 and 2.	**Location:** "Grouping – Visits" tab **Flags:** 0 - Do not allow assignment of multiple medical visits 1 - Assign multiple medical visits based on the same principal diagnosis code 2 - Assign multiple medical visits based on the listed diagnosis codes 3 - Assign multiple medical visits based on the diagnosis pointer 4 - Assign multiple medical visits based on the direct linked diagnosis	0 - Do not allow assignment of multiple medical visits

- *Note – When the default options are set, claims with modifier 27 are assigned EAPG 449, which is on the default packaging list and is therefore not reimbursed separately (i.e., it is packaged)*
- *Note – When the default options are set, all subsequent medical visits on the same day are not reimbursed separately (i.e., it is packaged)*

Other Visits and Observations

What are the Grouper's options for other visits and observations?

#	Option	Description	Location in Grouper & Flags	HHSC Selection

69	**Observation Hours Option**	• Observations occur after a procedure.
		  ○ E.g., Surgery occurs, and patient must wait in observation before released.
		• Observation services are given a separate reimbursement by assigning EAPG 450.
		• EAPG 450 requirements can be based on how may hours an observation lasts.
		  ○ E.g., by default, if someone is under observation for less than 8, the observation service will not be reimbursed separately (i.e., packaged).
			Location:
			"Grouping – General" tab
			
			Flags:
			0 – no observation hours required
			1 – 4 or more observation hours required
			2 – 8 or more observation hours required
			3 – Conditional maternity observation hours requirement; 4 or fewer or 8+ more hours required
				2 – 8 or more observation hours required

6	**Visit Per Claim**	• Determines whether to treat visits spanning multiple days as one visit or each day as a separate visit.
		  ○ Multiple – visits are separated by date of service.
		  ○ Single – visits are treated as one visits
			Location:
			"Grouping – Visits" tab
			
			Flags:
			Multiple
			Single
				Multiple

64	**Single Visit Claim Action Revenue Code List**	• If a revenue code is included in this list, visits spanning multiple days that also have one of these revenue codes present, are treated as a single visit. • The default revenue codes include ER and Observation	**Location:** "Grouping – Visits" tab **Flags:** List option – Revenue codes	Revenue codes: 0450, 0451, 0452, 0456, 0459 and 0762 ER and Observation

Significant Procedure Consolidation Modifiers

What are the Grouper's options for consolidation modifiers?

#	Option	Consolidation Modifier Definition.	Description	Location in Grouper & Flags	HHSC Selection
55	**Anatomical/Select Modifier**	• When turned "on" modifier overrides consolidation (same or clinical consolidation).	• Exclude significant procedure from consolidation if reported with an anatomical/select modifier. • anatomical select modifiers: E1-E4, F1-F9, FA, LT, RT, T1-T9, TA, 76, 77, LC, LD, LM, RC and RI.	**<u>Location</u>:** "Grouping – Modifiers" tab **<u>Flags:</u>** 0 – Not apply option 1 – Apply option	0 – Not apply option
75	**Distinct Procedure Modifier**		• Exclude significant procedure from consolidation if reported with a distinct procedure modifier. • Distinct procedure modifiers: XE, XP, XS, XU		
44	**Modifier 59 (Distinct Procedural Service)**		• Exclude significant procedure from consolidation if reported with Modifier 59.		
45	**Therapy Modifier (GN, GO, GP)**		• Exclude significant procedure from consolidation if reported with a therapy modifier. • List of Therapy modifiers: GN, GO, GP		

Additional Modifiers

What are the Grouper's options for modifiers?

#	Option	Description	Location in Grouper & Flags	HHSC Selection
46	**Ignore All Modifiers**	• Ignore use of all modifier options, regardless of the EAPG logic set for those options.	**Location:** "Grouping – Modifiers" tab **Flags:** 0 – Not apply option 1 – Apply option	0 – Not apply option
78	**Modifier JW**	• Assigns a flag if a line contains any discarded drug units. • Separate option for payment determination.		1 – Apply option
-	**Modifier JW No Payment Flag**	• If a discarded drug is flagged by Modifier JW, that claim line is then given a weight of 0.	**Location:** "Values" tab **Flags:** 0 – Off 1 – On	0 – Off Does not impact grouper output. Only used in pricing software
68	**Never Event Modifiers**	• Never Events are events that should never happen e.g., surgery on the wrong patient. • If one of these modifiers is present, the procedure is assigned EAPG 999 and is given a weight of 0.	**Location:** "Grouping – Modifiers" tab **Flags:** 0 – Not apply option 1 – Apply option	0 – Not apply option

Conditional/Alternative payment EAPG Options

What are the Grouper's options for conditional settings and alternative payment options?

#	Option	Description	Location in Grouper/Flags	HHSC Selection
53	**EAPGs Conditional Upon Diagnosis Code**	• EAPGs with diagnosis code requirement to meet policy criteria. • If the EAPG noted in the list is reported without one of the diagnosis codes required, EAPG 999 (Unassigned) is assigned, and the claim is denied.	**Location:** "Grouping – conditional" tab **Flags:** List option – EAPG with diagnosis codes	Empty List
76	**Conditional EAPGs Diagnosis Codes Required Range List**	• Same as the option above but provides ability to include a ranged diagnosis codes list.	**Location:** "Grouping – consolidation" tab **Flags:** List option – EAPG with diagnosis code range	
40	**Never Pay HCPCS Codes/EAPGs**	• HCPCS/EAPGs that should not be reimbursed • Will be assigned EAPG 999 (unassigned)	**Location:** "Grouping – Never Pay" tab **Flags:** List option – HCPCS, EAPG numbers	
11	**Inpatient Only HCPCS Codes/EAPGS**	• HCPCS/EAPGs that are typically not performed in an outpatient setting and should be considered inpatient only. • Will be assigned EAPG 993. • Items added to list must be significant procedure type (EAPG type 2, 21-25), if not EAPG 999 will be assigned instead of 993.	**Location:** "Grouping – Inpatient Only /Alternative Payment" tab **Flags:** List option – HCPCS, EAPG numbers	
47	**Alternative Payment HCPCS Codes/EAPGS**	• HCPCS/EAPGS that will be paid under a different reimbursement methodology. • Will be assigned EAPG 994.		99 HCPCS See slide 7 for full list

Per Diem Services

What are the Grouper's options for services paid on a per diem basis?

#	Option	Description	Location in Grouper/Flags?	HHSC Selection
81	**Direct Per Diem**	• Allows for bundled "per diem" payment for Behavioral Health and Substance Abuse services • HCPCS assigned to EAPG 312 (Behavioral Health and Substance Abuse Partial Hospitalization Program) receive the Per Diem EAPG 312, and any associated services (category 16 with significant procedure type 22) will be packaged with this EAPG for a "bundled payment." • If disabled, HCPCS assigned to EAPG 312 will instead be assigned to EAPG 999 (unassigned). *NOTE a qualifying diagnosis for Behavioral Health or Substance Abuse reported as the principal diagnosis is required for direct per diem assignment; if not reported, the direct per diem HCPCS is assigned to EAPG 999	**<u>Location</u>** "Grouping – Per Diem" tab **<u>Flags</u>** 0 – Do not apply per diem criteria 1 – Apply per diem criteria	0 – Do not apply per diem criteria
82	**Indirect Per Diem**	• Allows for bundled "per diem" payment for Behavioral Health and Substance Abuse services • This option requires at least 3 individual behavioral health or substance abuse services from "List A" to be reported on a visit. • "List A" represents services from Category 16 (Behavioral Health EAPGs) that are type 22 (Behavioral Health and Counseling) and are significant procedures. • If requirements are met, EAPG 312 is assigned to the first listed service and all other Behavioral Health and Substance Abuse services reported on that day are packaged for a "bundled payment." • If disabled, HCPCS codes that represent services from "List A" are assigned to the standard EAPG for the service, and no per diem EAPG 312 is assigned and no packaging occurs.		

Additional Options

What are the Grouper's additional options?

#	Option	Description	Location in Grouper/Flags	HHSC Selection
83	**Use Mid-quarter Effective Date**	• For HCPCS codes with published mid-quarter effective dates from CMS, AMA, etc., this option applies mid-quarter effective date processing versus the quarter boundary effective dates defined in the grouper. • If HCPCS code is reported outside of defined dates, EAPG 999 (unassigned) is returned.	**Location** "Grouping – Mid-quarter Effective Date" tab **Flags** 0 – do not apply 1 – apply	1 – apply
84	**Customizable HCPCS Coverage Date List**	• Allows for customization for HCPCS with corresponding coverage dates. • If HCPCS code is reported outside of defined dates, EAPG 999 (unassigned) is returned.	**Location** "Grouping – Mid-quarter Effective Date" tab **Flags** HCPCS, Effective Date, Termination Date	Empty list
66	**Acuity Secondary Diagnosis Codes**	• Identifies Chronic or complex diagnosis codes, or medical EAPGs. • It sets a flag on identified codes/EAPGs when reported as secondary diagnosis, reason for visit diagnosis, or external cause of injury diagnosis. • If a diagnosis or medical visit EAPG identified on the list is reported, a flag is output from the grouper indicating that there is a "Secondary Diagnosis" present, for which end-users may choose to provide additional payment or adjustment	**Location:** "Grouping – Acuity" tab **Flags:** ICD-10 Diagnosis codes/EAPG numbers	Empty list
66	**Acuity EAPGs**			

Additional Options

What are the Grouper's additional options?

#	Option	Description	Location in Grouper/Flags	HHSC Selection
1	**Beginning Date For Settings Definition**	The beginning effective date for when the setting definition applies.	Dates	TBD
2	**End Date For Settings Definition**	The ending effective date for when the setting definition is terminated.	Dates	TBD
3	**Options Flag**	Defines whether the grouper should not be reset because payer specific option settings are defined or should be reset to the 3M default option settings.	0 – do not reset core options 1 – reset core grouper options	0 – do not reset core options
4	**Grouper Version**	The EAPGS grouper version defined for the effective date of the option settings.	3.10-4.00	3.17
5	**Blank Input Termination**	Determines the point at which the grouper should terminate processing an option list; whether at the first blank input value or continue.	0 – do not stop at first blank on input files 1 – stop at first blank on input files	0 – do not stop at first blank on input files
34	**Direct Admit Observation**	Not applicable after version 3.12	0 – not apply 1 – apply	NA
35 – 39	**Per Diem Options**	Not applicable after version 3.14 Simplified version was created	NA – options vary	NA

Additional Options

What are the Grouper's additional options?

#	Option	Description	Count of option #
8	# Of EAPGs Packaging – Adds	Counts number of additional EAPGs packaged	7 - Packaged EAPG List - Adds
10	# Of EAPGs Packaging – Deletions	Counts number of EAPGs removed from packaging list	9 - Packaged EAPG List - Deletes
12	# Of Inpatient Only Codes	Counts number of inpatient codes	11 - Inpatient Codes List - Adds
41	# Of Never Pay Codes	Counts number of never pay EAPGs/HCPCS	40 - Not Used Never Pay List APG and HCPCS Codes List - Adds
48	# Of Alternate Payments Codes	Counts number of alternate payment codes EAPG 994	47 - Alternate Payment Codes List - Adds 994
50	# Of Sig. Procedures Excluded From Same Consolidation	Counts number of EAPGs excluded from consolidation	49 - Same Significant Procedure Consolidation Exclusion List
52	# Of Sig. Procedures Allowing Medical Visit	Counts number of significant procedures added to medical visit list	51 - Allow Medical Visit with Significant Procedure EAPG List - Adds
54	# Of Conditional Diagnosis Codes	Counts number of conditional diagnosis code additions	53 - Conditional EAPG/Diagnosis Required List - Adds
65	# Single Visit Claim Action Revenue Codes	Counts number of additional revenue codes counted as single claim	64 - Single Visit Claim Action Revenue Code List
67	# Secondary Diagnosis Present	Counts number of diagnosis present	66 - Secondary Diagnosis Present List Option (acuity options)
73	# Of 340B Drugs	Counts drugs in the 340B drug list	72 - User-Defined 340B Drug List
77	# Of EAPGs With Conditional Diagnosis Ranges	Counts conditional diagnosis ranges	76 - Conditional EAPG Diagnosis Required Range List
85	# Mid-quarter Effective Date Codes	Counts mid-quarter effective dates	84 - User Customizable HCPCS Coverage Date List