3M™ Core Grouping Software for Microsoft® Windows®-based systems

- Provides accurate and efficient Medicare and non-Medicare grouping of inpatient and outpatient claims data
- Delivers appropriate inpatient and outpatient edits to improve compliance, completeness, and consistency, which can help generate cleaner claims, reduce compliance risk, and reduce reprocessing
- Calculates reimbursement for valid claims

An all-in-one approach

3M Core Grouping Software has been expanded to support the processing of both inpatient and outpatient claims based on Medicare and non-Medicare payer payment methodologies.

Now the power of 3M's accurate and appropriate grouping and editing applications is available in one comprehensive package for Microsoft Windows systems.

The 3M advantage

3M Core Grouping Software is a computerized application that sets a new standard for efficiently and effectively grouping, editing, and pricing claims data for today's healthcare providers, insurance companies, managed care companies, claims review companies, state and federal agencies, and others.

The software assigns inpatient records to Diagnosis Related Groups (DRGs), evaluates the accuracy and completeness of clinical data, identifies potential errors using the Medicare Code Edits (MCE) and a comprehensive suite of 3M-developed edits, and calculates expected reimbursement.

On the outpatient side, 3M Core Grouping Software supports the Ambulatory Payment Classification (APC), TRICARE APC, and 3M™ Enhanced Ambulatory Patient Group (EAPG) outpatient classification systems. The software evaluates the accuracy and completeness of clinical data, identifies potential errors using the Medicare Outpatient Code Edits (OCE) and a comprehensive suite of 3M-developed edits, and calculates expected reimbursement using these two systems. As a result, 3M Core Grouping can help you:

- Review coding accuracy
- Monitor and control costs
- Understand your expected reimbursement
- Manage claims denials
- Estimate profitability
- Project expected reimbursement for budgetary and management purposes

The inpatient core: Grouping

The 3M Core Grouping Software contains the necessary tables and logic to accurately assign a DRG (using one of multiple versions) and can be licensed with the following groupers:

- **Centers for Medicare and Medicaid Services (CMS) DRGs and Medicare Severity DRGs (MS-DRGs)**—Developed for classifying claims for Medicare patients of acute care hospitals, long-term care hospitals (LTCHs), and inpatient psychiatric facilities (IPFs).

The inpatient core: Reimbursement

The software calculates expected reimbursement using predefined logic and a custom rate schedule. You can define the parameters—hospital values, statistics files, and formulas—governing payment processing or your patient claims. Available inpatient reimbursement methodologies include:

- Illinois Medicaid Based upon CMS DRGs, with added neonate DRGs.
- Indiana Medicaid
- Medicare inpatient prospective payment system (IPPS, also referred to as DRGs), including Medicare Managed Care/Medicare Advantage
- Medicare Inpatient Psychiatric Facility PPS
- Medicare Acute Long-term Care Hospital PPS
- Mississippi Medicaid
- New Jersey Medicaid
- New York Medicaid, Managed Care, Workers' Compensation, and No-Fault
- North Carolina State Employee Benefits
- Pennsylvania Medicaid
- TRICARE
- Washington Health Care Authority
- Washington Workers' Compensation
- Various customizable reimbursement schemes with user-defined weights, trim points, and other statistics

Add-on modules

Contact 3M for more information and the costs to license:

- **3M™ Medicare Pricer Tables Module**—Offers facility-specific variables for all U.S. acute care hospitals and, when used in conjunction with 3M Core Grouping Software, calculates expected reimbursement for multiple providers.
- **3M™ New York Pricer Tables Module**—Offers New York Medicaid, Managed Care, Workers' Compensation, and No-Fault facility-specific variables for all New York acute care hospitals.
- **3M™ Medicare Outpatient Pricer Tables Module**—Offers facility specific variables for all U.S. outpatient facilities and, when used in conjunction with 3M Core Grouping Software, calculates expected reimbursement for multiple providers.
- **3M™ Tricare Outpatient Pricer Tables Module**—Offers Tricare oupatient facility-specific variables for all Tricare outpatient facilities.
- **Medical necessity edits**

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The inpatient core: Grouping (continued)

- **TRICARE**—Developed and maintained by 3M for the Department of Defense (DoD). Includes additional DRGs not related to the Medicare population and is used by the Veterans Administration, DoD facilities, and Georgia Medicaid.
- **All Patient DRGs (AP-DRGs)**—Developed by 3M under contract to New York State. Includes neonatal, OB/GYN, and HIV DRGs and is used by many state Medicaid programs.
- **All Patient Refined DRG (APR DRG)**—Developed exclusively by 3M to significantly improve the DRG classification by incorporating the AP DRGs plus four levels of severity of illness and risk of mortality.

Inpatient editing: Features and benefits

- Helps you monitor the accuracy of your claims
- Encompasses coding rules and guidelines from CMS, HCHS, AHA, AHIMA, and the AMA, as stipulated by the Office of Inspector General (OIG)
- Discriminates between compliance issues and general documentation and coding issues

The outpatient core: A full range of functionality

3M Core Grouping Software also includes equivalent features for grouping, editing, and pricing of outpatient claims data. The 3M software supports the use of Ambulatory Payment Classification (APC), TRICARE APC, the Ambulatory Patient Group (APG), and the 3M™ Enhanced Ambulatory Patient Grouping System (3M Enhanced APGS) outpatient classification systems.

The outpatient core: Reimbursement

The software calculates expected reimbursement using predefined logic and a custom rate schedule. You can define the parameters—such as hospital values, statistics files, and formulas—that will govern the processing of payment for patient records. Outpatient reimbursement methodologies that can be licensed with 3M Core Grouping include:

- Medicare Hospital Outpatient Department—includes outpatient prospective payment system (OPPS) and non-OPPS fee schedules
- Iowa Medicaid
- TRICARE

Scheduled release, July 2008: 3M™ Enhanced APGS for New York and Maryland. Contact your 3M representative for more information.

The outpatient core: Using Ambulatory Patient Groups (APGs)

Although CMS implemented an OPPS using APCs, other payers use APGs or 3M Enhanced APGs, and the 3M Core Grouping Software supports both classification systems, which include:

- Significant procedures
- Medical visits
- Ancillary services

Key Features:

- **Significant procedure consolidation,** which consolidates some APGs into another significant procedure for payment purposes. Within a set of rules, if there is more than one APG on the claim, only one would be paid.
- **Ancillary packaging** indicates an ancillary service may not receive additional payment when a significant procedure or medical visit also appears on the claim.
- **Discounting** of some services may be performed when multiple, payable significant procedures or laboratory tests are present on the same claim.

The outpatient core: Using APCs

The 3M Core Grouping Software supports Medicare's and TRICARE's APCs and features the edits needed to generate correct Medicare payment amounts. The 3M software helps you handle the complex OPPS regulations by grouping diagnosis and procedure codes, applying prescribed edits, calculating reimbursement, and interfacing with your in-house billing system or other hospital information systems. The software provides you with the tools you need to understand—and manage—the impact of APCs on your facility.

The outpatient core: Grouping

The 3M Core Grouping Software assigns APCs using procedure codes as defined by CMS and classifies Healthcare Common Procedure Coding System (HCPCS) Level I and II codes into APCs. For every claim processed, each line item is evaluated and assigned an APC, if appropriate (not all line items will receive an APC), a status indicator, and payment information.

Because a claim can contain multiple HCPCS/CPT® codes, multiple APCs or fee schedule payments are likely (one per line item). The status indicator designates whether the line item is paid by the assigned APC or by fee schedule, or is not covered by Medicare for outpatient services. The 3M software supports this complexity and when used in a batch processing mode can efficiently process large volumes of claims for high-volume ancillary services.

Applying prescribed outpatient edits

3M Core Grouping features expanded edits from the **CMS Outpatient Code Editor (OCE)**, including the National Correct Coding Initiative (NCCI) edits, and additional 3M-defined informational edits to help you improve the compliance, completeness, and consistency of your Medicare coding and reimbursement. Other edits that review coding quality, partial hospitalization for mental health, proper billing of multiple visits, HCPCS/CPT® modifiers, and more have also been added.

These edits are integral to effectively manage under an OPPS. The edits provide feedback about invalid or missing diagnosis codes, invalid procedure codes, inpatient-only procedures, non-covered procedures, facility NCCI edits, and the correct use of HCPCS Level I and Level II modifiers for outpatient services.

Calculating APC reimbursement

The 3M Core Grouping Software can help you determine accurate and consistent reimbursement within the OPPS. The software features built-in Medicare reimbursement logic that provides an estimate for reimbursing Medicare providers. It calculates reimbursement amounts for APC reimbursement, fee schedule payments, and beneficiary co-payments. APC reimbursement is calculated using:

- **APC payment rates.** Each APC has a relative weight and a payment rate assigned to it. The payment rate is the non-wage-adjusted payment for a given APC. Once wage-adjusted, it is the amount a provider receives for the given service from CMS and from the coinsurance paid by the patient.
- **Coinsurance amounts.** There are two coinsurance amounts: an unadjusted national rate and a minimum unadjusted payment amount. Once wage-adjusted, these are used to determine what the patient pays as coinsurance. CMS pays the difference between the adjusted payment rate and the coinsurance amount.
- **Payment policies.** The 3M Core Grouping Software includes logic consistent with the regulations to implement the defined payment rules, including:
  - *Packaging*—is the bundling of services into significant procedure or medical APCs. There is no additional payment for packaged services, including observation beds, anesthesia, medical supplies, and many drugs (not chemotherapy drugs).
  - *Discounting*—reduces payment for a second or subsequent occurrence of significant procedure APCs with a "T" payment status indicator, and for terminated procedures.
  - *Wage adjustments*—CMS determined that 60 percent of the costs for hospitals is controlled by wage-related expenses, so 60 percent of the APC payment is adjusted by the hospital's wage index.

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– *Outlier payments*—are made for services where the cost for the service greatly exceeds the payment amount for the given service. For a hospital to receive outlier payments, costs must exceed the payment times a multiplier when cost exceeds a fixed dollar threshold amount.

Hospital-specific data elements

To accurately estimate reimbursement, you must enter hospital-specific information, such as:

- Geographic wage index
- Hospital's outpatient cost-to-charge ratio (CCR)
- Threshold-fixed multiple (outlier payment calculations)
- Hospital interim rate
- Apportioning method for lab panels (charges or fees)
- Hospital lab indicator (urban/non-sole community or sole community lab, or qualified rural hospital lab)
- Hospital type (rural sole community hospital or other)
- Fee schedule payment

Some services are paid based on a fee schedule that CMS defines. The payment module calculates and totals the amounts for fee-schedule-based services for clinical laboratory, therapies (physical, speech, and occupational), DME, ambulance services, and screening mammography.

3M: A solid business partner

For 25 years, 3M Health Information Systems has been the premier provider of coding, grouping, and reimbursement solutions for the healthcare industry. Our products and services reflect our experience and expertise in both inpatient and outpatient prospective payment systems.

With 3M support, clients can install and configure the 3M Core Grouping Software themselves. As CMS implements new policies or issues regulatory updates, 3M provides the corresponding software updates to licensed clients via download updates and documentation from our client-only website.

3M customer support representatives are available by phone or online to assist you during and after initial implementation.

Call today

For more information on how our solutions can assist your organization, contact your 3M sales representative, call us toll-free at **800-367-2447**, or visit us online at **www.3Mhis.com.**

Overall features and benefits

Output and processing options

The 3M Core Grouping Software is written as a transaction processor, with no database storage or reporting facility. Output includes series of individual:

- Patient-level reports that can be directed to a printer individually or from an appended file
- Patient lines in an ASCII-formatted file, which can then be uploaded to another computer system for reporting and analysis

Ability to customize

- By customizing 3M Core Grouping Software, you can also:
- Use code-mapping that allows ICD-9-CM codes from one year to be used with a grouper from another year
- Evaluate all secondary diagnoses as principal, generating a potential DRG for each secondary diagnosis
- Identify which grouper, statistics, and reimbursement formula should be used for each patient type, so data does not need to be sorted before processing
- Select the birth weight sources (either through direct data entry or coding)
- Customize grouper-effective dates
- Select only non-regulatory edits that you want to see

Interactive or batch

The 3M Core Grouping Software supports a traditional batch process—one that requires an electronic interface between the grouper and the calling process—or an interactive interface mode. Batch processing handles volumes of records efficiently, while interactive interface mode lets you enter, modify, and process individual claims and review the output from the grouping and reimbursement calculation.

The software is adaptable and scalable and can operate standalone or networked (file server and client workstation) on a Microsoft® Windows®-based PC. *Refer to the 3M Core Grouping Software Configuration Sheet for specific information on hardware and software requirements.*

Health Information Systems

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