



3M APC software solutions for TRICARE

- Group claims in accordance with TRICARE's specific outpatient prospective payment system (OPPS) regulations
- Provide necessary edits consistent with TRICARE's outpatient code editor
- Calculate reimbursement for budgetary and management purposes

The challenge

Effective May 1, 2009, TRICARE is transitioning to an OPPS to reimburse hospitals for outpatient services provided to TRICARE beneficiaries. Based on the current Centers for Medicare and Medicaid Services (CMS) OPPS, TRICARE has customized the system to meet the unique needs of its beneficiaries. Changes include TRICARE-specific modifications to the outpatient code editor (OCE), grouping assignments, and reimbursement.

What is the impact on your hospital?

If you provide outpatient care to TRICARE beneficiaries, you will face new reimbursement challenges unique to your TRICARE patients. Take time now to understand the implications of this new payment system.

The 3M solution

3M Health Information Systems offers APC software solutions consistent with TRICARE specifications and designed to provide the information needed to verify coding completeness, submit accurate claims, verify correct payment, estimate profitability, and manage the services you deliver to TRICARE beneficiaries. The 3M software can also help you manage your TRICARE outpatient business and denials, forecast revenues, verify payments, and improve coding. The solutions are available on these platforms:

- The **3M™ Coding and Reimbursement System** provides a TRICARE solution that runs on Microsoft® Windows® in a standalone or networked configuration. This interactive module works in conjunction with the 3M coding system and is similar to the **3M™ APCfinder™ Software**.
- The **3M™ Core Grouping Software** runs on Microsoft Windows in both a standalone and networked configuration. It is natively a batch solution for processing larger volumes of claims with an interactive component for looking at individual claims, and is designed to interface with your billing system.
- The **3M APC Grouper Plus Software** offers a batch solution for z/OS® mainframe environments.

Each 3M solution includes TRICARE-specific definitions to provide you with correct grouping, editing and reimbursement. 3M solutions interface with your hospital's billing system for seamless operation with the billing office, your abstracting and payment management applications, and your accounts receivable systems.

Covered facilities and services

The TRICARE OPPS covers hospital outpatient services for all hospitals *except*:

- Indian Health Service hospitals
- Certain hospitals in Maryland that qualify for payment under the state's cost containment waiver



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- Critical access hospitals
- Hospitals located outside of the 50 states, the District of Columbia, and Puerto Rico
- Certain specialty-care facilities (*see the TRICARE website for details: www.tricare.mil/ops/*).

Grouping

While most APC grouping is consistent with the logic used for CMS, TRICARE reimburses for some services not covered by CMS, such as maternity observation and preventive medicine. Thus, TRICARE grouping logic for some APCs differs from CMS grouping logic, and services that are covered by TRICARE but *are not* covered by CMS have TRICARE-specific APCs. To reimburse for these services, TRICARE uses five-digit, alphanumeric APC codes beginning with the letter “T.”

OCE/APC editing logic

TRICARE also uses the CMS OCE/APC editing logic with some modifications to accommodate the differences between the CMS and TRICARE populations. Some CMS edits are not used, while new ones have been added to address specific TRICARE concerns.

Calculating reimbursement

To calculate reimbursement, TRICARE uses the same status indicator methodology defined by CMS with a few additions. An item paid by APC receives wage-adjusted payment. Co-insurance and deductibles do not use the standard CMS-defined amounts, but are instead defined by current TRICARE programs: TRICARE Prime, TRICARE Extra, and TRICARE Standard. Consequently, although TRICARE payments may be greater than CMS payments for the same service, the co-insurance is often lower, resulting in a similar total expected payment for services as paid by Medicare using APCs.

TRICARE also uses the CMS methodology for packaging, discounting, and outlier payments. *Packaging* refers to services bundled into an APC that is also present on the claim. TRICARE provides no additional payments for packaged services.



Health Information Systems

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Discounting is the reduction of payment for certain services that represent a second or subsequent significant T-type procedure (a procedure coded with a TRICARE-specific APC), or a terminated procedure coded with modifier 52 or 73.

For T-type procedures, the highest weighted T-type procedure receives 100 percent payment and those with equal or lower payment rates are paid at 50 percent. The sequence of services on the claim makes no difference; payment rates are determined by a review of services.

Terminated procedures coded with either modifier 52 or 73 are paid at 50 percent. Only one unit is paid for a terminated procedure.

Transitional payments

TRICARE has implemented a transitional payment logic so hospitals will not receive the full impact of APC payments the first year. The transitional period runs three to four years depending on whether the hospital is in network or not.

The 3M software also calculates payments as defined by TRICARE fee schedules, which differ from the CMS fee schedules. Items paid by fee schedule include: CMAC CHAMPUS (maximum allowable charge); durable medical equipment; injectibles and immunizations; parenteral enteral nutrition; statewide prevailing charges; and birthing center rates.

Working with hospital-specific information

The 3M software uses hospital-specific information to calculate reimbursement, so you will need to enter hospital-specific data such as wage index, cost-to-charge ratio, fiscal intermediary, carrier identification, and geographic information.

Call today

For more information on how 3M 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**.

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