KERN HEALTH SYSTEMS

KERN HEALTH SYSTEMS POLICY AND PROCEDURES					
SUBJECT: Hospital Directed Payments (HDP)				POLICY #: 4.45-P	
DEPARTMENT: Provider Network Management					
Effective Date: 1/15/2020	Review/Revised Date: 3/14/2023	DMHC		PAC	
		DHCS	X	QI/UM COMMITTEE	
		BOD		FINANCE COMMITTEE	

_____ Date _____
Emily Duran
Chief Executive Officer

_____ Date _____
Chief Operating Officer

_____ Date _____
Director of Claims

_____ Date _____
Senior Director of Provider Network

DEFINITIONS

Term	Definition
CMS-Approved Preprint	Refers to approval by the Centers for Medicare and Medicaid Services (CMS) for DHCS's proposed program design for each respective HDP and located on DHCS's website. Under Title 42 of the Code of Federal Regulations section 438.6(c)(2), contract arrangements that direct MCP expenditures under paragraphs (c)(1)(i) through (iii) must have written approval from CMS prior to implementation.

Designated Public Hospital Enhanced Payment Program (DPH EPP)	Program directing Medi-Cal managed care plans (MCPs) to increase payments to DPHs for qualifying contracted services or assigned member months in accordance with the CMS-Approved Preprint and Welfare and Institutions Code (WIC) section 14197.4(b).
Designated Public Hospital Quality Incentive Pool (DPH QIP)	Program directing MCPs to issue performance-based quality incentive payments to DPHs based on DHCS's evaluation of their performance on specified quality measures in accordance with the CMS-Approved Preprint and WIC section 14197.4(c).
District and Municipal Public Hospital Quality Incentive Pool (DMPH QIP)	Program requiring MCPs to issue performance-based quality incentive payments to DMPHs based on DHCS's evaluation of their performance on specified quality metrics in accordance with the CMS-Approved Preprint and WIC section 14197.4(c).
Hospital Directed Payment (HPD) Programs	Refers generally to programs implemented by DHCS pursuant to Title 42 of the Code of Federal Regulations section 438.6(c), including the DPH EPP, DPH QIP, DMPH QIP, and PHDP.
Private Hospital Directed Payment (PHDP)	Program directing MCPs to implement a uniform dollar increase to reimbursements to private hospitals for qualifying contracted services in accordance with the CMS-Approved Preprint.

POLICY:

This policy provides instructions on the payment process for the following Hospital Directed Payment (HDP) Programs: (1) the Designated Public Hospital (DPH) Enhanced Payment Program (EPP), (2) the DPH Quality Incentive Pool (QIP), (3) the District and Municipal Public Hospital (DMPH) QIP, and (4) the Private Hospital Directed Payment (PHDP) programs.

Kern Health Systems (KHS) will comply with the terms of each HDP approved by CMS under 42 CFR section 438.6(c), as specified by the State of California, Department of Health Care Services (DHCS). KHS will make payments for applicable HDPs to a contracted network hospital in accordance with and as outlined by DHCS through All Plan Letters (APL) or other technical guidance, including QIP Plan Letters (QPL). Additional information related to DPH EPP, DPH QIP, DMPH QIP, and PHDP, including the CMS-Approved Preprints for each program, and related technical guidance, including but not limited to APL 19-001[1], APL 21-018, "Medi-Cal Managed Care Health Plan Guidance on Network Provider Status" and "The Hospital Directed Payment Definition for SFY 2017-18 and SFY 2018-19[2]" are, or will be available on DHCS's Directed Payments Program or Managed Care APL webpages.

[1] DHCS APL 19-001 is available at: https://www.dhcs.ca.gov/formsandpubs/Documents/MMCDAPLsandPolicyLetters/APL2019/APL19-001.pdf

[2] "Hospital Directed Payment Definition for SFY 2017-2018 and SFY 2018-2019" DHCS Memorandum is available at: https://www.dhcs.ca.gov/services/Documents/DirectedPymts/DHCS_MEMO_Hospital_DP_Definition_20181005.pdf

Designated Public Hospital Enhanced Payment Program (DPH EPP)

DPH EPP provides supplemental reimbursement to Network Provider DPHs through uniform dollar increases for select inpatient and non-inpatient services, based on the actual utilization of qualifying services as reflected in encounter data reported to DHCS. In addition, for Network Provider DPHs that are primarily reimbursed on a capitated basis, DPH EPP provides supplemental reimbursement through uniform percentage increases to their contracted capitation rates.

DPH EPP payments are not applicable to inpatient services provided to Members with Medicare Part A, non-inpatient services provided to Members with Medicare Part B, and state-only abortion services. DPH EPP also excludes services provided by Cost-Based Reimbursement Clinics (CBRCs), Indian Health Care Providers (IHCPs), Federally Qualified Health Centers (FQHCs), and Rural Health Clinics (RHCs).

DPH EPP utilization-based payments will be calculated by DHCS in accordance with the CMS-Approved Preprint and will be issued by KHS to qualifying DPHs, in six-month increments: January through June, and July through December. DPH EPP capitation-based payments will be calculated by DHCS in accordance with the CMS-Approved Preprint and will be issued by KHS to contracted qualifying DPHs, in six-month or yearly increments, as directed by DHCS according to each phase of the applicable preprint.

Designated Public Hospital Quality Incentive Pool (DPH QIP)

DPH QIP provides quality incentive payments to participating Network Provider DPHs that meet quality metrics designated in the program. DPH QIP payments will be calculated by DHCS in accordance with the CMS-Approved Preprint and will be issued by KHS to qualifying DPHs based on the program year. KHS will comply with the data sharing requirements as articulated in QPL 21-004[3], and any superseding guidance.[4]

District and Municipal Public Hospital Quality Incentive Pool (DMPH QIP)

DMPH QIP provides quality incentive payments to participating Network Provider DMPHs that meet quality metrics designated in the program. DMPH QIP payments will be calculated by DHCS in accordance with the CMS-Approved Preprint and will be issued by KHS to qualifying DMPHs based on the program year. KHS will comply with the data sharing requirements as articulated in QPL 21-004, and any superseding guidance.

DPH QIP and DMPH QIP additional provisions

KHS will assist Network Provider DPHs and DMPHs in collecting any information that is necessary to complete QIP quality improvement efforts and reporting obligations for all years in which the QIP program is in effect. This includes providing Network Provider DHPs and DMPHs with the minimum necessary information outlined by DHCS, which may include, but is not limited to, Medi-Cal member eligibility, lab tests and results (to the extent allowed by applicable laws and

[3] QPL 21-004 is available at: https://www.dhcs.ca.gov/services/Documents/QPL-21-004-DataSharing.pdf.

[4] QPL 21-004 has been superceded by QPL 22-001 available at: https://www.dhcs.ca.gov/services/Documents/DirectedPymts/QPL-22-001-Data-Sharing.pdf

regulations), pharmaceutical and non-pharmaceutical claims data and data for beneficiaries with other health coverage, which may include dually eligible beneficiaries as defined in state and federal law. DHCS will notify KHS of the specific Network Provider DPH and DMPH community partners with whom data must be shared, the specific data elements that must be shared with Network Provider DPHs and DMPHs and their community partners, and any associated deadlines for the data, on a regular basis via guidance on the DHCS QIP webpage. DHCS will email KHS's Medical Director when the specific data elements required are posted on the DHCS QIP webpage.

Private Hospital Directed Payment Program (PHDP)

PHDP provides supplemental reimbursement to participating Network Provider private hospitals through uniform dollar increases for select inpatient and outpatient services based on actual utilization of qualifying services as reflected in encounter data reported to DHCS.

PHDP payments are not applicable to inpatient services provided to Members with Medicare Part A, outpatient services provided to Members with Medicare Part B, and state-only abortion services. PHDP also excludes services provided by CBRCs, IHCPs, FQHCs, and RHCs.

PHDP utilization-based payments will be calculated by DHCS in accordance with the CMS-Approved Preprint, and will be issued by KHS to private hospitals, in six-month increments: January through June, and July through December.

PROCEDURES:

A. Table 1. CMS Approval Dates for Hospital Directed Payments

The following table represents the approval dates and status of HDP Programs by program year.

	DPH-EPP	DPH-QIP	DMPH-QIP	PHDP
SFY 2017-18	4/2/2018	3/6/2018	N/A	3/6/2018
SFY 2018-19	12/17/2018	12/17/2018	N/A	12/1/2018
"Bridge Period" July 1, 2019 – December 31, 2020	10/9/2020	11/23/2020	11/23/2020[5]	6/12/2020
Calendar Year (CY) 2021	Pending	Pending	Pending	10/8/2021

B. Payment and Other Provisions

At the frequency specified for each HDP Program (see: Policy section above), DHCS will calculate each MCP's payment obligation to Network Hospitals eligible for DPH EPP, DPH QIP, DMPH QIP, or PHDP in accordance with the CMS-Approved Preprints. DHCS will provide to KHS its payment obligations to eligible Network Hospitals, and the projected value of the payment obligations will be accounted for in the KHS's capitation rates.

[5] Approval is for the period of July 1, 2020, through December 31, 2020.

KHS (or its subcontractors) will ensure that any payment obligations under the HDP programs are discharged timely after KHS receives revenue from DHCS accounting for the projected value of the payment obligation. KHS will provide a report and signed attestation to DHCS no later than three months after the month in which the revenue was received confirming that all payments required under each HDP Program have been made. DHCS reserves the right to exercise its discretion under the State MCP contract to impose a corrective action plan or other remedies and sanctions on KHS in the event KHS fails to submit the report and attestation or fail to make all payments in the manner required by APL 21-018.

Payment to Network Hospital. KHS has established a process for ensuring eligible Network Hospital receives check after the Network Hospital Agreement has been amended for applicable HDP programs. Checks will contain a cover letter outlining the details of each HDP payment. KHS Provider Network Management (PNM) Department has developed a report to consolidate all HDP payments, including information such as payment ate range, type of payment, check number, hospital name, hospital QNXT PRV, delivery method, and check total.

C. Provider Grievances

KHS and Network Hospitals will work in good faith to review ad validate relevant data, provide timely and accurate data as required under the respective HDP Programs. To the extent provider grievances related to the processing or non-payment of HDP arise, such grievances shall be formally submitted to KHS to the KHS point of contact, or their designee, identified in this section. KHS's point of contact shall be used by KHS to accept, acknowledge, and resolve provider grievances related to the processing or non-payment of HDP programs. KHS will maintain records regarding these types of provider grievances to respond to DHCS's request for information regarding provider grievances. KHS will designate the individual below, listed in DHCS's Statewide Directory[6], as point of contract to providers for questions and technical assistance. To the extent necessary, KHS will update DHCS should a change in the Statewide Directory is needed.

KERN HEALTH SYSTEMS
Amisha Pannu
Senior Director of Provider Network
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D. Communication regarding Payment Processes for HDP Programs

KHS will communicate the payment processes for HDPs to Network Hospitals through these Policies and Procedures, including how payments will be processed, how to file a provider grievance, and how to determine the responsible payer. From time to time, KHS will issue supplemental communications to Network Hospitals and/or update these Policies and Procedures to reflect changes to DHCS guidance, including applicable APLs, and the status of the required CMS approvals applicable to HDP arrangements.

E. Contract Amendments

[6] PHDP and DPH EPP Statewide Directory is available here: https://www.dhcs.ca.gov/services/Documents/StatewideDirectory.pdf

Network Hospital Agreements will be amended as applicable to include required language specific to applicable HDP Program(s).

F. Procedures pertaining to the DPH EPP and PHDP Programs

KHS will refer to and comply with the applicable DPH EPP Encounter Detail File Review Toolkit or the PHDP Volume Chart Review Toolkit issued by DHCS for the DPH EPP and PHDP.[7] These Toolkits are available on DHCS's Directed Payment Program website.

Network Hospitals are responsible for reviewing service counts reflected on their encounter detail file according to DHCS's directions in the applicable Toolkit.

In addition, the following processes apply:

- DHCS will notify KHS when a Contract Data File (of encounter data) is ready for KHS to review.
- DHCS will also provide due dates for file review and submission along with data file parameters.
- KHS PNM will work closely with Network Hospitals' designated contact per DHCS's Statewide Directory[8] for DPH EPP and PHDP to obtain, validate and reconcile encounter data in the Contract Data File in accordance with DHCS's encounter detail file logic, including service counts and contract status information. As instructed by DHCS, the reconciliation process will seek to identify material variances in service counts and to identify and solve data deficiencies.
- Late submissions of data by Network Hospitals, unresponsiveness in responding to information request, or lack of cooperation during Network Hospitals' review and data validation may result in incomplete data being submitted to DHCS. KHS will strictly adhere to DHCS due dates for data submission and is not liable for failure of a Network Hospital to submit timely and accurate encounter data.
- PNM will work closely with the KHS IT Department to ensure the Contract Data File is populated and submitted to DHCS by DHCS's due dates and in the format required by DHCS.
    - PNM via Service Manager will submit request to the IT Department.
    - IT Department will download and convert file and route file to PNM for review.
    - PNM will review and populate file and submit new request via Service Manager to have file converted and submitted to DHCS.
    - PNM will indicate in all requests via Service Manager details including internal and external due dates.
- PNM has developed a schedule of due dates and key deliverables for Contract Data File review. To the extent due dates related to review and reconciliation of encounter data between KHS and Network Hospital requires different due dates from DHCS's due dates for data submission, KHS will communicate these to Hospital.

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[7] EPP Encounter Detail File Review Toolkit is available at: https://www.dhcs.ca.gov/services/Documents/EPP-Encounter-Detail-File-Review-Toolkit-September-2019.pdf
PHDP Volume Chart Review Toolkit is available at: https://www.dhcs.ca.gov/services/Documents/PHDP-Encounter-Detail-File-Review-Toolkit-September-2019.pdf

[8] See fn. 7 for link to DHCS Statewide Directory.

G. Reporting

- PNM will generate a Provider Report Card for each qualifying hospital for a HDP.
- Provider Report Card will be requested two (2) weeks prior to meeting with a qualifying hospital.
- Intent of the Provider Report Card is to summarize encounter data by category, error type, accepted, rejected, duplicate claim, etc. Refer to "For the purpose of HDP, encounter data reference shall be in accordance with State Encounter Review and Submission – Claims Policy and Procedure" for information on encounters.

H. Meetings

- KHS will schedule meetings with both Network Hospitals and internal KHS departments to review encounter data files for the DPH EPP and PHDP, respectively.
    - KHS Departmental meeting: monthly.
    - Network Hospital Meeting: monthly, or as needed.
- Any need for education to network hospital on solutions will be identified during these meetings.
- KHS will review Provider Report Card.
- KHS will review Network Hospital's contract status with KHS.
- PNM has developed a master schedule to track meetings with Network Hospitals, established secure communication method, and will generate high level overview of meeting notes.
- PNM will relay encounter specific questions and request for information to KHS Claims Department.

I. Other Information

- PNM will track all payments, engaged hospitals, meeting schedule, log when file is received from DHCS, and log when file is submitted to DHCS.

REFERENCE:

Revision 3.2022: Revisions made by KHS Legal Counsel and PNM Management to comply with DHCS APL 21-018, Public and Private Hospital Directed Payment Programs for State Fiscal Years 2017-18 and 2018-19, the Bridge Period, and Calendar Year 2021 (redline from legal was not available). The policy was approved by the DHCS on 5/4/2022. State of California, Department of Health Care Services, website, https://www.dhcs.ca.gov