



Provider Relations Outreach Specialist

Episodes of Care Bulletin



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Irregularities in the Tonsillectomy Episode

A review of the 2018 APR PAP Report has revealed incorrect cost calculations. These issues appear to be a lingering effect of the implementation of the new Medicaid Management Information System. The resulting investigation revealed two issues that caused the inflated average adjusted episode cost:

1. A significantly more expensive brand name medication, Ciprodex, was added to the preferred drug list in 2016 and is commonly prescribed when ear tubes are inserted during a tonsillectomy/adenoidectomy. The added cost of this medication was outside the tolerance of the episode's thresholds.
2. Guidelines for ambulatory surgery centers (ASC) billing was changed in 2016 and the increase in billing preferences caused additional pressure on the episode thresholds.

Currently all costs of medication *prescribed by the episode's principal accountable provider* has been included into the costs calculations of the episode. A change in identifying prescribed medications is being implemented. When ear tubes are inserted during a tonsillectomy/adenoidectomy, the medication prescribed for the ear tube is included in the costs. The new method will look at the prescribed medication and its drug classification to determine whether the medication is related to a tonsillectomy and/or an adenoidectomy regardless of the prescribing physician. Other medications such as pain medication or oral antibiotics, would come into cost during the episode duration because of the relevance to a tonsillectomy/adenoidectomy procedure. Please note, very little medication is observed in this episode regarding the actual tonsillectomy/adenoidectomy.

A change in identifying additional and supplementary billed charges is also being addressed in response to the change in billing practices by ambulatory surgery centers. The new method will modify the episode to ignore *all* billed charges for tympanostomies.

The updated episode programming will be in place for the January 2019 Performance period and the April 2019 reconciliation report. Below are some important things to know regarding the upcoming reconciliation and performance reports.

Reconciliation Report

- Any adjudicated negative incentive or risk share amount in *the 2018 APR PAP Reconciliation Report* has been negated. Recovery of any risk share has been stopped.
- The reconciliation of the *2018 APR PAP Performance Report* (which will be run in 2019 APR) will recalculate and adjust any necessary cost calculations.
- In reconciliation, any downward shift of a PAP's cost category (commendable, acceptable, or non-acceptable) will be ignored. Increases in gain share will be honored. A preliminary and estimated financial determination will be available before the reconciliation report is released in 2019 April.
- All PAPs will be viewed as passing quality measures regardless of portal entries for **only this reconciliation run**. We invite you to complete your quality measures as portal entries will be evaluated.

Current Performance Period:

- The *2019 JAN PAP Report* for the current performance period will report correct results.
- "Passing" quality measures will be enforced for the *2019 APR Performance* (payment) report to be eligible for a positive incentive payment (gain share).
- The *2019 APR Performance* (payment) report is scheduled for release on April 30, 2019.

Additional information about Episodes of Care is located on the Arkansas Health Care Payment Improvement Initiative (AHCPH) website: <http://www.paymentinitiative.org>. One may also contact the AHCPH Help Desk at 501.301.8311 or arkpii@dxc.com.