

**HUMAN SERVICES**

**DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES**

**Hospital Services Manual**

**Outpatient Psychiatric Services: Unit Rates**

**Proposed Amendment: N.J.A.C. 10:52-4.3**

Authorized By: Jennifer Velez, Commissioner, Department of Human Services.

Authority: N.J.S.A. 30:4D-1 et seq. and 30:4J-8 et seq.

Calendar Reference: See Summary below for explanation of exception to calendar requirements.

Agency Control Number: 13-P-01.

Proposal Number: PRN 2014-028.

Submit comments by May 5, 2014, to:

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The agency proposal follows:

## Summary

The Department of Human Services (Department) is proposing amendments to N.J.A.C. 10:52, the Division of Medical Assistance and Health Services' Hospital Services Manual chapter, to change the unit rates for reimbursement to hospitals for providing certain outpatient psychiatric services to persons 21 years of age and over. As described in the rule, reimbursement for such services is paid at the lower of charges or prospective unit rates. The revisions to the unit rates will help to ensure appropriate fee-for-service reimbursement to hospitals for providing these services under the Medicaid/NJ FamilyCare program. The specific amendments are described below.

At N.J.A.C. 10:52-4.3(b)8, a proposed amendment would broadly describe services as "fee-for-service for the following service categories," prior to services that are more specifically delineated in the subparagraphs. At sub-subparagraph (b)8i(3), a proposed amendment would change the listed half hour unit rate for individual outpatient hospital psychiatric services from \$40.00 to \$50.00. At sub-subparagraph (b)8i(4), a proposed amendment would change the listed half hour unit rate for initial evaluations from \$50.00 to \$62.50. At sub-subparagraph (b)8i(6), a proposed amendment would change the listed 15 minute unit rate for medication monitoring and medication management from \$34.00 to \$42.00. At subparagraph (b)8ii, a proposed amendment would correct an existing statement that costs related to all outpatient psychiatric services for individuals 22 years of age and over shall be excluded from outpatient cost settlements. The amendment would revise the standard to 21 years of age and over.

New N.J.A.C. 10:52-4.3(b)9i is proposed, which would better explain the existing system by using language parallel to that used in N.J.A.C. 10:52-4.3(b)8i; however, the

clarifications would not result in any change to the program. Specifically, N.J.A.C. 10:52-4.3(b)9i would state that for outpatient psychiatric services provided to youth and young adults under age 21, separate unit rates shall be reimbursed for service categories as defined in N.J.A.C. 10:52 and 10:52A. Specific service categories described in subparagraphs (b)9i through v would be recodified as sub-subparagraphs (b)9i(1) through (5).

Proposed new N.J.A.C. 10:52-4.3(b)9ii would state that: costs related to all outpatient psychiatric services for youth and young adults for individuals under the age of 21 shall be excluded from outpatient cost settlements; hospitals shall maintain a separate cost center on the Medicare cost report for all outpatient psychiatric services, regardless of the age of the individuals treated; and hospitals shall report all psychiatric outpatient costs, charges, and statistics in this separate cost center.

The Department has determined that the comment period for this notice of proposal will be at least 60 days; therefore, pursuant to N.J.A.C. 1:30-3.3(a)5, this notice is excepted from the rulemaking calendar requirement.

### **Social Impact**

During State Fiscal Year 2012, approximately 20,550 beneficiaries who were 21 years of age or over received outpatient psychiatric services provided by 66 hospitals enrolled in the program. The proposed amendments are not expected to impact the number of outpatient psychiatric services provided by hospitals.

The proposed amendments will have a positive impact on enrolled fee-for-service hospital providers, because the rules will assure appropriate reimbursement for

hospital-provided outpatient psychiatric services to persons 21 years of age and over. The degree of such impact will depend on the number of services provided.

The proposed amendments will have a positive social impact on beneficiaries using the services described in the amendments, by helping to ensure adequate outpatient psychiatric services to persons 21 and over.

### **Economic Impact**

During State Fiscal Year 2012 there were 66 hospitals that provided outpatient psychiatric services in the Medicaid/NJ FamilyCare program. The Department's expenditures for these services were approximately \$5.7 million (Federal and State shares combined).

The proposed amendments will have a positive economic impact on enrolled fee-for-service hospital providers because appropriate reimbursement for outpatient psychiatric services will be provided to those participating providers who render the services in accordance with the requirements of the program. The degree of such impact will depend on the number of services provided.

The proposed amendments will have no economic impact on beneficiaries.

The proposed new rates will result in an estimated annual reimbursement to fee-for-service hospital providers in the program of approximately \$860,500 more than would be provided under the rates currently listed in the rules.

### **Federal Standards Statement**

42 U.S.C. § 1396d(a) requires a state Title XIX program to provide hospital services to most eligibility groups. Federal regulations at 42 CFR 440.2 and 440.20, provide definitions of outpatient hospital services.

Section 1902(a)(13) of the Social Security Act, 42 U.S.C. § 1396a(a)(13), describes the public process a state Medicaid program must use when establishing or amending hospital rates. Federal regulations at 42 CFR 447.321 establish upper payment limits for outpatient services and clinic services.

Sections 1902(a)(10) and 1905(a)(9) of the Social Security Act, 42 U.S.C. §§ 1396a(a)(10) and 1396d(a)(9), respectively, allow a state Title XIX program to provide clinic services.

Title XXI of the Social Security Act allows states to establish a children's health insurance program for targeted low-income children. New Jersey elected this option through implementation of the NJ FamilyCare Children's Program. Section 2103 of the Act, 42 U.S.C. § 1397cc, provides broad coverage guidelines for the program. Section 2110 of the Act, 42 U.S.C. § 1397jj, allows hospital services for the children's health insurance program.

The Department has reviewed the applicable Federal laws and regulations and that review indicates that the proposed amendments do not exceed Federal standards. Therefore, a Federal standards analysis is not required.

### **Jobs Impact**

The proposed amendments will not cause the generation or loss of jobs in the State of New Jersey.

### **Agriculture Industry Impact**

Since the proposed amendments concern the provision of outpatient psychiatric services to Medicaid and NJ FamilyCare beneficiaries by hospitals, the Department anticipates that the proposed rulemaking will have no impact on the agriculture industry in the State of New Jersey.

### **Regulatory Flexibility Statement**

The providers affected by the proposed amendments are all hospitals that have more than 100 full-time employees. Therefore, they are not considered small businesses, as the term is defined by the Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq., and a regulatory flexibility analysis is not required.

### **Housing Affordability Impact Analysis**

Since the proposed amendments concern the provision of psychiatric services to Medicaid and NJ FamilyCare beneficiaries by hospitals, the Department anticipates that the proposed amendments will have no impact on the development of affordable housing in New Jersey and there is no likelihood that the proposed amendments would evoke a change in the average costs associated with housing.

### **Smart Growth Development Impact Analysis**

Since the proposed amendments concern the provision of psychiatric services to Medicaid and NJ FamilyCare beneficiaries by hospitals, the Department anticipates that

there is no likelihood that the proposed amendments would evoke a change in housing production in Planning Areas 1 and 2, or within designated centers, under the State Development and Redevelopment Plan.

**Full text** of the proposal follows (additions indicated in boldface **thus**; deletions indicated in brackets [thus]):

#### SUBCHAPTER 4. BASIS OF PAYMENT FOR HOSPITAL SERVICES

10:52-4.3 Basis of payment: all general and special (Classification A), rehabilitation (Classification B), private and governmental psychiatric hospitals, and distinct units of acute care hospitals-outpatient services

(a) (No change.)

(b) Certain outpatient services, that is, most laboratory services, all renal dialysis services, all dental services, some HealthStart services, Medicare deductible and coinsurance amounts, and all outpatient psychiatric services are excluded from a reduction based on the cost-to-charge reimbursement methodology and have their own reimbursement methodology as follows:

1.-7. (No change.)

8. All outpatient psychiatric services provided to individuals 21 years of age and over shall be paid **fee-for-service for the following service categories** at the lower of charges or prospective unit rates.

i. Separate unit rates shall be reimbursed for the following service categories as defined in N.J.A.C. 10:52 and 10:52A:

(1)-(2) (No change.)

(3) Individual outpatient hospital psychiatric services shall be billed on a unit basis of 30 minutes using revenue code 914. The daily billing limit is two units per day. The half hour unit rate is \$[40.00]**50.00**.

(4) Initial evaluations shall be billed on a unit basis of 30 minutes using revenue code 918. The daily billing limit is four units per day. The half hour unit rate is \$[50.00]**62.50**.

(5) (No change.)

(6) Medication monitoring and medication management shall be billed on a unit basis of 15 minutes using revenue code 919. The daily billing limit shall be two units per day. The 15 minutes unit rate is \$[34.00]**42.00**.

ii. Costs related to all outpatient psychiatric services for individuals [22] **21** years of age and over shall be excluded from outpatient cost settlements. Hospitals shall maintain a separate cost center on the Medicare cost report for all outpatient psychiatric services, regardless of the age of the individuals treated. Hospitals shall report all psychiatric outpatient costs, charges, and statistics in this separate cost center.

9. All outpatient psychiatric services provided to youth and young adults under age 21 shall be paid fee-for-service for the following service categories at the lower of charges or prospective unit rates:

**i. Separate unit rates shall be reimbursed for the following service categories as defined in N.J.A.C. 10:52 and 10:52A:**

Recodify existing i.–v. as **(1)-(5)** (No change in text.)



**ii. Costs related to all outpatient psychiatric services for youth and young adults under the age of 21 shall be excluded from outpatient cost settlements. Hospitals shall maintain a separate cost center on the Medicare cost report for all outpatient psychiatric services, regardless of the age of the individuals treated. Hospitals shall report all psychiatric outpatient costs, charges, and statistics in this separate cost center.**

(c) (No change.)