

## HOSPITAL REIMBURSEMENT IN THE PHILIPPINES

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### I. APPLICABILITY

This policy is mandatory for reimbursement of medical, surgical, and children's hospital inpatient services provided in the Philippines.

### II. ISSUE

How are Philippine-based inpatient hospital services reimbursed?

### III. BACKGROUND

#### Reimbursement Systems:

A. General. Payment for hospital inpatient services shall be made using prospectively determined per diem rates. The per diem rates were developed into a rate system similar to the Medicare/TMA ASC grouper rates. The per diem rates are the maximum TRICARE allowable costs on which the Government and patient cost-shares are calculated for Philippine inpatient hospital services.

B. Applicability. This payment system applies to all hospitals providing services in the Philippines. Institutional providers are required to participate on all care, services, supplies and inpatient claims. This payment system is to be used regardless of the hospital service provided. The prospectively determined per diem rates established under this system are all inclusive and are intended to include, but not be limited to, a standard amount for nursing and technician services; room, board and meals; drugs including any take home drugs; biologicals; surgical dressings, splints, casts; surgical procedures and equipment related to the provision of surgical procedures; laboratory; X-ray or other diagnostic procedures directly related to the inpatient episode; special unit operating costs, such as intensive care units; malpractice costs related to the services furnished to the patients, administrative recordkeeping; and housekeeping items and services.

The per diem rates do not include such items as physicians' fees, irrespective of a physician's employment status with the hospital. The per diem rates do not include other professional providers authorized by TRICARE who render inpatient services and bill independently for them.

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C. Exceptions. None.

D. Institutional Payment Rates.

1. TMA shall calculate the group payment rates and provide them electronically to the appropriate MCSC. The data will contain a locally compensated payment rate for each group; identify the first three digits of the primary diagnosis codes in each group, as well as the effective date. Additions or deletions to the listing of diagnosis codes will be communicated to the contractor as they occur.

2. The rate setting methodology was developed as follows:

- a. A tiered rate system similar to the Medicare/TMA ASC grouper rates.
- b. Ten diagnosis groups based upon the median charge per day for 3 digit diagnosis groups.
- c. Rates were calculated from actual claims data over a one-year period.
- d. Diagnosis-code groups were separated into 10 fairly homogenous payment groups.
- e. Payment rate for each of the resulting diagnosis-code groups was set at the median charge for that group.
- f. Claims data showing a diagnosis code with fewer than 50 inpatient days per year or fewer than eight inpatient stays per year were segregated from the data and used to form Group 11. Group 11 represents the "all other" payment group.
- g. Within each distinct grouping, the diagnosis code median charges were arrayed in descending order.
- h. Group payment rates calculated using one overall day-weighted median charge per day for the group.

E. Payments.

1. General. The per diem group payment rate will be based on the first three digits of the primary diagnosis code. The TRICARE allowable charge and amount reimbursed for Philippine hospital inpatient care shall be the lesser of:

- a. Actual billed charges for hospital inpatient care or:
  - b. The TRICARE allowable cost (per diem group rate).
2. Only the primary diagnosis code will be taken into consideration when determining group payment rate. There is no provision to reimburse multiple diagnoses.

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F. Beneficiary Eligibility - Change in Eligibility Status. Since payment is on a per diem basis, the hospital claim shall be paid for the days the beneficiary is TRICARE eligible and denied for the days that the patient is not TRICARE eligible.

G. Beneficiary Cost-Shares. Inpatient cost shares as contained in [Chapter 2, Section 1](#), shall be applicable to TRICARE's Philippine hospital allowable charge.

H. Updating Payment Rates. The payment rates will be updated annually by TMA by the same update factor used in the Medicare annual update factor for hospitals. Rates shall be updated at the beginning of each fiscal year.

I. Institutional Payment Rate Table. See [Figure 1-34-1](#).

IV. EFFECTIVE DATE

For Hospital Inpatient services on or after October 1, 2004.

**FIGURE 1-34-1 PHILIPPINES PER DIEM PAYMENT GROUPINGS**

| PRIMARY<br>DIAGNOSIS CODE | DESCRIPTION                           | FY05 GROUP<br>PER DIEM RATE |
|---------------------------|---------------------------------------|-----------------------------|
| <b>GROUP 1</b>            |                                       |                             |
| V30                       | Childbirth (child)                    | \$157                       |
| 304                       | Drug Dependency                       |                             |
| 295                       | Psychoses                             |                             |
| 650                       | Delivery (completely normal)          |                             |
| <b>GROUP 2</b>            |                                       |                             |
| 485                       | Bronchopneumonia                      | \$614                       |
| 465                       | Acute upper respiratory               |                             |
| 427                       | Cardiac dysrhythmias                  |                             |
| 789                       | Symptoms involving abdomen and pelvis |                             |
| 011                       | Tuberculosis                          |                             |
| 715                       | Osteoarthritis                        |                             |
| <b>GROUP 3</b>            |                                       |                             |
| 533                       | Peptic ulcer                          | \$680                       |
| 490                       | Bronchitis (chronic)                  |                             |
| 590                       | Kidney infection                      |                             |
| 599                       | Other disorders of urinary tract      |                             |
| 787                       | Symptoms involving digestive system   |                             |
| 466                       | Bronchitis (acute)                    |                             |

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FIGURE 1-34-1 PHILIPPINES PER DIEM PAYMENT GROUPINGS (CONTINUED)

| PRIMARY DIAGNOSIS CODE | DESCRIPTION   | FY05 GROUP PER DIEM RATE |
|------------------------|---|--------------------------|
| <b>GROUP 4</b>         |   |                          |
| 486                    | Pneumonia   | \$860                    |
| 002                    | Typhoid   |                          |
| 463                    | Tonsillitis   |                          |
| 558                    | Other non-infective gastroenteritis or colitis                    |                          |
| 006                    | Amebiasis   |                          |
| 784                    | Symptoms involving head and neck                                  |                          |
| <b>GROUP 5</b>         |   |                          |
| 535                    | Gastritis and duodenitis  | \$922                    |
| 493                    | Asthma  |                          |
| 005                    | Bacterial food poisoning  |                          |
| 780                    | General symptoms  |                          |
| 401                    | Essential hypertension  |                          |
| 061                    | Dengue  |                          |
| <b>GROUP 6</b>         |   |                          |
|                        | All other 3-digit diagnoses codes not identified in other groups. | \$1,135                  |
| <b>GROUP 7</b>         |   |                          |
| 250                    | Diabetes  | \$1,228                  |
| 065                    | Arthropod-borne hemorrhagic fever                                 |                          |
| 786                    | Respiratory symptoms  |                          |
| 600                    | Prostate hyperplasia  |                          |
| <b>GROUP 8</b>         |   |                          |
| 592                    | Kidney stone  | \$1,385                  |
| 536                    | Stomach disorders   |                          |
| 722                    | Intervertebral disc disorder                                      |                          |
| 402                    | Hypertensive heart disease  |                          |
| 272                    | Lipoid metabolism   |                          |
| <b>GROUP 9</b>         |   |                          |
| 496                    | Chronic airway obstruction  | \$1,701                  |
| 571                    | Chronic liver disease, cirrhosis                                  |                          |
| <b>GROUP 10</b>        |   |                          |
| 414                    | Chronic ischemic heart disease                                    | \$2,033                  |
| 574                    | Cholelithiasis  |                          |

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FIGURE 1-34-1 PHILIPPINES PER DIEM PAYMENT GROUPINGS (CONTINUED)

| PRIMARY<br>DIAGNOSIS CODE | DESCRIPTION       | FY05 GROUP<br>PER DIEM RATE |
|---------------------------|-------------------|-----------------------------|
| <b>GROUP 11</b>           |                   |                             |
| 218                       | Uterine leiomyoma | \$2,455                     |

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