

## Decision Logic Used By The Pricer For Episodes Beginning On Or After January 1, 2008

Revision:

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On input records with Type of Bill (TOB) 329, 339, 327, 337, 32F, 33F, 32G, 33G, 32H, 33H, 321, 331, 32J, 33J, 32K, 32M, 33M, 32P, or 33P (that is, all provider submitted claims and provider or contractor initiated adjustments), Pricer will perform the following calculations in the numbered order.

Prior to these calculations, determine the applicable Federal standard episode rate to apply by reading the value in "INIT-PAYMENT-INDICATOR." If the value is 0 or 2, use the full standard episode rate in subsequent calculations. If the value is 1 or 3, use the standard episode rate which has been reduced by 2% due to the failure of the provider to report required quality data.

**Note:** Since the TRICARE Program is not following Medicare's requirement for a 2% reduction in the standard episode rate due to the failure of the provider to report required quality data, all four values (0, 1, 2, or 3) appearing in "INIT-PAYMENT-INDICATOR" will result in full payment of standard episode rate.

### 1. Low Utilization Payment Adjustment (LUPA) calculation.

- a. If the "REVENUE-SUM1-6-QTY-ALL" (the total of the six revenue code quantities, representing the total number of visits on the claim) is less than five, read the national standard per visit rates for each of the six "REVENUE-QTY-COV-VISITS" fields from the revenue code table for the Federal fiscal year in which the "SERV-THRU-DATE" falls. Multiply each quantity by the corresponding rate. Wage index adjust each value and report the payment in the associated "REVENUE-COST" field.

If the following conditions are met, calculate an additional LUPA add-on payment:

- the dates in the "SER-FROM-DATE" AND "ADMIT-DATE" fields match;
- the first position of the Health Insurance Prospective Payment System (HIPPS) code is a 1 or a 2; AND
- the value in "LUPA-SRC-ADM" is not a B or C.

Wage index adjust the current LUPA add-on amount and return this amount in the "LUPA-ADD-PAYMENT" field.

Return the sum of all "REVENUE-COST" amounts in the "TOTAL-PAYMENT" field. If the LUPA payment includes LUPA add-on amount, return 14 in the "PAY-RTC" field. Otherwise, return 06 in the "PAY-RTC" field. These distinct return codes assist the contractors' systems in apportioning visit payments to claim lines. No further calculations are required.

**TRICARE Reimbursement Manual 6010.61-M, April 1, 2015**

Chapter 12, Addendum R

Decision Logic Used By The Pricer For Episodes Beginning On Or After January 1, 2008

- b. If "REVENUE-SUM1-6-QTY-ALL" is greater than or equal to 5, proceed to the re-coding process in Step 2.
2. Re-coding of claims based on episode sequence and therapy thresholds.
- a. Read the "RECODE-IND." If the value is 0, proceed to Step c.
- If the value in "RECODE-IND" is 1, find the number of therapy services reported in "REVENUE-SUM 1-3-QTY-THR." If the number of therapy services is in the range 0-13, re-code the first position of the HIPPS code to 1. If the number of therapy services is in the range 14-19, re-code the first position of the HIPPS code to 2.
- If the value in "RECODE-IND" is 3, find the number of therapy services reported in "REVENUE-SUM 1-3-QTY-THR." If the number of therapy services is in the range 0-13, re-code the first position of the HIPPS code to 3. If the number of therapy services is in the range 14-19, re-code the first position of the HIPPS code to 4.
- b. Read the alphabetic values in the "CLINICAL-SEV-EQ" field and "FUNCTION-SEV-EQ" field for which the number at the end of the field names corresponds to the recorded first position of the HIPPS code determined in Step a. Translate the alphabetic value from a hexavigesimal code to its corresponding numeric value. These are the severity scores in the clinical and functional domains of the case mix model under the payment equation that applies to the claim.
- If the recorded first position of the HIPPS code is 1, use the numeric values for the clinical and functional severity levels and the number of therapy visits in the "REVENUE-SUM 1-3-QTY-THR" field to re-code the second, third, and fourth positions of the HIPPS code according to the table below:

CLINICAL-SEV-EQ1 numeric value	Resulting HRG-OUTPUT-CODE 2nd position value	FUNCTION-SEV-EQ1 numeric value	Resulting HRG-OUTPUT-CODE 3rd position value	REVENUE- SUM 1-3-QTY-THR value	Resulting HRG-OUTPUT-CODE 4th position value
0-4	A	0-3	F	0-5	K
5-9	B	4-5	G	6	L
10+	C	6+	H	7-9	M
				10	N
				11-13	P

If the re-coded first position of the HIPPS code is 2, use the numeric values for the clinical and functional severity levels and the number of therapy visits in the "REVENUE-SUM 1-3-QTY-THR" field to re-code the second, third, and fourth positions of the HIPPS code according to the table below:

CLINICAL-SEV-EQ1 numeric value	Resulting HRG-OUTPUT-CODE 2nd position value	FUNCTION-SEV-EQ1 numeric value	Resulting HRG-OUTPUT-CODE 3rd position value	REVENUE- SUM 1-3-QTY-THR value	Resulting HRG-OUTPUT-CODE 4th position value
0-4	A	0-5	F	14-15	K
5-12	B	6-8	G	16-17	L
13+	C	9+	H	18-19	M

**TRICARE Reimbursement Manual 6010.61-M, April 1, 2015**

Chapter 12, Addendum R

Decision Logic Used By The Pricer For Episodes Beginning On Or After January 1, 2008

If the recorded first position of the HIPPS code is 3, use the numeric values for the clinical and functional severity levels and the number of therapy visits in the "REVENUE-SUM 1-3-QTY-THR" field to re-code the second, third, and fourth positions of the HIPPS code according to the table below:

CLINICAL-SEV-EQ1 numeric value	Resulting HRG-OUTPUT-CODE 2nd position value	FUNCTION-SEV-EQ1 numeric value	Resulting HRG-OUTPUT-CODE 3rd position value	REVENUE- SUM 1-3-QTY-THR value	Resulting HRG-OUTPUT-CODE 4th position value
0-2	A	0-9	F	0-5	K
3-4	B	9-10	G	6	L
5+	C	11+	H	7-9	M
				10	N
				11-13	P

If the recorded first position of the HIPPS code is 4, use the numeric values for the clinical and functional severity levels and the number of therapy visits in the "REVENUE-SUM 1-3-QTY-THR" field to re-code the second, third, and fourth positions of the HIPPS code according to the table below:

CLINICAL-SEV-EQ1 numeric value	Resulting HRG-OUTPUT-CODE 2nd position value	FUNCTION-SEV-EQ1 numeric value	Resulting HRG-OUTPUT-CODE 3rd position value	REVENUE- SUM 1-3-QTY-THR value	Resulting HRG-OUTPUT-CODE 4th position value
0-4	A	0-9	F	14-15	K
5-12	B	9-10	G	16-17	L
13+	C	11+	H	18-19	M

Move the resulting re-coded HIPPS code to the "HRG-OUTPUT-CODE" fields. Proceed to Health Resource Group (HRG) payment calculations. Use the weights associated with the code in the "HRG-OUTPUT-CODE" field for all further calculations.

- c. If the first position of the HIPPS code submitted in "HRG-INPUT-CODE" is a 5 and the number of therapy services in "REVENUE-SUM 1-3-QTY-THR" is less than 20, read the value in the "EPISODE-TIMING" field.

If the value in the "EPISODE-TIMING" field is a 1 and the number of therapy services is in the range 0-13, re-code the first position of the HIPPS code to 1. If the number of therapy services is in the range 14-19, re-code the first position of the HIPPS code to 2.

If the value in the "EPISODE-TIMING" field is a 2, and the number of therapy services in the range 0-13, re-code the first position of the HIPPS code to 3. If the number of therapy services is in the range 14-19, re-code the first position of the HIPPS code to 4.

Return to Step b. and re-code the remaining positions of the HIPPS code as described above.

- d. In all other cases, read only the "REVENUE-SUM 1-3-QTY-THR" field and re-code the 4th positions of the HIPPS code according to the table below, if necessary:

**TRICARE Reimbursement Manual 6010.61-M, April 1, 2015**

Chapter 12, Addendum R

Decision Logic Used By The Pricer For Episodes Beginning On Or After January 1, 2008

HIPPS codes beginning with 1 or 3		HIPPS codes beginning with 2 or 4	
REVENUE-SUM 1-3-QTY-THR value	Resulting HRG-OUTPUT-CODE 4th position	REVENUE-SUM 1-3-QTY-THR value	Resulting HRG-OUTPUT-CODE 4th position value
0-5	K	14-15	K
6	L	16-17	L
7-9	M	18-19	M
10	N		
11-13	P		

Move the resulting rec-oded HIPPS code to the "HRG-OUTPUT-CODE" fields. Proceed to HRG payment calculation. Use the weights associated with the code in the "HRG-OUTPUT-CODE" field for all further calculations.

3. HRG payment calculations.

a. If the "PEP-INDICATOR" is an N:

Find the weight for the first four positions of the "HRG-OUTPUT-CODE" from the weight table for the calendar year in which the "SEV-THRU-DATE" falls. Multiply the weight times the standard episode rate for the calendar year in which the "SERV-THRU-DATE" falls. The product is the case-mix adjusted rate. Multiply the case-mix rate by the current labor-related percentage to determine the labor portion. Multiply the labor portion by the wage index corresponding to "MSA1." Multiply the case-mix adjusted rate by the current nonlabor-related percentage to determine the nonlabor portion. Sum the labor and nonlabor portions. The sum is the wage index and case-mix adjusted payment for this HRG.

Find the non-routine supply weight corresponding to the fifth positions of the "HRG-OUTPUT-CODE" from the supply weight table for the calendar year in which the "SERV-THRU-DATE" falls. Multiply the weight times the supply conversion factor for the calendar year in which the "SERV-THRU-DATE" falls. The result is the case-mix adjusted payment for non-routine supplies.

Sum the payment results for both portions of the "HRG-OUTPUT-CODE" and proceed to the outlier calculation (see Step 4).

b. If the "PEP-INDICATOR" is a Y:

Perform the calculations of the case-mix and wage index adjusted payment for the HRG and supply amounts, Determine the proportion to be used to calculate this Partial Episode Payment (PEP) by dividing the "PEP-DAYS" amount by 60. Multiply the case-mix and wage index adjusted payment by this proportion. The result is the PEP payment due on the claim. Proceed to the outlier calculation (Step 4).

4. Outlier calculation:

a. Wage index adjust the outlier fixed loss amount for the year in which the "SER-THRU-DATE" falls, using the Metropolitan Statistical Area (MSA) or Core Based Statistical Area (CBSA) code in the "MSA1" field. Add the resulting wage index adjusted fixed loss amount to the total dollar amount resulting from all HRG payment calculations. This is the outlier threshold for the episode.

**TRICARE Reimbursement Manual 6010.61-M, April 1, 2015**

Chapter 12, Addendum R

Decision Logic Used By The Pricer For Episodes Beginning On Or After January 1, 2008

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- b. For each quantity in the six "REVENUE-QTY-COV-VISITS" fields, read the national standard per visit rates from revenue code table for the year in which the "SER-THRU-DATE" FALLS. Multiply each quantity by the corresponding rate. Sum the six results and wage index adjust this sum as described above, using the MSA or CBSA code in the "MSA1" field. The result is the wage index adjusted imputed cost for the episode.
- c. Subtract the outlier threshold for the episode from the imputed cost for the episode.
- d. If the result is greater than \$0.00, calculate 0.80 times the result. Return this amount in the "OUTLIER-PAYMENT" field. Add this amount to the total dollar amount resulting from all HRG payment calculations. Return the sum in the "TOTAL-PAYMENT" field with return code 01.
- e. If the result is less than or equal to \$0.00, the total dollar amount resulting from all HRG payment calculations is the total payment for the episode. Return zeroes in the "OUTLIER-PAYMENT" field. Return the total of all HRG payment amounts in the "TOTAL-PAYMENT" field, with return code 00.

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