



# PROVIDER QUICK TIPS

#134

## Low-Cost Outlier Implementation and High-Cost Outlier Threshold Adjustment

On May 7, 2012, the Department of Public Welfare (the department) is implementing a low-cost outlier policy for inpatient Fee-for-Service claims billed by acute care general hospitals with dates of discharge on or after July 1, 2011 that is consistent with the approved state plan. In addition, the high-cost outlier threshold was changed from \$24,000 to \$30,000 for inpatient claims billed by acute care general hospitals with dates of discharge on or after July 1, 2011. Please note that the high-cost threshold for acute care general hospitals with dates of discharge on or after July 1, 2010, to June 30, 2011, will remain \$24,000.

The low-cost outlier policy makes an adjustment to payments where the cost of the inpatient stay is below the cost threshold established by the department. Effective for dates of discharge on or after July 1, 2011, all inpatient acute care claims will be systematically reviewed for a low-cost outlier determination with the exception of claims identified as a transfer and/or a two-day per-diem as defined in Appendix I of the PA PROMISE™ Provider Handbook, which can be accessed on the department's website at:

[http://www.dpw.state.pa.us/cs/groups/webcontent/documents/form/s\\_001848.pdf](http://www.dpw.state.pa.us/cs/groups/webcontent/documents/form/s_001848.pdf) .

Appendix I also illustrates the calculation of both the high-cost outlier as well as the low-cost outlier.

For low-cost outlier claims, an inpatient acute care claim payment will include the following:

- the cost of the claim
- the amount of the universal low-cost outlier threshold, and
- 20% of the amount exceeding the sum of the cost of the claim and the amount of the universal low-cost outlier threshold up to the Base APR-DRG price of the claim

The department will perform a mass adjustment of all inpatient hospital claims submitted prior to May 7, 2012 for dates of discharge on or after July 1, 2011. Mass adjustments will be performed at a later date. Specific dates for the mass adjustment process have not been determined at this time.

**Thank you for your service to our Medical Assistance Recipients.**

**We value your participation.**

Check the department's website often at: [www.dpw.state.pa.us](http://www.dpw.state.pa.us)

