

MDHHS Psychiatric Inpatient Tiered Rates Fact Sheet

Effective **July 1, 2024**, there will be four new modifiers for Inpatient psychiatric stays, these can be reported as early as April 1, 2024, but will not be required until July 1, 2024. For contracts where physician services are unbundled (i.e., not using 0100 revenue code), reporting will be required starting at a later date.

| Modifier | Description |
|-----------------|--|
| V1 | Demonstration Modifier: Tier 1 – Normal staffing level |
| V2 | Demonstration Modifier: Tier 2 – 2:1 staffing ratio |
| V3 | Demonstration Modifier: Tier 3 – 1:1 staffing ratio |
| V4 | Demonstration Modifier: Tier 4 – 1:2 staffing ratio |

Staffing ratios represent Patients: Hospital Staff

Which code/service would these modifiers be reported on?

- Revenue Code 0100.
 - Revenue code 0100 is an all-inclusive rate for room and board plus ancillary services, including payment for both the hospital and physician service.
 - The bundling of physician services is required beginning at a later date, which may lead to some other IP Psych revenue codes being removed from the code sets.

Purpose/Goal:

- The goal of the proposed tiered rate methodology is to provide a standardized approach to payment increases that incentivize the provision of inpatient psychiatric services with enhanced staffing levels and improved access to care.

Tier assignment:

- Tiered rates will be assigned to each patient day without an hours threshold. Multiple days can be reported on the same claim line if staffing ratios are consistent during the span. Encounter claims should include multiple claim lines if multiple rate tiers are needed.

Covered days:

- The number of covered days applicable for each tiered rate would be based on the service to date less the service from date (subject to payer approval).
- Covered days would be reported at the claim detail line level, along with revenue code, revenue code modifier (V1-V4), and service date to allow for multiple per diem rate tiers to be billed for the same patient stay.

Validation:

- MDHHS proposes that the PIHP/CMHSP payor validate the initial placement of patients into tiers:
 - Patients can move to higher or lower rate tiers based on a physician order, with the physician order being used as documentation.
 - MDHHS continues to propose PIHPs and CMHSPs validate the initial placement of patients into higher rate tiers and maintaining the concurrent review process with current policies.

Revised: April 17, 2024