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The Coded Division of Financial Responsibility (DOFR)

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Administrative Simplification

In 2011, the Integrated Healthcare Association (IHA), along with other industry leaders, including CAPG, California Association of Health Plans (CAHP) and others, identified priority areas for administrative simplification under capitation arrangements.

#1 Issue:
Division of Financial Responsibility (DOFR)
DOFR Project

- IHA organized a multi-stakeholder work group
- Developed a Coded DOFR for commercial HMO/POS and Medicare Advantage contracts
- Aimed to influence health plans and providers to incorporate the Coded DOFR into their capitated contract templates, contract management systems, and claims systems
What is a DOFR?

- An integral component of a capitated agreement between a health plan and a provider, identifying financial risk by service category
- The Coded DOFR is a grid of service categories drilled down to the code level
- Each service category designates the financially responsible entity – the health plan or the provider
## Non-Coded (Old) DOFR

<table>
<thead>
<tr>
<th>Service Description</th>
<th>Medical Group</th>
<th>Health Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>AIDS - Facility</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AIDS - Professional</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ALL SERVICES - Facility</td>
<td></td>
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<tr>
<td>ALL SERVICES - Professional</td>
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<tr>
<td>ALLERGY SERUM</td>
<td></td>
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<tr>
<td>ALLERGY TESTING</td>
<td></td>
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<tr>
<td>ALLERGY TREATMENT</td>
<td></td>
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<tr>
<td>ALPHA FETAL PROTEIN (AFP)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AMBULANCE - In Area</td>
<td></td>
<td></td>
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<tr>
<td>AMBULANCE - Out of Area</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BLOOD AUTOLOGOUS SERVICES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AMNIOCENTESIS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BIOFEEDBACK</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CHEMICAL DEPENDENCY - Facility</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CHEMICAL DEPENDENCY PROVIDER - Professional</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CHEMOTHERAPY/ANTINEOPLASTIC DRUGS - Office, Outpatient</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CHEMOTHERAPY - Professional</td>
<td></td>
<td></td>
</tr>
<tr>
<td>COLOSTOMY/OSTOMY SUPPLIES - Inpatient</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CHIROPRACTIC (IF OFFERED AS SUPPLEMENT)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Non-Coded DOFR Challenges

- Insufficient service category descriptions
- Lack of specificity means service categories are subject to interpretation
- Inefficiencies with non-standard formats, ie, each health plan has their own DOFR
- Financial responsibility defined at too high a level
Why a Coded DOFR?

- Clarifies gray areas by clearly defining which party has risk for a service category – no more claims “ping pong”
- Saves administrative time by reducing number of disputes, and supports the ACA’s Medical Loss Ratio requirements
- Standardized format allows administrative efficiencies with system configuration
- Facilitates financial analysis, allows parties to use identical codes to value each service category
Coded DOFR

- Standard set of service categories with associated codes (CPT, HCPCS, ICD-10, Hospital Revenue)
- *Not* a standardized risk matrix – risk assignment is determined by contract negotiations
- DOFR framework can encompass any health plan benefit design
- Release 6.0 includes: 17 guidelines codes, 14,000 billing and revenue codes, ICD-10 updates
Collaborative Work Group

6 Health Plans
- Aetna
- Anthem Blue Cross
- Blue Shield of California
- CIGNA
- Health Net
- United Healthcare

Others: IHA, HFMA, CAPG

6 Providers
- Sharp HealthCare
- Dignity Health
- Brown & Toland
- Cedars-Sinai Med. Group
- Sansum Clinic
- Hill Physicians Med. Group
Work Group Process

- Work group members review coding updates and make written recommendations to the Project Lead
- Work group meetings allow discussion/review of all comments and recommendations
- Work group agrees on final decisions on the appropriate service category for each code

The result: an industry vetted template
# Coding by Service Matrix

**IHA DOFR™ RELEASE 5.2**  
CODED COMMERCIAL AND MEDICARE ADVANTAGE DOFR: CODING BY SERVICE - EXAMPLE

| Service Category | Service subcategory | Diagnosis | CPT® Codes (*duplicate codes*)  
| CPT® is a registered trademark of the American Medical Association (AMA). All rights reserved. CPT codes, descriptions, and data are copyright 2014 American Medical Association | HCP  
| *duplicate codes* | Codes | Revenue  
| *duplicate codes* | Dental Codes | Other  
| --- | --- | --- | --- | --- | --- | --- |

(For illustrative purposes only)

Plan Group Group Hosp Group Hosp
Radiology Code Example

CPT® is a registered trademark of the American Medical Association (AMA). All rights reserved. CPT codes, descriptions, and data are copyright 2014 American Medical Association.

<table>
<thead>
<tr>
<th>Service Category</th>
<th>Radiology (excluding Nuclear Medicine)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Subcategory</td>
<td>Radiology (excluding Nuclear Medicine): Diagnostic</td>
</tr>
</tbody>
</table>

These CPT® Codes are linked to Column D - Row 93 in the "Coding By Service" Tab

See Guideline #10

- 70010
- 70015
- 70030
- 70100
- 70110
- 70120
- 70130
- 70134

... Pathology | Professional Services | Prosthetics & Orthotics | Radiology Diagnostic

Industry Collaboration Effort
The DOFR transitioned from IHA to ICE in 2016

It continues to be vetted by a multi-stakeholder ICE workgroup representing various healthcare sectors.

As a value added service for ICE membership, the DOFR will be made available at no cost to five people in any one organization.

When is it available? NOW!!!

Available at www.iceforhealth.org/clientadmin/DOFRDocument.asp
Login is required, click on Coded DOFR.
DOFR Information

- ICE for Health: 
  www.iceforhealth.org

- Steve Linesch: 
  323.610.8327 
  slinesch@gmail.com

- Carol Wanke 
  858.499.4217 
  carol.wanke@sharp.com
The Sharp Journey to Reduce Bouncing Claims

Carol Wanke  
Vice President, Managed Care Operations  
Sharp HealthCare
Introduction to Sharp HealthCare
Overview of How We Began
What Did We Learn
How is the Tool Used
Best Practices
Sharp HealthCare

Largest health care system in San Diego
  • 2 affiliated medical groups, 7 hospitals, 3 skilled nursing facilities, a health plan, 21 outpatient clinics, 5 urgent care centers, home health, hospice, and home infusion programs
  • Market share leader and only health care system that increased market share each of the past 11 years

Largest private employer in San Diego
  • 15,000 employees, 2,600 affiliated physicians, 2,300 volunteers
Sharp HealthCare

• Grew from one hospital in 1955 to an integrated, non-profit health care delivery system

• Largest private employer in San Diego
  – 17,000 employees, 3,300 affiliated physicians, 3,000 volunteers

• A typical day at Sharp HealthCare (fiscal 2014):
  – 228 admissions
  – 1,322 inpatients
  – 2,407 outpatient visits
  – 712 emergency department visits
  – 44 deliveries
  – 122 surgeries
  – 3,468 medical clinic physician visits
Advancing Population Health and Consumerism

Over 30 years of experience in managing care under population-based payment structures.
In The Beginning....

- Multispecialty medical group with 10 DOFR’s and a Common Risk Matrix
- Hospital with 13 DOFR’s
- IPA with 11DOFR’s
- 8 Sharp Health Plan DOFR’s
- Contracting/Claims/UM/ access to DOFR’s on paper
- Hospital had access to affiliated provider DOFR’s only

<table>
<thead>
<tr>
<th>SERVICE DESCRIPTION:</th>
<th>RISK</th>
<th>CLAIM PAYMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>AIDS - Facility</td>
<td>Hosp Fund</td>
<td>Hospital (applies to all services billed on the same claim)</td>
</tr>
<tr>
<td>AIDS - Professional</td>
<td>IPA</td>
<td>IPA (applies to all services billed on the same claim)</td>
</tr>
<tr>
<td>ALL SERVICES - Facility</td>
<td>Hosp Fund</td>
<td>Hospital</td>
</tr>
<tr>
<td>ALL SERVICES - Professional</td>
<td>IPA</td>
<td>IPA</td>
</tr>
<tr>
<td>ALL SERVICES - ANESTHESIOLOGY - Inpatient - Professional</td>
<td>Hosp Fund</td>
<td>Hospital</td>
</tr>
<tr>
<td>ALL SERVICES - Emergency - Professional - In Area</td>
<td>Hosp Fund</td>
<td>Hospital</td>
</tr>
<tr>
<td>ALL SERVICES - NEONATAL, PERINATAL - Inpatient - Professional</td>
<td>Hosp Fund</td>
<td>Hospital</td>
</tr>
<tr>
<td>ALL SERVICES - PATHOLOGY - Inpatient - Professional</td>
<td>Hosp Fund</td>
<td>Hospital</td>
</tr>
<tr>
<td>ALL SERVICES - PATHOLOGY &amp; LABORATORY MEDICINE - Inpatient - Professional</td>
<td>Hosp Fund</td>
<td>Hospital</td>
</tr>
<tr>
<td>ALL SERVICES - PATHOLOGY, ANATOMIC - Inpatient - Professional</td>
<td>Hosp Fund</td>
<td>Hospital</td>
</tr>
<tr>
<td>ALL SERVICES - PATHOLOGY, ANATOMIC &amp; CLINICAL - Inpatient - Professional</td>
<td>Hosp Fund</td>
<td>Hospital</td>
</tr>
<tr>
<td>ALL SERVICES - PERINATOLOGY - Inpatient - Professional</td>
<td>Hosp Fund</td>
<td>Hospital</td>
</tr>
<tr>
<td>ALL SERVICES - PULMONARY DISEASE - Inpatient - Professional</td>
<td>Hosp Fund</td>
<td>Hospital</td>
</tr>
<tr>
<td>ALL SERVICES - RADIOLGY, Inpatient - Professional</td>
<td>Hosp Fund</td>
<td>Hospital</td>
</tr>
</tbody>
</table>
Becoming Green

Managed Care Contracts

The Sharp HealthCare Managed Care Contracts department is responsible for negotiating and documenting the agreements between Sharp HealthCare, the individual Sharp affiliated medical groups (Sharp Community Medical Group and Sharp Rees-Stealy Medical Group) and the insurance payors. This department also negotiates the ancillary agreements with downstream providers for Sharp Rees-Stealy Medical Group and Sharp HealthCare. Upon completion of the agreements, the Contracts department then notifies the interested or impacted individuals/departments regarding the contractual terms so the operational staff can review for implementation. The information contained on this Web site is provided to assist you with the implementation of managed care agreements.

This site is not intended to replace or supersede the agreement. Where documentation and the agreement do not match, please notify the Contracts department at 858-499-5500, for further clarification.
DOFR’s Posted On Intranet
Coded DOFR example!

<table>
<thead>
<tr>
<th>Service Category</th>
<th>Service subcategory</th>
<th>Diagnosis</th>
<th>CPT Codes (&quot;duplicate codes&quot;)</th>
<th>Updated HCPCS (&quot;duplicate codes&quot;)</th>
<th>Revenue (&quot;duplicate codes&quot;)</th>
<th>Dental Codes</th>
<th>Other</th>
</tr>
</thead>
</table>
Misdirected or Bouncing Claims

- DOFR categories subject to interpretation
- Claims shop redirecting claims
- Appeals and PDR’s mostly related to DOFR issues
- Contracting Teams involved in Billing and Claim related issues
The Case for Improvement

• Sharp participated on the IHA Work Group

• Discussed common areas of the DOFR causing the majority of the bouncing claims between plan and medical group

• Goal was to reduce volume of duplicate claims and appeals submitted by providers
Coded DOFR Put into Action

• Developed a DOFR coding team
• Included members from claims, system setup, medical groups, hospital, and contracting
• Met once a week until project was completed
• Each team member was assigned a DOFR to code.
• Coded DOFR was reviewed by team.
So What Did We Learn?

• Reviewing the DOFR as a team provided learning for many
• Having contracting team participate is a must
• Hospital and Medical Group had different interpretations of the DOFR
• The coding helped group apply a consistent interpretation of risk
• Contracting team had a better understanding of the system set up complexities
So What did we Learn?

• The procedure codes can determine:
  - Benefits and Co-pays/coinsurance
  - Authorization Processes
  - Risk

• Created a category to allow claims to adjudicate to the correct risk entity.
Most Problematic Categories

- Chemo Therapy with Adjunctive Therapy
- Infusion vs. Injectables
- Interventional Radiology
- Cardiac Procedures
- Diagnostic vs. Therapeutic Procedures
- Fetal Monitoring and Maternity Triage
So How is the Coded DOFR Used?

- All Coded DOFR’s are on a shared drive that users have access to.
- When a claim is denied as medical group or hospital risk, the analyst will compare to the coded DOFR to verify risk.
- Substantially reduced calls to contracts team to interpret risk.
- Analysts will use the coded DOFR in appeals and have been successful in overturning the denial.
- As a tool to do retrospective claim review to determine proper fund assignment for dual risk plans.
Best Practices

• Review each DOFR as a team to get broad input
• Team must include contracting
• Utilize tool for contract negotiations particularly when there are DOFR disputes
• Train billing staff how to use the tool
• Contracting team review coded DOFR when disputes are brought to them
• Use as an auditing tool on retrospective claim review
Best Practices

• Procedure codes must be reviewed each year and add and delete the codes on the DOFRs from year to year.

• The service categories that are driven by a diagnosis (like Infertility) must be reviewed each year as well.

• Review the codes in each service category, and determine if existing logic can be revised to relate more closely with the DOFR to drive benefits as well as fund rules.
What’s next?

• Ensure that the Health Plans use in contract negotiations and their staff is using as well.
• Doing so, will reduce the misdirected claims successfully!
• 2017 DOFR 7.0 will start mapping in January.
• Team will begin work on new categories:
  - Transgender
  - Wound Care
Join the ICE DOFR Team

• This team is responsible to review new code sets each quarter and update the DOFR.
• Participants can be coders and analysts health plans and groups familiar with code set mapping.
• To join the team click here:
• https://www.iceforhealth.org/teamactivities.asp
“Never be afraid to try something new. Remember, amateurs built the ark. Professionals built the Titanic.”

Dave Berry