

## **Reporting of Hospital Services Provided Under Contract**

### **PURPOSE**

The purpose of this Circular is to advise on financial and statistical recording and reporting requirements for public and private hospitals which enter into contractual arrangements with other hospitals or payers to provide services for admitted and non-admitted patients. The Circular applies specifically to acute episodes of care for public hospitals funded under Program 306 as well as for private hospitals.

The Department acknowledges that the diversity of contractual arrangements in operation does add a level of complexity to reporting arrangements. Reporting specifications contained in this Circular seek to clarify the Department's expectations and facilitate uniform reporting on an interim basis. The reporting criteria will be further reviewed in 1994 to improve the specificity of reporting codes.

### **BACKGROUND**

A basic principle of casemix funding is that hospitals are funded according to the patient treatment undertaken as measured by casemix data reported to the Department of Health and Community Services (H&CS) through the Victorian Inpatient Minimum Database (VIMD). However, this is complicated in some instances when part or all of a patient's treatment may be funded outside the Department's casemix funding mechanism as a result of contractual arrangements between hospitals or between hospitals and external payers.

### **Contractual Types**

There are numerous types of contractual arrangements which currently operate. This Circular deals with the six types listed below.

#### *Contracting Part of an Episode of Care*

This occurs when one hospital contracts with another hospital to provide either:

- |                             |                   |
|-----------------------------|-------------------|
| A non-admitted service      | (Type 1 Contract) |
| or                          |                   |
| A same day admitted service | (Type 2 Contract) |

The contracted hospital, Hospital B, records and reports all data for *admitted* patients but flags that these services have been provided "under contract".

Services provided under contract by the contracted hospital are excluded from variable payment calculations used for casemix funding.

*Contracting of Whole Episodes: Type 3 & 4 Contracts*

Where there has been an arrangement for Hospital A to contract a whole episode of care to Hospital B, this episode of care should not be recorded as part of Hospital A's patient-level reporting to the VIMD.

**This type of contractual arrangement between hospitals should be discontinued and contracts should be entered into directly by the Department where this is considered appropriate. Exemptions may apply in limited circumstances following the approval of both the Regional Director and the Director, Acute Health Services Division.**

If the contracted hospital is a *private* hospital, then the Department would enter into a contractual arrangement based upon casemix funding principles. Public patients treated under these contracts are able to be reported to the Commonwealth as "Contracted" public patients in private hospitals.

*Contracting of Whole Episodes: Type 5 & 6 Contracts*

In the case of patients who are treated under contract to a purchasing authority other than H&CS, separations need to be reported to the VIMD under specific Account Class codes to ensure that they are **excluded** from casemix funding calculations. This applies to both contracted public and private hospitals.

**TRANSFER PATIENTS**

**Patients who commence their treatment in one hospital and are transferred to another hospital to complete their treatment are categorised as "transfer" patients and are not the subject of the above contractual arrangements.**

In 1993/94, transfer patients are formally admitted and discharged from both hospitals and both hospitals record these episodes of care and report them to the VIMD. Hence, these separations are included for the purposes of casemix variable payments. This will be reviewed and a revised policy on transfers implemented in 1994/95. If a hospital admits a patient, on transfer, for convalescent care, then this should be recorded as such for the purpose of DRG assignment.



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## **Attachment 2: Detailed description of contract types and instructions for admission/ recording/ reporting**

**Type 1 Contract:** Contracting part of an episode of care for a *non-admitted service*. An example of this would be if a contracting public/private hospital, Hospital A, admits a patient and then arranges for treatment services for this patient at a contracted public/private hospital, Hospital B, on a non-admitted basis. The non-admitted service is provided by the contracted hospital and the patient returns to Hospital A on the same day.

### **Admission Processes**

- The patient is formally admitted to Hospital A.
- The patient is put on leave from Hospital A to attend Hospital B for a non-admitted service.
- Hospital A must ensure that booking arrangements and/or referral documentation facilitate ready identification and appropriate recording of contracted patients by Hospital B.
- Hospital B provides the service.
- Hospital B does not admit the patient.
- The patient is returned to Hospital A on the same-day and is returned from leave.

### **Recording and Reporting to VIMD**

- Hospital A records and reports to the VIMD all diagnoses/procedures, including the contracted non-admitted service, if this has a relevant ICD-9-CM code.
- Hospital B does not report the service to the VIMD as it is a non-admitted service provided under contract.
- The days of leave at Hospital A are nil because the patient returns on the same day that leave was commenced.

### **Account Class**

- Hospital A reports to the VIMD the patient's substantive Account Class (that is, not a contracted category).

### **H&CS Payment Action**

- Hospital A will receive casemix funding for the DRG based upon all codes including relevant codes attributable to the non-admitted service provided by Hospital B.

### **Critical Issue**

- Hospital A must put the patient on leave and should not record the episode as two separate admissions to Hospital A.

### **Reporting via AIMS**

- The admission to the contracting hospital (Hospital A) should be reported in Form S1 (public) or in Form P1 (private).
- Neither the contracting (Hospital A) nor the contracted hospital (Hospital B) should report the contracted service for non-admitted treatment in Form S2 or P2.

**Reporting via AIMS**

- The admission to the **contracting** hospital (Hospital A) should be reported in Form S1 (public) or in Form P1 (private).
- The admission to the **contracted** hospital (Hospital B) should also be reported in Form S1 (public) or in Form P1 (private).

#### **Type 4 Contract: Whole Episode of Care Contracted to a Private Hospital by a Public Hospital**

This type of contract should be discontinued in favour of the development of Type 3 contracts. Exemptions may apply in limited circumstances following the approval of both the regional director and the Director, Acute Health Services Division.

#### **Type 5 Contract: Whole Episode of Care Contracted to a Public Hospital by an External Purchasing Authority.**

*A public hospital undertakes a whole episode of care for a purchasing authority - the contracting agency is not H&CS and is not a public hospital.*

##### **Admission processes**

- The Hospital must ensure that booking arrangements and/or referral documentation facilitate ready identification and appropriate recording of contracted patients.
- The patient is formally admitted for the whole episode of care at the contracted public hospital.

##### **Recording and Reporting to VIMD**

- The contracted public hospital records and reports to the VIMD all diagnoses/procedures.

##### **Account Class**

- Account Class HC is used indicating that an admitted service has been provided under contract in a public hospital.

##### **H&CS Payment Action**

- The hospital does not receive casemix funding from H&CS.

##### **Reporting via AIMS**

- The admission to the contracted hospital should be reported in Form S1 (public).

### **Attachment 3. Exceptions to the Standard Reporting Arrangements**

For Type 1 and 2 contracts involving contracting of a partial episode of care, exceptions to the standard reporting arrangements described in Attachment 2 will be necessary if the treatment at the contracted hospital, Hospital B, involves a longer period of treatment than a same-day service. In circumstances where a patient is required to stay overnight or longer at Hospital B, the following reporting arrangements will apply in 1993/94.

**Scenario 1. The patient is put on leave from Hospital A to receive treatment at Hospital B. Treatment is prolonged, requiring admission for at least one night. The patient returns to Hospital A within seven days.**

#### **Admission Processes**

- The patient is formally admitted to Hospital A.
- The patient is put on leave by the contracting hospital and attends Hospital B and receives one or more days treatment.
- Hospital B formally admits the patient and formally separates the patient within seven days.
- The patient is returned to Hospital A and is returned from leave.

#### **Recording and Reporting to VIMD**

- Hospital A records and reports to the VIMD all diagnostic/procedure codes, including the contracted admitted service.
- The days of leave at Hospital A are at least one.
- Hospital B records and reports to the VIMD the diagnostic/procedure codes relevant to the contracted admitted service.

#### **Account Class**

- Hospital A reports to the VIMD the patient's substantive Account Class (that is, not a contracted category).
- Account Class HC is used where Hospital B is a public hospital, indicating that this was an admitted service provided under contract.
- Account Class HP is used where Hospital B is a private hospital, indicating that this was an admitted service provided under contract.

#### **H&CS Payment Action**

- Where Hospital A is a public hospital, it will receive casemix funding based upon all codes including the one or more days of care provided by Hospital B.
- Reimbursement of Hospital B will be negotiated by Hospital A taking account of the length of stay and procedures undertaken by Hospital B.

#### **Reporting via AIMS**

- The admission to the contracting and contracted hospital for the partial episode of care should be reported either in Form S1 (for public hospitals) or P1 (for private hospitals).