

Call for Preparation for the Implementation of the Shadow Billing of Diagnosis-Related Groups (DRG)

PhilHealth calls on all hospitals, infirmaries, and lying-in clinics to begin preparations for the Shadow Billing exercise which the Corporation will conduct as part of the transition to paying providers based on DRGs (PhilHealth Circular 2024-0006).

What is the DRG system?

It is a patient classification system wherein inpatient cases that have similar clinical management and resource use are grouped together. Each group has a specific relative weight assigned which directly correlates to its cost.

What is Shadow Billing?

Shadow Billing is the process of simulating or running a parallel claims submission/billing system alongside the current system. It involves generating hypothetical DRG claims using All Case Rates (ACR) claims. This exercise will begin **April 2024** and all inpatient health facilities shall be required to participate.

Why is Shadow Billing needed?

Shadow Billing is needed so PhilHealth can develop a casemix profile and initial DRG rates in preparation for implementation. The exercise will also allow PhilHealth to test and clean up the IT system that will be used for the implementation of DRGs. This includes the claims submission, claims processing, and grouping, among others.

What are the benefits of participating in Shadow Billing?

Participating in Shadow Billing would provide an early opportunity for inpatient health facilities to prepare their systems for DRG implementation. It is also important that data from all health facilities are utilized when developing the rates and refining the clinical groupings of the DRG system.

Will participating health facilities be paid using DRG rates?

No, health facilities will continue to be paid using the ACR system during the period of Shadow Billing exercises. Despite this, facilities must still participate to ensure accurate development of DRG rates.

What do health facilities need to do to prepare for Shadow Billing?

The following must be fulfilled in order to participate in the Shadow Billing exercises:

1. The health facility's Service Provider (in-house or external) must be certified by PhilHealth to submit the interim DRG claim form (Claim Form 5). The XML template and other system requirements will be provided by PhilHealth's Information Technology Management Department following the existing procedures for software certification.
2. Must participate in orientation and capacity building activities to be organized by PhilHealth. Separate announcements shall be issued regarding these activities.

All health facilities shall submit a copy of the two certifications listed above along with a cover letter acknowledging their responsibility to submit the CF5 for patients admitted seven (7) working days after the PRO receives their submission (Please see Annex A: Letter Template for the Submission of Shadow Billing Requirements).

Where can health facilities submit requirements for Shadow Billing?

Health facilities can submit physical or electronic copies of the abovementioned requirements to their respective PhilHealth Regional Office (PRO) or through their Local Health Insurance Office (LHIO). Submissions must be addressed to the Regional Vice President regardless of where the requirements are submitted.

(Sgd.) EMMANUEL R. LEDESMA, JR.

President and Chief Executive Officer (PCEO)

Annex A

Annex A: Letter Template for the Submission of Shadow Billing Requirements

<OFFICIAL LETTERHEAD OF HEALTH FACILITY>

<DATE>

<NAME>

Regional Vice President
PhilHealth Regional Office ____

Greetings!

We are writing to submit the requirements of <NAME OF HEALTH FACILITY> for the Shadow Billing of Diagnosis-Related Groups in compliance with PhilHealth Circular No. 2024-0006 entitled, "Implementation of the Shadow Billing for the Transition to Diagnosis-Related Groups (Revision 1)." Please see attached the following documents:

1. Updated certification of our service provider, <NAME OF SP>, **Certificate No.** _____
2. Certificate of participation in PhilHealth's capacity building activity on DRG data encoding dated <DATE OF CAPACITY BUILDING ACTIVITY>

Upon the submission of these documents, we acknowledge that our health facility shall be required to submit Claim Form 5 as part of claim submissions of all patients admitted (7) working days from the PRO's receipt of the submitted requirements. Should there be any concerns, please reach out to <NAME OF HEALTH FACILITY REPRESENTATIVE FOR SHADOW BILLING> through <CONTACT DETAILS>.

Thank you very much.

<NAME OF HEALTH FACILITY CHIEF>

<Position>

<Name of Health Facility>