Division of Financial Responsibility (DOFR)

Frequently Asked Questions

Updated: February 17, 2012

1. What is a DOFR?

DOFR stands for "division of financial responsibility." The DOFR is a tool currently used in the contracting process by health plans, physician organizations, and hospitals in capitated payment relationships to define which party is financially responsible for services rendered. It is also used as a reference document by health plans, hospitals, and physician organizations to support contract administration and claims payment.

2. What are the benefits of a coded DOFR?

IHA's coded DOFR differs from existing DOFRs because it defines service categories at the code level, which has benefits for all California healthcare stakeholders under capitation/risk arrangements. Although it does not assign risk, it gives plans and providers a uniform starting point for capitated payment negotiations. The implementation of a coded DOFR providing a standard set of service categories with associated codes should help manage any redefinition of the DOFR, commonly called "DOFR creep." This should help to reduce payment ambiguities between parties and claims re-direction from organization to organization that drive up administrative costs and can lead to consumer frustration with health plans and providers. Providers – both hospitals and physician organizations – will benefit from reductions in administrative burdens associated with managing multiple risk relationships and in the costs associated with misdirected claims that can result from ill-defined lines of responsibility. Consumers will also ultimately benefit from fewer misdirected claims, which can negatively impact their experience of care. Under the Affordable Care Act, health plans are required to keep administrative expenses at or below 20% of premiums in the individual and small group markets, and 15% of premiums in the large group market. Having a standardized template for determining the assignment of risk should help California health plans to meet these requirements.

3. What population does the DOFR cover?

The current version of the DOFR covers commercial HMO/POS enrollees, as well as Medicare Advantage enrollees.

4. Who should use the DOFR?

California healthcare stakeholders responsible for provider contracting, financial management, or claims administration of capitation/risk arrangements in the California delegated model will find the DOFR to be a useful tool. Organizations outside of California should contact Cindy Ernst at IHA (cernst@iha.org) for more information on the DOFR.

5. How do I access the DOFR?

The DOFR is available on the IHA website (www.iha.org). Individuals must register and accept the terms of the End User Agreement in order to download the DOFR. The DOFR is available to California stakeholders that register and agree to the End User Agreement. Individuals from organizations located outside of California should contact Cindy Ernst at IHA (cernst@iha.org) for more information on the DOFR.

6. Does the DOFR assign financial risk?

No; the assignment of financial risk is determined in negotiations between health plans and providers. The DOFR is simply a coded template that plans and providers may use when allocating financial responsibilities for services, which ensures clear delineation of "who is responsible for what" at the billing code level.

7. What happens in the case of a coding update (e.g. movement to ICD-10 codes)?

The current DOFR uses 2011 versions of various code sets. Updates to the DOFR will be made via a maintenance process managed by IHA on a regular basis. ICD-10 updates will be completed by October 2013.

8. What if an agreement has additional categories not included in the DOFR?

Health plans, physicians and hospital organizations are expected to revise the DOFR as necessary, as some agreements may not include all delineated categories, may break out categories differently, or may include categories that are not identified in the first release (see DOFR Recommended Guidelines for more information).

9. How will we know if there are changes made to the DOFR?

By registering to download the DOFR on the IHA website, you will automatically receive email updates about any subsequent release of the DOFR, including changes in coding.

10. What should organizations using the DOFR do about duplicate codes?

We recognize that some codes appear in more than one category; this is deliberate, as the completeness of each category is important, and duplication may be necessary as risk can be assigned differently in some instances. However, since duplication creates ambiguity, parties who are using the DOFR should modify it to fit a specific capitation/risk arrangement and remove unnecessary duplicate codes to reduce ambiguity where possible. Duplicate codes are noted with an asterisk in the DOFR.

11. What are the release plans for the DOFR and are there different versions?

The initial DOFR Release 1.0 was launched in September 2011 followed by a 60-day public comment period. Individuals must register and accept the terms of the End User Agreement on the IHA website (www.iha.org) in order to download the DOFR. The stakeholder comment period for registered users began on the initial launch date and closed after two months. All comments were tracked by IHA and reviewed and vetted by the DOFR workgroup. Changes accepted by the workgroup have been incorporated into the DOFR Release 1.1 and a formal response to submitted comments was posted on the IHA website in January 2012. Additionally, minor changes were inserted to Release 1.2 to improve compliance with licensing agreements.

DOFR Release Plans	Release Dates
Release 1.0	September 2011 followed by 60-day comment period
Release 1.1	January 2012
Release 1.2	February 2012
Release 2.0	TBD 2012

12. What if I want to suggest a change to the DOFR?

Registered users of the DOFR may submit electronic comments and suggestions through a DOFR comment link posted on the IHA website (www.iha.org) during the 60-day public comment period that follows the annual DOFR release. At the end of each public comment period, the workgroup will review and respond to submitted comments, and approved changes will be incorporated into the next iteration of the DOFR. All other comments outside of the public comment period may be submitted directly to Cindy Ernst at IHA (cernst@iha.org).

13. What do we do with the DOFR?

Initially, we foresee health plans, physician organizations, and hospitals using this as a reference document when they are negotiating capitated contracts. Subsequently, these organizations may embed the DOFR in their contracts and into their systems of contract administration. Finally, the document can be embedded into the electronic administration of contracts and claims. The DOFR's transition from a reference document to a part of the architecture of claims administration will likely take years for most plans and providers, however beginning to use the tool in negotiating contracts is a key step towards this end.

14. What types of codes are included in the DOFR?

The DOFR includes ICD-9 diagnosis codes (and will transition to ICD-10 at a later date), Current Procedural Terminology® (CPT) codes, Healthcare Common Procedure Coding System (HCPCS) codes, and hospital revenue codes. Additional types of codes may be used in the "other" column on the DOFR. Codes are included in columns C-G of the DOFR excel file, as can be seen in the image provided in the answer to question #14.

CPT® is a registered trademark of the American Medical Association (AMA). All rights reserved. CPT codes, descriptions, and data are copyright 2011 American Medical Association. CPT is a uniform coding system consisting of descriptive terms and identifying codes that are used primarily to identify medical services and procedures furnished by physicians and other health care professionals. These health care professionals use the CPT to identify services and procedures for which they bill public or private health insurance programs. The AMA republishes and updates CPT codes annually, and decisions regarding the addition, deletion, or revision of CPT codes are made by the AMA.

The current DOFR Release does not include dental codes as a licensing agreement has not yet been authorized by the American Dental Association (ADA) for use of Current Dental Terminology (CDT™) codes in the DOFR. We are working with the ADA on possible options to include dental codes in a future release of the DOFR.

15. What does the DOFR look like?

The following page shows a screenshot of the DOFR, which is a Microsoft Excel spreadsheet with 104 service subcategory rows, five columns for diagnosis, billing, and revenue codes, and seven columns to assign financial responsibility to the plan, physician organization, or hospital.

CODED COMMERCIAL AND MENTAGE DOFR: CODING BY SERVICE

		CODES					FINANCIAL RESPONSIBILITY: NON-FACILITY LOCATION OF SERVICE (PHYSICIAN OFFICE OR FREE-STANDING CENTER)			FINANCIAL RESPONSIBILITY: FACILITY LOCATION OF SERVICE			
Service Category	Service sub-category	CPT® Codes (*duplicate codes) CPT is a registered trademark of the American Medical Association (AMA). All right reserved. CPT codes, descriptions, and data are copyright 2011 American Medical Association.	Updated HCPCS (*duplicate codes)	Revenue (*duplicate codes)	Dental Codes	Other	Technical Services (Split Billing)	Profes-sional Services (Split Billing)	Global Billing	Outpatient Profes-sional Services	Outpatient Facility/ Technical Services	Inpatient Profes-sional Services	Inpatient Facility/ Technical Services
Acupuncture	Acupuncture	97813, 97814, 97810, 97811											
Allergy	Allergy: Serum	95115*, 95117*, 95120*, 95125*, 95165*, 95170*	J0220										
Allergy	Allergy: Testing & Treatment	95004, 95010, 95015, 95024, 95027, 95028, 95044, 95052, 95056, 95060, 95065, 95070, 95071, 95075, 95145, 95146, 95147, 95148, 95149, 95165*, 95170*, 95180, 95199, 95115*, 95117*, 95120*, 95125*, 95130, 95131, 95132, 95133, 95134, 95144, 86001, 86003, 86005	Q3031										
Ambulance	Ambulance		A0210*, A0225, A0380, A0382, A0384, A0390, A0392, A0394, A0396, A0398, A0420, A0422, A0424, A0425, A0426, A0427, A0428, A0429, A0430, A0431, A0432, A0433, A0434, A0435, A0436, A0888, A0998*, A0999*, A0090, A0100, A0110, A0120, A0130, A0140, A0160, A0170, A0180, A0190, A0200, A0080, A0210*, A0998*, A0999*	540, 541, 542, 543, 544, 545, 546, 547, 548, 549		POS: 41, 42							
Anesthesia	Anesthesia: General (except Pain Management)	**SEE ANESTHESIA CODES TAB**											
Anesthesia	Anesthesia: Pain Management	62350, 62351, 62360, 62361, 62362, 64400, 64402, 64405, 64408, 64410, 64412, 64413, 64415, 64416, 64417, 64418, 64420, 64421, 64425, 64430, 64435, 64445, 64446, 64447, 64448, 64449, 64450, 64455, 96374*, 96375*, 96376*, 96379*											
Audiology Testing	Audiology Testing	92504, 92506, 92540, 92541, 92542, 92543, 92544, 92545, 92546, 92547, 92548, 92550, 92551, 92552, 92553, 92555, 92556, 92557, 92559, 92560, 92561, 92562, 92563, 92564, 92565, 92567, 92568, 92570, 92571, 92572, 92575, 92576, 92577, 92579, 92582, 92583, 92584, 92585, 92586, 92587, 92588, 92590, 92591, 92596, 0208T, 0209T, 0210T, 0211T, 0212T	S0618, S2230, V5008, V5010,	471, 479									
Audiology	Audiology Implant	92601, 92602, 92603, 92604, 92640	V5273										

Guidelines | Coding by Service | Example | Anesthesia Codes | Biopsy Codes | DME Codes | Lab Codes | MH Codes | Non-TMJ Oral Surgery

16. How should organizations use the seven-column Financial Responsibility matrix?

Organizations should indicate in each column the financially responsible party for each service category or sub-category row. An illustrative example is provided below.

CODED COMMERCIAL AND MEDICARE ADVANTAGE DOFR: CODING BY SERVICE - EXAMPLE

		CODES						FINANCIAL RESPONSIBILITY: NON-FACILITY LOCATION OF SERVICE (PHYSICIAN OFFICE OR FREE-STANDING CENTER)			FINANCIAL RESPONSIBILITY: FACILITY LOCATION OF SERVICE			
Service Category	Service sub-category	Diagnosis	CPT® Codes (*duplicate codes) CPT is a registered trademark of the American Medical Association (AMA). All right reserved. CPT codes, descriptions, and data are copyright 2011 American Medical Association	HCPCS (*duplicate codes)	Revenue (*duplicate codes)	Dental Codes	Other	Technical Services (Split Billing)	Professional Services (Split Billing)	Global Billing	Outpatient Professional Services	Outpatient Facility/ Technical Services	Inpatient Professional Services	Inpatient Facility/ Technical Services
Radiology (excluding Nuclear Medicine)	Radiology (excluding Nuclear Medicine) - Therapeutic		**SEE RADIOLOGY CODES (EXCLUDING NUCLEAR MEDICINE) TAB AND SEE ALSO GUIDELINE #10**	C1716, C1717, C1719, C2634, C2635, C2636, C2637, C2638, C2639, C2640, C2641, C2642, C2643, C2698, C2699, G0173, G0251, G0339, G0340, Q3001	330, 331 332, 333, 335, 339, 400*, 409*			*Plan*	*Group*		*Group*	*Hosp*	*Group*	*Hosp*

(for illustrative purposes only)

Guidelines | Coding by Service | Example | Anesthesia Codes | Biopsy Codes | DME Codes | Lab Codes | MH Codes | Non-TMJ Oral Surgery

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17. Who is the contact for more information on the DOFR?

Please contact Cindy Ernst at IHA (cernst@iha.org) for more information on the DOFR. The IHA website includes additional names of work group participants who can provide more information about the DOFR project and how to use the DOFR.

18. Can the DOFR be customized/modified? For example, can we add columns to accommodate other types of risk categories, or to capture supplemental information (e.g., place of service or type of bill codes, case rates)? Can we add additional service rows, (e.g., genetic testing)?

As noted in Guideline 7, contracting organizations are expected to revise the Coded DOFR to appropriately fit a specific capitation/risk arrangement; a contracting organization may consolidate or add columns or rows as needed.

19. Have you considered adding case rates to the DOFR?

As noted in the DOFR End User Agreement, "IHA does not assign or recommend use of fee schedules, relative values, conversion factors, related components, contracting and/or designation of risk." Coded DOFR users may opt to customize the coded DOFR (for example, by adding a Case Rate column).

20. Will the DOFR be updated in include Medi-Cal codes?

IHA will consider this for a future release.

21. A single procedure code can have different financial responsibility based on the various criteria used. Have you considered including all criteria used to determine financial responsibility in the DOFR, and/or structuring the DOFR to be procedure code-driven?

As noted in the Guidelines, (a) in order to keep this document manageable, service and coding detail is provided only to the extent necessary to capture differences in assignment or risk; and (b) the Coded DOFR is unable to replicate detailed claims system programming and remain manageable, therefore some areas of complexity/ambiguity may need to be addressed outside the DOFR.

22. Were all the comments from the 2011 public comment period accepted?

All comments were submitted to the DOFR workgroup for review. Some suggestions were incorporated into Release 1.1. Many suggestions will be considered by the DOFR workgroup for inclusion in a future release. Changes incorporated into the DOFR Release 1.1 are noted in the detailed Release 1.1 Change Log. A formal response to submitted comments was posted on the IHA website in January 2012.

After Release 1.1 was posted, additional suggestions were made to comply with IHA's licensing agreement with the American Medical Association (AMA) for use of the CPT® codes. CPT® is a registered trademark of the AMA. All rights reserved. CPT codes, descriptions, and data are copyright 2011 American Medical Association. Changes incorporate into the DOFR Release 1.2 are noted in the detailed Release 1.2 Change Log.