

# DRG Update for 10/1/2013

## Mississippi Medicaid Provider Training

Hattiesburg 9/10/13

Jackson 9/11/13

Webinar 9/13/13

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## Our Topics Today

- DRG Year 1: Experience since 10/1/12
- DRG Year 2: Changes for 10/1/13
- Appendix: Pricing examples

## Information Sources

- [www.medicaid.ms.gov/HospitalInpatientAPR-DRGPayment.aspx](http://www.medicaid.ms.gov/HospitalInpatientAPR-DRGPayment.aspx)
- [msmedicaid.acs-inc.com/msenvision](http://msmedicaid.acs-inc.com/msenvision)
- Xerox Provider and Beneficiary Services 1-800-884-3222





## Now the Headlines

- Overall, Year 2 budget-neutral to Year 1
- Relatively small financial impacts for most hospitals
- Update APR-DRG grouper and relative weights to V.30
- Change DRG base price from \$6,223 to \$6,022
  - Offsetting growth in reported casemix
- Update DRG cost outlier threshold from \$30,000 to \$32,800
- Update cost-to-charge ratios
- Change interim per diem payment from \$450 to \$850
- Update medical education per case add-on payment amounts
- Expand transfer status list to included 63 – Medicare certified long-term acute care hospital
- Changes effective for claims with last date of service on or after Oct 1, 2013
- 3.5% documentation and coding adjustment applied
- No change to policy adjustor values (MH, OB, newborn, rehab, transplant)

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## Mississippi's New Inpatient Payment Method

- Payment by APR-DRG implemented October 1, 2012
  - Replaced previous method of cost-based per diem rates
  - MS one of a growing number of states paying by APR-DRG
  - See FAQ, DRG pricing calculator, and 8/21/12 training presentations for details of how the payment method works
- In Year 1, 78,194 claims had been paid by July 15, 2013
  - Our estimate: 78,194 claims equals 67% of estimated annual volume
  - We compared Year 1 year-to-date results with the payment simulation done in August 2012 (which was based on data from October 2010-March 2011)

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## Full Year Estimates of Stays

Estimated Total Stays and Payments for RY 2013

LDOS	Stays	Payments	Avg Pay	Basis of Estimate
1-Oct	8,713	\$39,038,291	\$4,480	Assumed complete
2-Nov	9,633	\$50,070,224	\$5,198	Assumed complete
3-Dec	9,795	\$50,335,421	\$5,139	Assumed complete
4-Jan	10,260	\$59,249,949	\$5,775	Extrapolated from 150 days completion
5-Feb	9,186	\$53,787,800	\$5,856	Extrapolated from 120 days completion
6-Mar	10,268	\$57,727,663	\$5,622	Extrapolated from 90 days completion
7-Apr	9,820	\$60,031,418	\$6,113	Extrapolated from 60 days completion
8-May	10,149	\$60,976,263	\$6,008	Extrapolated from 30 days completion
9-June	9,728	\$53,902,129	\$5,541	Average of Oct-May
10-July	9,728	\$53,902,129	\$5,541	Average of Oct-May
11-Aug	9,728	\$53,902,129	\$5,541	Average of Oct-May
12-Sept	9,728	\$53,902,129	\$5,541	Average of Oct-May
<b>Total</b>	<b>116,735</b>	<b>\$646,825,542</b>	<b>\$5,541</b>	
YTD	78,194	\$434,340,882		
YTD as %	67%	67%		

Note: Figures are extrapolations from previous data and do not reflect the possible impact of changes in eligibility or utilization. They also do not reflect the possible impact of continuing increases in documentation and coding.

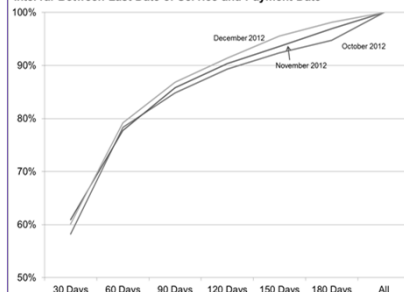
### Average Completion Factors

	Stays	Payments
At 30 days	60%	61%
At 60 days	78%	78%
At 90 days	86%	85%
At 120 days	90%	90%
At 150 days	94%	94%
At 180 days	97%	97%

### Note:

Factors based on October-December 2012, assuming essentially all stays in this period have been paid.

Interval Between Last Date of Service and Payment Date



Important: Payment data shown here exclude supplemental and medical education payments



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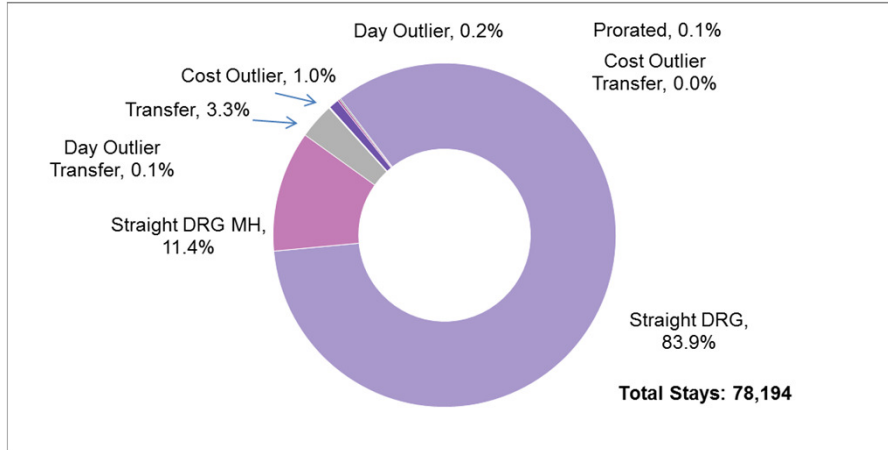
## How Averages Changed as Data Came In

Metric	Simulation	1st Analysis	2nd Analysis	3rd Analysis	4th Analysis
Date range	10/1/10 - 3/31/11	10/1/12 - 12/2/12	10/1/12 - 2/18/13	10/1/12 - 4/15/13	10/1/12 - 7/15/13
Number of stays	55,568	10,130	31,381	49,563	78,194
Number of covered days	249,434	38,907	128,809	210,136	343,038
Average charge / stay	\$17,867	\$18,233	\$19,510	\$20,359	\$21,373
Average payment / stay	\$5,548	\$4,726	\$5,113	\$5,303	\$5,555
Average casemix (w/out doc & coding growth)	0.63	0.62	0.66	0.68	0.71
Average casemix (with doc & coding growth)	0.65				
Average casemix adjusted payment / stay	\$8,780	\$7,584	\$7,712	\$7,757	\$7,824
Average length of stay	4.5	3.8	4.1	4.2	4.4
Outlier as percent of DRG payment	6%	1%	2%	4%	4%



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## How Claims Were Paid



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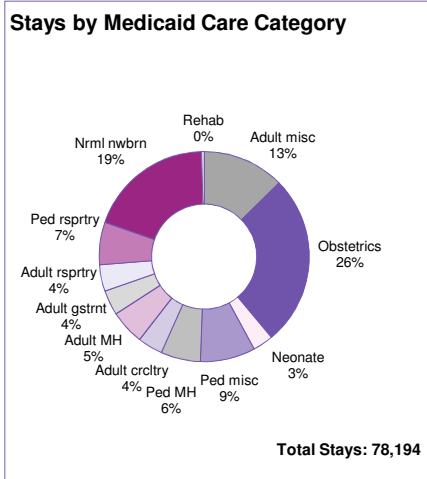
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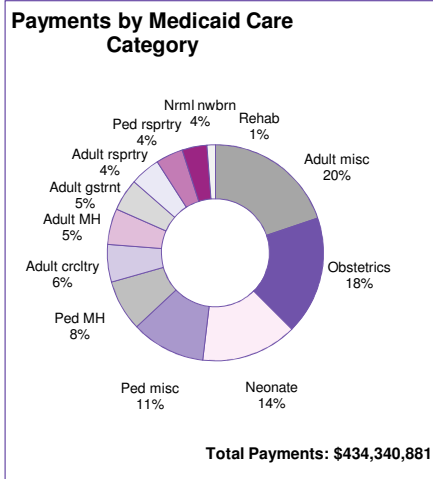
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## Inpatient Use by Medicaid Care Category

Stays by Medicaid Care Category



Payments by Medicaid Care Category



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## Top 15 APR-DRGs by Count of Stays

APR-DRG Code	APR-DRG Description	Stays	Covered Days	Charges	DRG Pmt	Total Payment	Avg Case Mix	Avg LOS	Avg Charges	Avg DRG Pmt
640-1	Neonate Birthwt >2499g, Normal Newborn Or Neonate W Other Problem	11,306	24,854	\$36,211,884	\$9,548,032	\$11,138,222	0.10	2.20	\$3,203	\$845
560-1	Vaginal Delivery	6,277	14,074	\$67,694,604	\$16,788,646	\$17,278,268	0.31	2.24	\$10,785	\$2,675
540-1	Cesarean Delivery	4,518	12,675	\$88,230,840	\$20,611,124	\$21,115,588	0.52	2.81	\$19,529	\$4,562
560-2	Vaginal Delivery	3,812	9,469	\$46,453,435	\$11,544,718	\$12,264,082	0.35	2.48	\$12,186	\$3,029
640-2	Neonate Birthwt >2499g, Normal Newborn Or Neonate W Other Problem	2,653	6,342	\$10,521,504	\$3,242,590	\$3,620,904	0.14	2.39	\$3,966	\$1,222
753-2	Bipolar Disorders	1,691	16,984	\$28,462,527	\$10,893,192	\$11,006,576	0.52	10.04	\$16,832	\$6,442
540-2	Cesarean Delivery	1,587	5,703	\$38,481,060	\$8,687,755	\$9,066,737	0.63	3.59	\$24,248	\$5,474
751-2	Major Depressive Disorders & Other/Unspecified Psychoses	1,229	10,021	\$18,554,822	\$6,819,635	\$6,874,952	0.47	8.15	\$15,097	\$5,549
139-2	Other Pneumonia	954	3,081	\$13,351,411	\$3,377,157	\$3,576,618	0.58	3.23	\$13,995	\$3,540
758-2	Childhood Behavioral Disorders	926	9,545	\$15,559,993	\$7,136,865	\$7,259,658	0.60	10.31	\$16,803	\$7,707
750-2	Schizophrenia	922	7,204	\$16,554,587	\$6,778,843	\$6,847,104	0.69	7.81	\$17,955	\$7,352
138-1	Bronchiolitis & Rsv Pneumonia	883	2,169	\$7,231,212	\$1,608,658	\$1,812,383	0.29	2.46	\$8,189	\$1,822
139-1	Other Pneumonia	791	1,991	\$7,370,131	\$1,907,723	\$2,020,996	0.39	2.52	\$9,317	\$2,412
141-1	Asthma	772	1,715	\$7,405,142	\$1,682,112	\$1,950,380	0.35	2.22	\$9,592	\$2,179
566-2	Other Antepartum Diagnoses	762	1,823	\$7,417,460	\$2,205,781	\$2,416,319	0.34	2.39	\$9,734	\$2,895
<b>Total Top 15</b>		<b>39,083</b>	<b>127,650</b>	<b>\$409,500,612</b>	<b>\$112,832,832</b>	<b>\$118,248,784</b>	<b>0.32</b>	<b>3.27</b>	<b>\$10,478</b>	<b>\$2,887</b>
<b>Total All Claims</b>		<b>78,194</b>	<b>343,038</b>	<b>\$1,671,222,481</b>	<b>\$434,340,882</b>	<b>\$454,554,838</b>	<b>0.71</b>	<b>4.39</b>	<b>\$21,373</b>	<b>\$5,555</b>

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## Top 15 APR-DRGs by Medicaid Payments

APR-DRG Code	APR-DRG Description	Stays	Covered Days	Charges	DRG Pmt	Total Payment	Avg Case Mix	Avg LOS	Avg Charges	Avg DRG Pmt
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750-2	Schizophrenia	922	7,204	\$16,554,587	\$6,778,843	\$6,847,104	0.69	7.81	\$17,955	\$7,352
720-4	Septicemia & Disseminated Infections	343	3,323	\$28,211,988	\$6,647,373	\$6,789,143	2.73	9.69	\$82,251	\$19,380
004-4	Tracheostomy W Mv 96+ Hours W Extensive Procedure Or Ecmo	41	1,877	\$24,694,902	\$5,895,067	\$5,943,812	16.48	45.78	\$602,315	\$143,782
593-4	Neonate Birthwt 750-999g W/O Major Procedure	36	2,519	\$10,477,182	\$5,006,099	\$5,040,256	16.22	69.97	\$291,033	\$139,058
540-3	Cesarean Delivery	548	2,632	\$16,842,998	\$4,448,894	\$4,730,798	0.93	4.80	\$30,735	\$8,118
005-4	Tracheostomy W Mv 96+ Hours W/O Extensive Procedure	46	2,038	\$19,962,962	\$4,638,551	\$4,671,982	11.47	44.30	\$433,977	\$100,838
591-4	Neonate Birthwt 500-749g W/O Major Procedure	28	1,665	\$8,172,993	\$4,269,136	\$4,297,531	21.50	59.46	\$291,893	\$152,469
<b>Total Top 15</b>		<b>33,310</b>	<b>124,583</b>	<b>\$464,566,776</b>	<b>\$129,713,929</b>	<b>\$134,324,707</b>	<b>0.43</b>	<b>3.74</b>	<b>\$13,947</b>	<b>\$3,894</b>
<b>Total All Claims</b>		<b>78,194</b>	<b>343,038</b>	<b>\$1,671,222,481</b>	<b>\$434,340,882</b>	<b>\$454,554,838</b>	<b>0.71</b>	<b>4.39</b>	<b>\$21,373</b>	<b>\$5,555</b>

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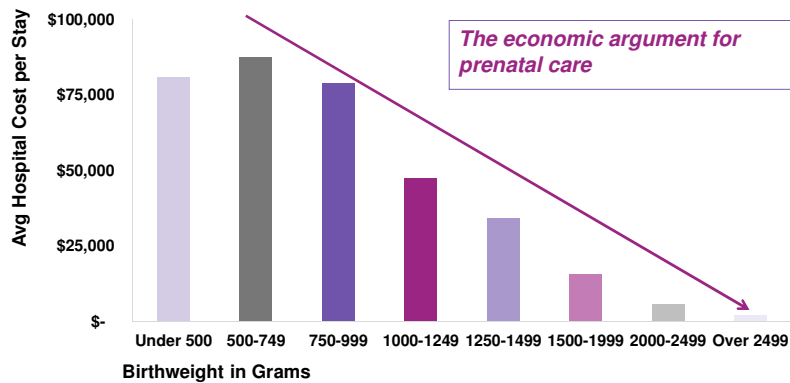
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## The Impact of Birthweight on Hospital Cost

**Average Hospital Cost per Newborn Stay by Birthweight**



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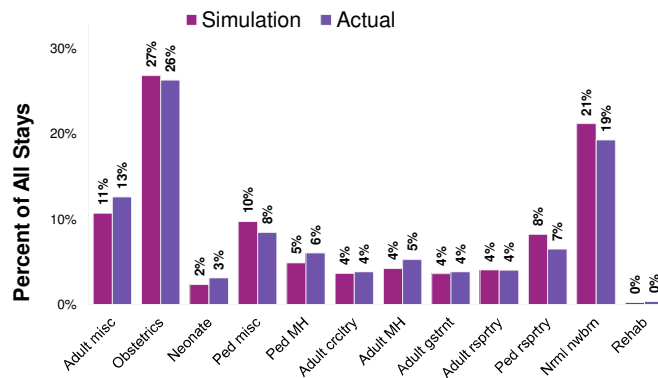
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## Comparison with Simulation: Percent of Stays

**Percent of Stays**



**Medicaid Care Category**

Care categories sorted in declining order of actual DRG payment in 7/15/2013 dataset.

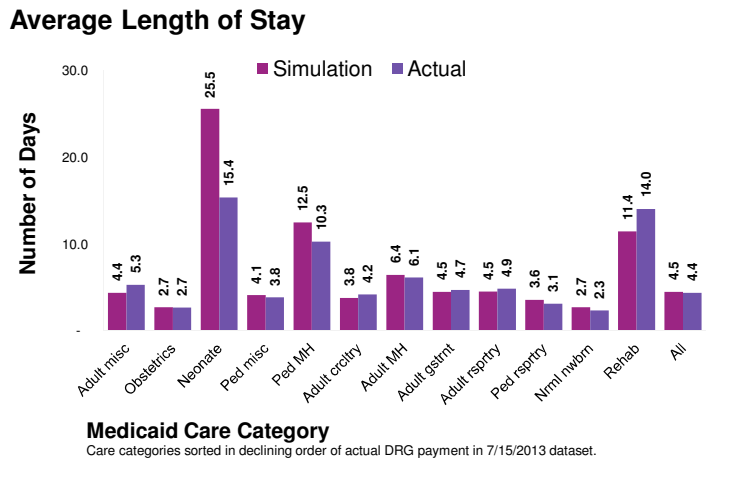
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## Comparison with Simulation: Length of Stay



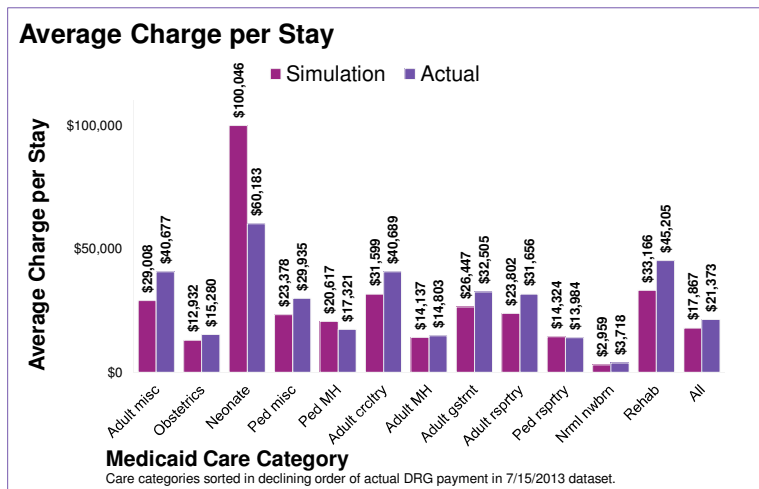
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## Comparison with Simulation: Average Charge



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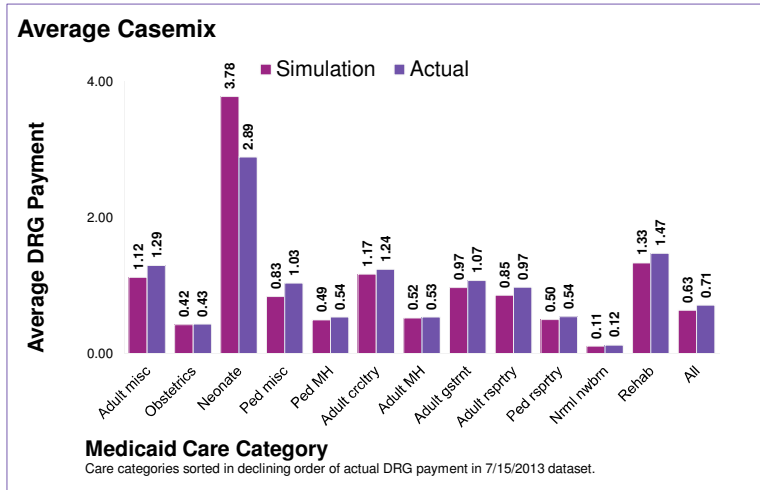
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## Comparison with Simulation: Casemix



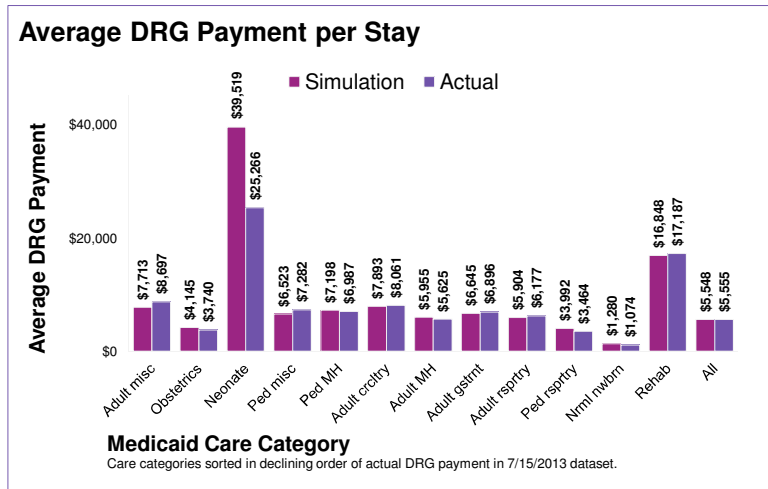
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## Comparison with Simulation: Payment per Stay



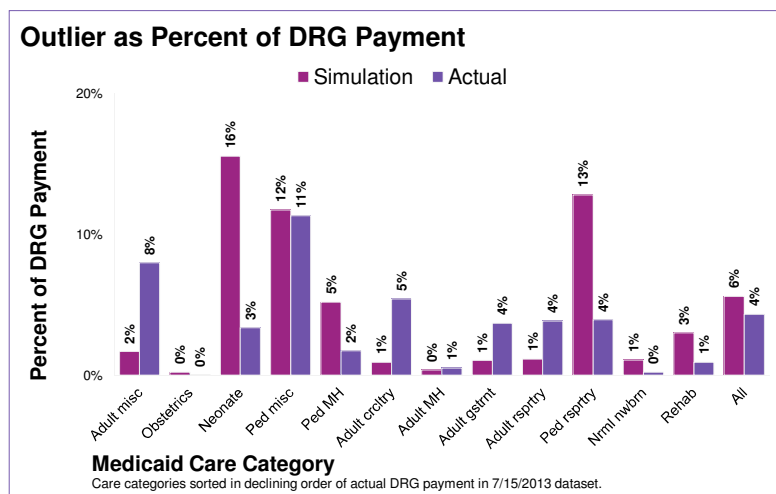
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## Comparison with Simulation: Outlier Payment



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## Medicaid Care Category

Medicaid Care Category	Stays	Charges	DRG Payment	Total Outlier	% Outlier to Pmt	Avg Casemix	Avg Charge	Avg DRG Pmt
Adult misc	9,881	\$401,931,718	\$85,934,013	\$6,870,179	8%	1.29	\$40,677	\$8,697
Obstetrics	20,570	\$314,304,860	\$76,936,382	\$41,944	0%	0.43	\$15,280	\$3,740
Neonate	2,470	\$148,652,134	\$62,407,130	\$2,106,024	3%	2.89	\$60,183	\$25,266
Pediatric misc	6,632	\$198,526,703	\$48,294,794	\$5,470,165	11%	1.03	\$29,935	\$7,282
Pediatric Mental Health	4,761	\$82,463,433	\$33,262,881	\$577,350	2%	0.54	\$17,321	\$6,987
Adult circulatory	3,031	\$123,327,427	\$24,431,617	\$1,326,313	5%	1.24	\$40,689	\$8,061
Adult mental health	4,132	\$61,164,189	\$23,243,171	\$117,450	1%	0.53	\$14,803	\$5,625
Adult gastroent	3,023	\$98,262,523	\$20,847,825	\$767,740	4%	1.07	\$32,505	\$6,896
Adult respiratory	3,187	\$100,887,859	\$19,686,443	\$756,015	4%	0.97	\$31,656	\$6,177
Pediatric respiratory	5,107	\$71,415,308	\$17,690,424	\$696,001	4%	0.54	\$13,984	\$3,464
Normal newborn	15,086	\$56,092,018	\$16,209,368	\$33,617	0%	0.12	\$3,718	\$1,074
Rehab	314	\$14,194,309	\$5,396,833	\$48,980	1%	1.47	\$45,205	\$17,187
<b>Total Stays</b>	<b>78,194</b>	<b>\$1,671,222,481</b>	<b>\$434,340,882</b>	<b>\$18,811,779</b>	<b>4%</b>	<b>0.71</b>	<b>\$21,373</b>	<b>\$5,555</b>

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## Top 15 Hospitals by DRG Payment

Rank	Provider Name	Total DRG Pmt	Avg DRG Pmt/Stay	Sim Rank	Stays	Cov Days	Avg Casemix
1	University of Miss Med Center	\$84,395,027	\$11,083	1	7,615	46,660	1.44
2	Forrest General Hospital	\$28,425,339	\$6,003	2	4,735	20,268	0.79
3	North Mississippi Medical Center	\$18,552,573	\$5,910	3	3,139	14,547	0.78
4	ST DominicJackson Memorial Hospital	\$16,383,571	\$5,263	5	3,113	13,441	0.68
5	Memorial Hospital At Gulfport	\$14,938,054	\$5,911	4	2,527	11,645	0.69
6	Singing River Health System	\$12,036,871	\$4,553	8	2,644	8,628	0.62
7	Central Mississippi Medical Center	\$11,700,565	\$5,778	7	2,025	9,137	0.74
8	Methodist Hospitals of Memphis	\$11,452,345	\$9,118	6	1,256	7,043	1.26
9	Baptist Memorial Hospital Desoto	\$11,295,846	\$4,027	9	2,805	9,170	0.51
10	Mississippi Baptist Medical Center	\$9,923,220	\$6,550	12	1,515	7,747	0.90
11	Delta Regional Medical Center	\$9,574,890	\$4,544	11	2,107	7,848	0.63
12	River Region Health System	\$9,542,159	\$4,574	10	2,086	9,705	0.56
13	Wesley Medical Center	\$9,465,142	\$4,279	14	2,212	7,476	0.56
14	Brentwood Behavioral Healthcare	\$9,412,302	\$7,201	15	1,307	14,094	0.56
15	Anderson Regional Medical Center	\$8,163,959	\$4,814	16	1,696	6,244	0.65
<b>Total Top Hospitals</b>		<b>\$265,261,862</b>	<b>\$6,504</b>		<b>40,782</b>	<b>193,653</b>	<b>0.84</b>
<b>Total All Hospitals</b>		<b>\$434,340,882</b>	<b>\$5,555</b>		<b>78,194</b>	<b>343,038</b>	<b>0.71</b>

Note: Sim rank refers to the ranking of hospitals by total DRG payments in the August 2012 simulated based on Oct 2010-March 2011 data

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Year 2

## APR-DRG Grouper Update V.29 to V.30

- Important to update APR-DRG version to keep pace with changes in medicine and practice
- V.30 the most significant APR-DRG version change in at least 10 years...
  - ... nevertheless, not a major change
- Still 314 base DRGs, each with 4 levels of severity
- We compared APR-DRG assignments on 78,194 stays that had been grouped to V.29
- 60 stays changed base APR-DRG
- 6,004 stays changed severity of illness within the same base APR-DRG
  - 808 increased severity
  - 5,196 decreased severity
- Relative weights calculated by 3M from 15 million stays from the Nationwide Inpatient Sample (HSRV methodology)

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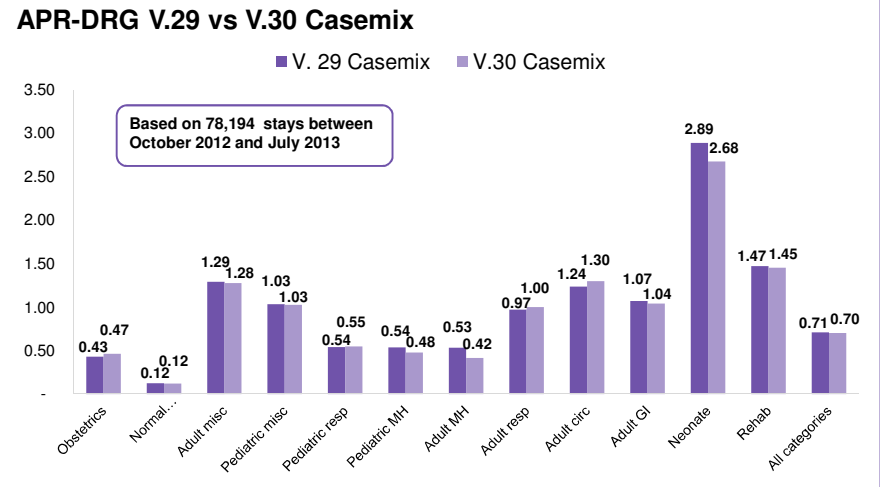


# Year 2 Grouper Update: Grouping Changes

Changes in Severity of Illness from APR-DRG V. 29 to V.30				
APR-DRG Description	V.29	V.30	Stays	Dec/Inc
Bipolar Disorders	753-2	753-1	302	Decrease
Vaginal Delivery	560-2	560-1	273	Decrease
Cesarean Delivery	540-1	540-2	254	Increase
Major Depressive Disorders & Other/Unspecified Psychoses	751-2	751-1	219	Decrease
Childhood Behavioral Disorders	758-3	758-2	196	Decrease
Childhood Behavioral Disorders	758-2	758-1	121	Decrease
Sickle Cell Anemia Crisis	662-2	662-1	103	Decrease
Vaginal Delivery	560-1	560-2	102	Increase
Bipolar Disorders	753-3	753-2	96	Decrease
Depression Except Major Depressive Disorder	754-2	754-1	87	Decrease
All Others			4,251	
<b>Total</b>			<b>6,004</b>	
Increases			808	
Decreases			5,196	

Changes in Base DRG from APR-DRG V. 29 to V.30		
APR-DRG V.29	APR-DRG V.30	Stays
639 Neonate Birthwt >2499g W Other Significant Condition	640 Neonate Birthwt >2499g, Norm Newborn or Neonate w Other Prob	31
169 Major Thoracic & Abdominal Vascular Procedures	160 Major Cardiothoracic Repair Of Heart Anomaly	12
283 Other Disorders Of The Liver	640 Neonate Birthwt >2499g, Norm Newborn Or Neonate w Other Prob	3
447 Other Kidney, Urinary Tract & Related Procedures	463 Kidney & Urinary Tract Infections	2
850 Procedure w Diag of Rehab, Aftercare or oth Contact w Hlth Service	863 Neonatal Aftercare	2
<b>All Others</b>		<b>10</b>
<b>Total</b>		<b>60</b>

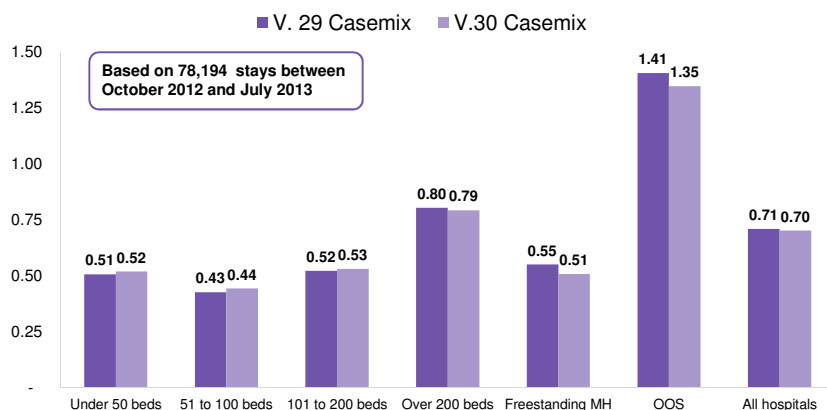
# Year 2 Grouper Update: Impact by Care Category



## Year 2

## Grouper Update: Impact by Peer Group

## APR-DRG V.29 vs V.30 Casemix



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## Year 2

## Grouper Update: Casemix Data

	Stays	V. 29 Casemix		V.30 Casemix	
		Total	Average	Total	Average
By Care Category					
Obstetrics	20,570	8,854	0.430	9,569	0.465
Normal newborn	15,086	1,857	0.123	1,842	0.122
Adult misc	9,881	12,758	1.291	12,639	1.279
Pediatric misc	6,632	6,858	1.034	6,817	1.028
Pediatric resp	5,107	2,758	0.540	2,801	0.549
Pediatric MH	4,761	2,549	0.535	2,286	0.480
Adult MH	4,132	2,201	0.533	1,719	0.416
Adult resp	3,187	3,099	0.972	3,193	1.002
Adult circ	3,031	3,745	1.236	3,934	1.298
Adult GI	3,023	3,233	1.070	3,149	1.042
Neonate	2,470	7,136	2.889	6,611	2.676
Rehab	314	463	1.473	457	1.454
All categories	78,194	55,511	0.710	55,017	0.704
By Hospital Peer Group					
Under 50 beds	2,504	1,271	0.507	1,303	0.521
51 to 100 beds	5,840	2,494	0.427	2,592	0.444
101 to 200 beds	20,136	10,524	0.523	10,709	0.532
Over 200 beds	43,682	35,160	0.805	34,658	0.793
Freestanding MH	2,830	1,560	0.551	1,440	0.509
OOS	3,202	4,502	1.406	4,316	1.348
All hospitals	78,194	55,511	0.710	55,017	0.704

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## Year 2

## Payment Policy Decisions

Item	Decision / Result
Budget target	Budget neutral (on a volume-adjusted basis) with the period since October 1, 2012, not including medical education.
Documentation and coding adj.	Yes – 3.5%, included in RY 2014 DRG base price
DRG base price	Change--\$6,022, 3.2% decrease from \$6,223
APR-DRG version	Change—from V.29 to V.30
APR-DRG relative weights	Change—from V.29 to V.30, using the V.30 HSRV weights
Average casemix	Slight decrease from 0.710 under V.29 to 0.704 under V.30
Policy adjustor—pediatric MH	No change—2.08
Policy adjustor—adult MH	No change—1.75
Policy adjustor—obstetric	No change—1.40
Policy adjustor—normal newborn	No change—1.40
Policy adjustor—neonate	No change—1.40
Policy adjustor—rehab	No change—2.11
Policy adjustor—transplant	No change—1.50
Policy adjustor—other	No new policy adjustors

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## Year 2

## Payment Policy Decisions (Continued)

Item	Decision / Result
Cost outlier pool	No change—target 5%
Cost outlier threshold	Change—to \$32,800 from \$30,000, reflecting 9.3% annual charge inflation since 2010-11
Marginal cost percentage	No change—60%
Day outlier threshold	No change—after 19 days
Day outlier per diem payment	No change—\$450
Interim claim per diem amount	Change—to \$850 from \$450
Cost-to-charge ratios	Change—update list to latest available
Charge levels used for simulating RY 2014	Change—expect charge inflation of 9.37%
Transfer adj discharge values	Add value 63 to list—02, 05, 07, 63, 65, 66
Pediatric age cutoff	No change—under age 21
Pricing logic	No change
Allowed chg source logic	No change
Medicaid Care Category definitions	No change
Medical education add-on payments	Change—update list, reflecting market basket increase
Per diem treatment auth threshold	No change—after 19 days
Other aspects of payment method	No change

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Year 2

## Policy Adjustors

Policy adjustors will not change:

Policy Adjustor	Value
Obstetric/newborn policy adjustor	1.40
Rehab policy adjustor	2.11
Pediatric mental health policy adjustor	2.08
Adult mental health policy adjustor	1.75
Transplant policy adjustor	1.50

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Year 2

## Payment Policy Updates

- **Cost outlier threshold**
  - Important to review annually because of continuing growth in charges
  - Area of focus by OIG
  - Charges per stay increased at annual rate of 9.3% between 2010-11 and 2012-13
  - Cost outlier threshold therefore increased from \$30,000 to \$32,800
  - Simulation results show outlier pool close to 5%
- **Interim per diem increased from \$450 to \$850**
  - Interim stays unusual; mostly NICU babies at UMC and Methodist (Memphis)
  - Final payment will continue to be made by DRG
  - \$850 about 50% of average final payment for NICU care on a per diem basis
- **Discharge status 63 (transfer to Medicare-designated long-term acute care hospital) now will count as an acute care transfer**
  - DOM recognizes LTACs as acute care hospitals
  - Affects payment in 18 stays out of 78,194 stays in simulation

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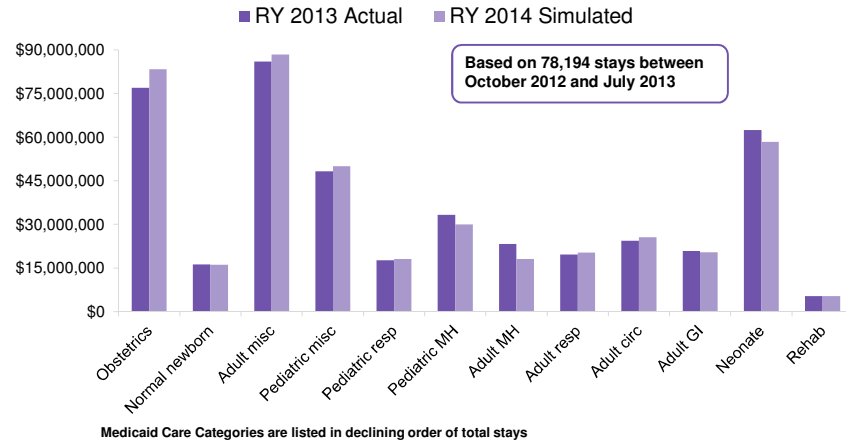
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Year 2

# Expected Impacts by Medicaid Care Category

## Total Payments, Actual vs RY 2014 Simulation



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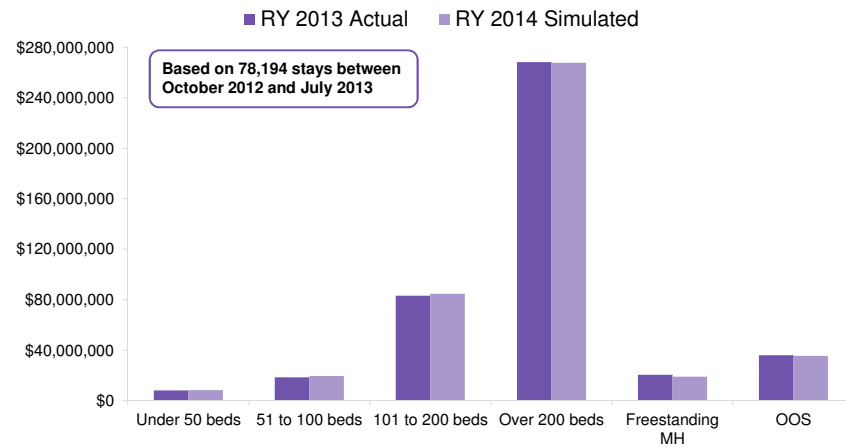
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Year 2

# Expected Impacts by Hospital Peer Group

## Total Payments, Actual vs RY 2014 Simulation



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## Year 2

## Expected Impacts by Medicaid Care Category

	Stays	MCD Covered Days	Actual Payment Oct 2012-Jul 2013		DRG Simulation for October 1, 2013		Actual to Simulation	
			DRG Outlier Pay	RY 2013 Actual	DRG Outlier Pay	RY 2014 Simulated	Change	Pct
By Care Category								
Adult circ	3,031	12,786	\$1,326,313	\$24,431,617	\$1,248,282	\$25,576,138	\$1,144,520	5%
Adult GI	3,023	14,262	\$767,740	\$20,847,825	\$854,587	\$20,480,793	-\$367,032	-2%
Adult MH	4,132	25,293	\$117,450	\$23,243,171	\$117,450	\$18,148,274	-\$5,094,897	-22%
Adult misc	9,881	52,415	\$6,870,179	\$85,934,013	\$8,022,350	\$88,397,407	\$2,463,394	3%
Adult resp	3,187	15,503	\$756,015	\$19,686,443	\$789,432	\$20,318,754	\$632,312	3%
Neonate	2,470	37,920	\$2,106,024	\$62,407,130	\$2,768,816	\$58,395,584	-\$4,011,545	-6%
Normal newborn	15,086	35,410	\$33,617	\$16,209,368	\$31,607	\$16,106,438	-\$102,931	-1%
Obstetrics	20,570	54,912	\$41,944	\$76,936,382	\$34,893	\$83,296,840	\$6,360,458	8%
Pediatric MH	4,761	48,809	\$577,350	\$33,262,881	\$577,350	\$29,990,465	-\$3,272,416	-10%
Pediatric misc	6,632	25,816	\$5,470,165	\$48,294,794	\$6,720,247	\$50,065,099	\$1,770,305	4%
Pediatric resp	5,107	16,174	\$696,001	\$17,690,424	\$850,954	\$18,160,770	\$470,347	3%
Rehab	314	4,401	\$48,980	\$5,396,833	\$72,569	\$5,408,882	\$12,050	0%
<b>All categories</b>	<b>78,194</b>	<b>343,701</b>	<b>\$18,811,779</b>	<b>\$434,340,882</b>	<b>\$22,088,535</b>	<b>\$434,345,446</b>	<b>\$4,565</b>	<b>0%</b>
Outlier percentage				4.3%		5.1%		

Adult MH and pediatric MH will continue to have the highest estimated pay-to-cost ratios, despite the declines in average payment shown here

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## Year 2

## Expected Impacts by Hospital Peer Group

	Stays	MCD Covered Days	Actual Payment Oct 2012-Jul 2013		DRG Simulation for October 1, 2013		Actual to Simulation	
			DRG Outlier Pay	RY 2013 Actual	DRG Outlier Pay	RY 2014 Simulated	Change	Pct
By Peer Group								
Under 50 beds	2,504	7,587	\$10,675	\$8,132,717	\$9,779	\$8,361,266	\$228,548	3%
51 to 100 beds	5,840	16,745	\$377,128	\$18,557,862	\$404,470	\$19,386,841	\$828,978	4%
101 to 200 beds	20,136	71,977	\$2,215,589	\$83,031,427	\$2,032,731	\$84,520,502	\$1,489,075	2%
Over 200 beds	43,682	192,196	\$11,174,979	\$268,159,898	\$13,973,554	\$267,713,843	-\$446,054	0%
Freestanding MH	2,830	32,759	\$470,250	\$20,480,159	\$470,250	\$19,013,935	-\$1,466,223	-7%
OOS	3,202	22,437	\$4,563,157	\$35,978,818	\$5,197,752	\$35,349,060	-\$629,759	-2%
<b>All hospitals</b>	<b>78,194</b>	<b>343,701</b>	<b>\$18,811,779</b>	<b>\$434,340,882</b>	<b>\$22,088,535</b>	<b>\$434,345,446</b>	<b>\$4,565</b>	<b>0%</b>
Outlier percentage				4.3%		5.1%		

**Notes:**

1. RY 2014 simulation includes 3.5% documentation and coding impact spread uniformly across all care categories and hospitals.

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## Year 2

## Impacts by Hospital: 50 Beds and Under (1)

Hospital	Actual Payment Oct 2012-July 2013				DRG Simulation for Oct 1, 2013		Change		
	Stays	Cov Days	V.29 Casemix	Total DRG Payment	V.30 Casemix	Total DRG Payment	Change	Change %	Change in Payment
SOUTH SUNFLOWER COUNTY HOSPITAL	527	1,273	0.40	\$1,538,590	0.42	\$1,627,961	\$89,371	6%	x
S E LACKEY MEMORIAL HOSPITAL	216	619	0.46	\$613,208	0.46	\$613,909	\$701	0%	x
PIONEER HEALTH SERVICES OF NEWTON C	169	395	0.40	\$420,076	0.42	\$436,142	\$16,066	4%	x
CLAIBORNE COUNTY HOSPITAL	138	502	0.51	\$451,050	0.55	\$479,064	\$28,015	6%	x
SCOTT REGIONAL MEDICAL CENTER	96	277	0.47	\$289,826	0.49	\$301,202	\$11,377	4%	x
KINGS DAUGHTERS HOSPITAL	89	340	0.56	\$308,894	0.59	\$324,406	\$15,512	5%	x
WEBSTER GENERAL HOSPITAL	85	335	0.54	\$279,593	0.56	\$288,185	\$8,591	3%	x
NOXUBEE GENERAL CRITICAL ACCESS HOS	83	330	0.60	\$298,386	0.59	\$297,952	-\$433	0%	x
PATIENTS CHOICE MEDICAL CENTER OF H	74	245	0.50	\$244,051	0.51	\$252,011	\$7,961	3%	x
MARION GENERAL HOSPITAL	68	256	0.79	\$305,470	0.76	\$297,689	-\$7,781	-3%	x
SIMPSON GENERAL HOSPITAL	67	221	0.45	\$219,435	0.46	\$227,603	\$8,168	4%	x
BAPTIST MEDICAL CENTER LEAKE	65	182	0.51	\$201,566	0.54	\$211,532	\$9,966	5%	x
QUITMAN COUNTY HOSPITAL LLC	63	177	0.51	\$196,643	0.52	\$201,387	\$4,744	2%	x
JEFFERSON COUNTY HOSP	58	152	0.50	\$180,139	0.52	\$187,576	\$7,437	4%	x
TYLER HOLMES MEMORIAL HOSPITAL	56	178	0.46	\$161,766	0.48	\$167,553	\$5,787	4%	x
STONE COUNTY HOSPITAL INC	55	135	0.52	\$171,703	0.56	\$182,500	\$10,797	6%	x
FIELD MEMORIAL COMMUNITY HOSPITAL	51	160	0.79	\$245,288	0.79	\$243,258	-\$2,030	-1%	x
HARDY WILSON MEMORIAL HOSPITAL	51	175	0.63	\$201,271	0.61	\$199,076	-\$2,195	-1%	x
TISHOMINGO HEALTH SERVICES INC	46	87	0.62	\$169,089	0.64	\$175,094	\$6,005	4%	x
WALTHAM CO GENERAL HOSPITAL	44	132	0.53	\$143,892	0.54	\$148,991	\$5,099	4%	x
ALLIANCE HEALTHCARE SYSTEM	43	162	0.54	\$145,052	0.55	\$147,884	\$2,832	2%	x

x	Decrease > 10%
x	Decrease < 10%
x	Increase < 10%
x	Increase > 10%

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## Year 2

## Impacts by Hospital: 50 Beds and Under (2)

Hospital	Actual Payment Oct 2012-July 2013				DRG Simulation for Oct 1, 2013		Change		
	Stays	Cov Days	V.29 Casemix	Total DRG Payment	V.30 Casemix	Total DRG Payment	Change	Change %	Change in Payment
BEACHAM MEMORIAL HOSPITAL	37	215	0.75	\$169,854	0.75	\$168,810	-\$1,044	-1%	x
SHARKEYISSAQUENA COMMUNITY HOSPITA	37	77	0.56	\$129,079	0.54	\$124,984	-\$4,095	-3%	x
HOLMES COUNTY HOSPITAL AND CLINICS	32	69	0.59	\$117,131	0.58	\$116,544	-\$587	-1%	x
NORTH SUNFLOWER MEDICAL CENTER	32	117	0.73	\$142,095	0.73	\$142,124	\$29	0%	x
YALOBUSHA GEN HOSP NURSING HOME	30	94	0.57	\$103,430	0.60	\$108,747	\$5,316	5%	x
LAIRD HOSPITAL INC	27	81	0.44	\$87,128	0.46	\$88,330	\$1,203	1%	x
KILMICHAEL HOSPITAL	19	66	0.47	\$55,357	0.49	\$58,046	\$2,689	5%	x
LAWRENCE COUNTY HOSPITAL	19	53	0.54	\$62,389	0.56	\$64,816	\$2,427	4%	x
H C WATKINS MEMORIAL HOSPITAL	17	52	0.54	\$54,146	0.54	\$54,122	-\$24	0%	x
TALLAHATCHIE GENERAL HOSPITAL	17	66	0.69	\$82,879	0.66	\$78,524	-\$4,355	-5%	x
CALHOUN HEALTH SERVICES	16	43	0.48	\$47,598	0.51	\$50,664	\$3,066	6%	x
PERRY COUNTY GENERAL HOSPITAL	14	37	0.50	\$42,963	0.53	\$45,727	\$2,764	6%	x
JEFFERSON DAVIS GENERAL HOSPITAL	12	44	0.58	\$43,107	0.59	\$44,070	\$963	2%	x
FRANKLIN COUNTY MEMORIAL HOSPITAL	10	83	0.71	\$44,459	0.73	\$45,440	\$981	2%	x
JOHN C STENNIS MEMORIAL HOSPITAL	9	29	0.58	\$29,488	0.53	\$26,212	-\$3,276	-11%	x
WHITFIELD MED SURGICAL HOSP	8	64	1.14	\$56,753	1.09	\$54,143	-\$2,609	-5%	x
PONTOTOC HEALTH SERVICES INC	7	15	0.53	\$23,189	0.53	\$22,907	-\$283	-1%	x
PIONEER COMMUNITY HOSPITAL OF CHOCT	6	21	0.56	\$20,898	0.57	\$21,133	\$235	1%	x
PIONEER COMM HOSPITAL OF ABERDEEN	5	12	0.48	\$15,060	0.49	\$15,262	\$202	1%	x
PEARL RIVER COUNTY HOSPITAL	4	7	0.50	\$12,515	0.42	\$10,441	-\$2,074	-17%	x
GREENE COUNTY HOSPITAL	2	11	0.66	\$8,212	0.74	\$9,243	\$1,031	13%	x

x	Decrease > 10%
x	Decrease < 10%
x	Increase < 10%
x	Increase > 10%

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## Year 2

## Impacts by Hospital: 51 to 100 Beds

Hospital	Actual Payment Oct 2012-July 2013				DRG Simulation for Oct 1, 2013		Change		
	Stays	Cov Days	V.29 Casemix	Total DRG Payment	V.30 Casemix	Total DRG Payment	Change	Change %	Change in Payment
OCH REGIONAL MEDICAL CENTER	1,030	2,800	0.37	\$3,027,335	0.40	\$3,252,861	\$225,526	7%	x
GILMORE MEM REGIONAL MEDICAL CENTER	844	2,591	0.42	\$2,933,413	0.43	\$3,033,946	\$100,534	3%	x
MADISON RIVER OAKS MEDICAL CENTER	822	2,265	0.44	\$2,784,387	0.45	\$2,752,222	\$27,836	1%	x
HIGHLAND COMMUNITY HOSPITAL	654	1,656	0.48	\$2,282,609	0.51	\$2,422,254	\$139,645	6%	x
CLAY COUNTY MEDICAL CENTER	605	1,851	0.39	\$1,820,355	0.40	\$1,883,383	\$63,029	3%	x
MAGEE GENERAL HOSPITAL	543	1,558	0.33	\$1,393,459	0.35	\$1,486,670	\$93,211	7%	x
WAYNE GENERAL HOSPITAL	435	1,485	0.47	\$1,421,887	0.49	\$1,480,596	\$58,709	4%	x
GEORGE COUNTY HOSPITAL	367	1,028	0.46	\$1,186,594	0.49	\$1,252,215	\$65,621	6%	x
NESHOBA COUNTY GENERAL HOSPITALNUR	228	555	0.47	\$654,507	0.49	\$682,650	\$28,143	4%	x
NORTH OAK REGIONAL MEDICAL CENTER	109	361	0.60	\$402,600	0.62	\$415,826	\$13,226	3%	x
MONTFORT JONES MEMORIAL HOSPITAL	87	246	0.56	\$301,536	0.57	\$310,172	\$8,635	3%	x
COVINGTON COUNTY HOSPITAL	34	114	0.51	\$107,584	0.52	\$110,934	\$3,350	3%	x
TIPPAH COUNTY HOSPITAL	32	101	0.65	\$127,774	0.64	\$125,223	-\$2,550	-2%	x
WINSTON MEDICAL CENTER	26	74	0.60	\$94,312	0.61	\$95,899	\$1,587	2%	x
TRACE REGIONAL HOSPITAL	24	67	0.56	\$79,511	0.57	\$81,988	\$2,477	3%	x

x	Decrease > 10%
x	Decrease < 10%
x	Increase < 10%
x	Increase > 10%

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## Year 2

## Impacts by Hospital: 101 to 200 Beds

Hospital	Actual Payment Oct 2012-July 2013				DRG Simulation for Oct 1, 2013		Change		
	Stays	Cov Days	V.29 Casemix	Total DRG Payment	V.30 Casemix	Total DRG Payment	Change	Change %	Change in Payment
BAPTIST MEMORIAL HOSPITALDESOTO	2,805	9,170	0.51	\$11,295,846	0.52	\$11,536,705	\$240,859	2%	x
NORTHWEST MS REGIONAL MEDICAL CENTE	1,787	6,192	0.55	\$7,681,453	0.55	\$7,712,780	\$31,328	0%	x
MAGNOLIA REGIONAL HEALTH CENTER	1,659	5,420	0.53	\$6,365,647	0.55	\$6,590,185	\$224,539	4%	x
BAPTIST MEMORIAL HOSPUNION COUNTY	1,581	3,618	0.35	\$4,435,191	0.37	\$4,649,444	\$214,252	5%	x
RIVER OAKS HOSPITAL	1,563	5,543	0.56	\$7,389,732	0.57	\$7,353,750	-\$35,983	0%	x
BILOXI REGIONAL MEDICAL CENTER	1,532	5,671	0.54	\$6,647,099	0.55	\$6,689,396	\$42,297	1%	x
SWI MS REGIONAL MEDICAL CENTER	1,175	3,485	0.63	\$5,042,355	0.65	\$5,285,457	\$243,102	5%	x
KINGS DAUGHTERS MEDICAL CENTER	1,172	3,108	0.47	\$4,106,686	0.48	\$4,236,904	\$130,218	3%	x
BOLIVAR MEDICAL CENTER	1,163	3,636	0.49	\$3,919,021	0.50	\$4,006,805	\$87,784	2%	x
TRI LAKES MEDICAL CENTER	972	4,103	0.50	\$4,457,130	0.51	\$4,553,348	\$96,219	2%	x
ALLIANCE HEALTH CENTER	928	9,616	0.52	\$5,641,072	0.52	\$5,619,614	-\$21,459	0%	x
NATCHEZ COMMUNITY HOSPITAL	828	2,667	0.48	\$2,845,483	0.49	\$2,899,287	\$53,804	2%	x
GRENADA LAKE MEDICAL CENTER	800	2,235	0.45	\$2,582,582	0.47	\$2,718,199	\$135,616	5%	x
GARDEN PARK MEDICAL CENTER	616	1,682	0.54	\$2,371,944	0.55	\$2,464,883	\$92,939	4%	x
WOMANS HOSPITAL	532	1,622	0.40	\$1,844,698	0.42	\$1,935,430	\$90,732	5%	x
RANKIN MEDICAL CENTER	472	1,725	0.93	\$3,051,932	0.85	\$2,818,170	-\$233,762	-8%	x
HANCOCK MEDICAL CENTER	376	1,146	0.57	\$1,592,906	0.57	\$1,615,577	\$22,671	1%	x
BAPT MEM HOSP BOONEVILLE	101	346	0.62	\$389,458	0.65	\$407,104	\$17,646	5%	x
MS METHODIST REHAB CENTER	63	928	1.48	\$1,231,030	1.54	\$1,279,937	\$48,907	4%	x
ANDERSON REGIONAL MEDICAL CENTER SO	11	100	1.07	\$140,162	1.13	\$147,528	\$7,366	5%	x

x	Decrease > 10%
x	Decrease < 10%
x	Increase < 10%
x	Increase > 10%

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## Year 2

## Impacts by Hospital: Over 200 Beds

Hospital	Actual Payment Oct 2012-July 2013				DRG Simulation for Oct 1, 2013		Change		
	Stays	Cov Days	V.29 Casemix	Total DRG Payment	V.30 Casemix	Total DRG Payment	Change	Change %	Change in Payment
UNIVERSITY OF MISS MED CENTER	7,615	46,660	1.44	\$84,395,027	1.37	\$83,416,470	-\$978,557	-1%	x
FORREST GENERAL HOSPITAL	4,735	20,268	0.79	\$28,425,339	0.79	\$28,184,370	-\$240,969	-1%	x
NORTH MISSISSIPPI MEDICAL CENTER	3,139	14,547	0.78	\$18,552,573	0.79	\$18,752,522	\$199,949	1%	x
ST DOMINIC/JACKSON MEMORIAL HOSPITAL	3,113	13,441	0.68	\$16,383,571	0.68	\$16,460,302	\$76,731	0%	x
SINGING RIVER HEALTH SYSTEM	2,644	8,628	0.62	\$12,036,871	0.61	\$11,966,483	-\$70,388	-1%	x
MEMORIAL HOSPITAL AT GULFPORT	2,527	11,645	0.69	\$14,938,054	0.67	\$14,591,458	-\$346,596	-2%	x
WESLEY MEDICAL CENTER	2,212	7,476	0.56	\$9,465,142	0.57	\$9,803,639	\$338,497	4%	x
DELTA REGIONAL MEDICAL CENTER	2,107	7,848	0.63	\$9,574,890	0.63	\$9,563,702	-\$11,189	0%	x
RIVER REGION HEALTH SYSTEM	2,086	9,705	0.56	\$9,542,159	0.57	\$9,713,601	\$171,442	2%	x
CENTRAL MISSISSIPPI MEDICAL CENTER	2,025	9,137	0.74	\$11,700,565	0.73	\$11,617,290	-\$83,274	-1%	x
SOUTH CENTRAL REG MED CTR	1,772	5,803	0.52	\$6,605,599	0.53	\$6,808,820	\$203,220	3%	x
ANDERSON REGIONAL MEDICAL CENTER	1,696	6,244	0.65	\$8,163,959	0.65	\$8,216,896	\$52,936	1%	x
GREENWOOD LEFLORE HOSPITAL	1,664	5,397	0.63	\$7,346,998	0.62	\$7,265,375	-\$81,623	-1%	x
MISSISSIPPI BAPTIST MEDICAL CENTER	1,515	7,747	0.90	\$9,923,220	0.89	\$9,779,951	-\$143,268	-1%	x
BMH GOLDEN TRIANGLE	1,512	5,354	0.60	\$6,672,387	0.60	\$6,729,022	\$56,635	1%	x
RUSH FOUNDATION HOSPITAL	1,485	5,346	0.61	\$6,885,465	0.62	\$7,036,671	\$151,207	2%	x
BAPTIST MEMORIAL HOSPITAL NORTH MS	1,415	4,767	0.60	\$6,188,432	0.60	\$6,367,097	\$178,665	3%	x
INATCHEZ REGIONAL MEDICAL CENTER	420	1,396	0.46	\$1,359,647	0.48	\$1,440,175	\$80,528	6%	x

x	Decrease > 10%
x	Decrease < 10%
x	Increase < 10%
x	Increase > 10%

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## Year 2

## Impacts by Hospital: Freestanding MH/OOS

Hospital	Actual Payment Oct 2012-July 2013				DRG Simulation for Oct 1, 2013		Change		
	Stays	Cov Days	V.29 Casemix	Total DRG Payment	V.30 Casemix	Total DRG Payment	Change	Change %	Change in Payment
BRENTWOOD BEHAVIORAL HEALTHCARE OF	1,307	14,094	0.56	\$9,412,302	0.50	\$8,532,201	-\$880,100	-9%	x
PARKWOOD BEHAVIORAL HLTH SYSTEM	590	6,746	0.55	\$4,147,342	0.54	\$4,068,740	-\$78,602	-2%	x
DIAMOND GROVE CENTER	450	5,198	0.57	\$3,313,051	0.52	\$3,034,642	-\$278,409	-8%	x
CROSSROADS REGIONAL HOSPITAL	175	1,809	0.50	\$1,144,660	0.41	\$941,307	-\$203,353	-18%	x
LAKEVIEW BEHAVIORAL HLTH SYS	165	2,075	0.53	\$1,094,383	0.52	\$1,091,558	-\$2,825	0%	x
LIBERTY HEALTHCARE SYSTEMS LLC	78	697	0.49	\$488,871	0.46	\$466,218	-\$22,653	-5%	x
OAK CIRCLE CENTER	75	2,189	0.53	\$879,550	0.51	\$879,269	-\$281	0%	x

Hospital	Actual Payment Oct 2012-July 2013				DRG Simulation for Oct 1, 2013		Change		
	Stays	Cov Days	V.29 Casemix	Total DRG Payment	V.30 Casemix	Total DRG Payment	Change	Change %	Change in Payment
METHODIST HOSPITALS OF MEMPHIS	1,256	7,043	1.26	\$11,452,345	1.23	\$11,416,377	-\$35,968	0%	x
USA CHILDRENS WOMENS HOSPITAL	511	4,389	1.45	\$5,650,403	1.35	\$5,293,408	-\$356,996	-6%	x
BAPTIST MEMORIAL HOSPITAL	258	1,922	1.70	\$3,120,386	1.67	\$3,008,290	-\$112,096	-4%	x
SAINT FRANCIS HOSPITAL	197	2,020	0.88	\$1,766,372	0.86	\$1,729,566	-\$36,806	-2%	x
REGIONAL MED CTR MEMPHIS	171	1,577	1.93	\$2,723,983	1.84	\$2,676,890	-\$47,093	-2%	x
ST JUDE CHILDRENS RESEARCH HOSPITAL	111	608	1.37	\$1,265,700	1.15	\$1,152,681	-\$113,018	-9%	x
OCHSNER FOUNDATION HOSPITAL	97	851	2.56	\$1,979,318	2.25	\$1,832,750	-\$146,569	-7%	x
DELTA MEDICAL CENTER	86	926	0.47	\$442,676	0.46	\$434,986	-\$7,690	-2%	x
SLIDELL MEMORIAL HOSPITAL	85	268	0.60	\$357,848	0.61	\$361,408	\$3,560	1%	x
CHILDRENS HOSPITAL	74	346	1.09	\$567,205	1.09	\$573,870	\$6,665	1%	x

x	Decrease > 10%
x	Decrease < 10%
x	Increase < 10%
x	Increase > 10%

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## Year 2

## Billing Pearls

- Code diagnoses and procedures completely, accurately and defensibly
- For neonates, important that diagnosis codes reflect birthweight and gestational age
  - Claims processing system does not read diagnosis from value code
- Newborns should be billed on their own claims
  - Treatment authorization needed once length of stay exceeds 5 days
- MS Medicaid uses the same 72-hour window definition as Medicare
  - Use modifier 51 on outpatient claims for separately payable services
- Date of admission on the claim should equal first authorized date on the TAN
- All stays that exceed 19 days require continued stay TAN review

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## Year 2

## Billing Pearls (Continued)

- MSCAN beneficiaries - providers do not need to submit inpatient claims to the Coordinated Care Organizations (CCOs) for denial prior to submitting to the Mississippi Division of Medicaid
  - This is currently the second most common denial edit for hospital inpatient claims
- Use the DRG pricing calculator to understand payment calculations and to predict payment

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## Year 2

## Looking Ahead to Year 3

- APR-DRG V.31 to be released by 3M 10/1/13 and implemented by MS Medicaid either 7/1/14 or 10/1/14
  - Only very minor changes expected from V.30 to V.31
  - No grouper or relative weight changes
- Mississippi Medicaid and other payers will accept only ICD-10 diagnosis and procedure codes on inpatient hospital claims effective October 1, 2014
  - Impact on DRG payments expected to be negligible
- Medicaid will annually review DRG base price, cost and day outlier thresholds, applicability of policy adjusters, acute care discharge list, changes in reported casemix, etc.
- Annual update planned to hospital-specific cost-to-charge ratios

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## Appendix: Pricing Examples

## 1. Straight DRG—Physical Health

- Other DRGs applicable for heart attack include cardiac catheterization with AMI, chest pain without diagnosis of heart attack, etc.

Example: 47-Year-Old Male with Heart-attack

APR-DRG	Severity	DRG Base Price	Payment Rel Wt	DRG Base Rate
190-1	Minor	\$6,022	0.88349	\$5,320
190-2	Moderate	\$6,022	0.97371	\$5,864
190-3	Major	\$6,022	1.31065	\$7,893
190-4	Severe	\$6,022	2.27653	\$13,709

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## Appendix: Pricing Examples

## 2. Straight DRG—Mental Health

- Same rates for general and freestanding hospitals.
- “Policy adjustor” boosts relative weight and therefore base payment for 72 mental health DRGs
- Different policy adjustors for pediatric (< 21) and adult

Example: Schizophrenia, Moderate Severity

APR-DRG	Age	DRG Base Price	Payment Rel Wt	DRG Base Rate
750-2	Pediatric	\$6,022	1.40115	\$8,438
750-2	Adult	\$6,022	1.17885	\$7,099

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## Appendix: Pricing Examples

## 3. Cost Outlier Case

- Cost outlier payments supplement base payments in exceptional cases (physical health DRGs only)
- Same calculation model as Medicare, intended to make about 5% of payments as outliers
- TAN on days required if stay exceeds 19 days

Example: DRG 720-4, Septicemia with Charges of \$150,000

Step	Explanation	Amount
DRG base payment	\$6,022 x 2.66569	\$16,053
Estimated cost	\$150,000 x 39%	\$58,500
Estimated loss	\$58,500 - \$16,053	\$42,447
Cost outlier case	\$42,447 > \$32,800	Yes
Est. loss - cost outlier thresh	\$42,447 - \$32,800	\$9,647
Cost outlier payment	\$9,647 x 60%	\$5,788
DRG payment	\$16,053 + \$5,788	\$21,841

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## Appendix: Pricing Examples

## 4. Day Outlier Case

- Day outlier payments supplement base payments in exceptional cases (mental health DRGs only)
- TAN on days required if stay exceeds 19 days

Example: DRG 751-4, Major Depression (Adult)		
Step	Explanation	Amount
DRG base payment	$\$6,022 \times 2.70414$	\$16,284
Length of stay	25 days	
Day outlier case?	$25 > 19$	Yes
Day outlier payment	$(25 - 19) \times \$450$	\$2,700
DRG payment	$\$16,284 + \$2,700$	\$18,984

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## Appendix: Pricing Examples

## 5. Transfer Cases

- Transfer = discharge status 02, 05, 07, 63, 65, 66
- Transfer adjustment made only if LOS less than national ALOS minus 1 day
- Payment adjustment follows Medicare model

Example: DRG 190-3, Heart-attack LOS = 3 days; Transferred to Another General Hospital		
Step	Explanation	Amount
DRG base payment	$\$6,022 \times 1.31065$	\$7,893
Transfer case	Discharge status = 02	Yes
National ALOS	Look up from DRG table	5.94
Transfer adjustment	$(\$7,893 / 5.94) \times (3 + 1)$	\$5,315
DRG payment	$\$5,315 < \$7,893$	\$5,315

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## Appendix: Pricing Examples

## 6. Prorated Payment

- Occurs when patient has some days ineligible for Medicaid
- Hospitals may submit claim for entire stay

Example: DRG 190-3, Heart-attack LOS = 10 Days but Covered Days = 3 Days		
Step	Explanation	Amount
DRG base payment	$\$6,022 \times 1.31065$	\$7,893
Prorated case	LOS > covered days	Yes
National ALOS	Look up from DRG table	5.94
Prorated adjustment	$(\$7,893 / 5.94) \times (3 + 1)$	\$5,315
DRG payment	$\$5,315 < \$7,893$	\$5,315

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## Appendix: Pricing Examples

## 7. Interim Claims

- No longer required under any circumstances
- Hospitals can choose to submit interim claims if a stay exceeds 30 days
- Interim payment of \$850/day intended to provide cash flow

Example: Neonate 1200g with Respiratory Distress Syndrome (APR-DRG 602-4)				
Claim	Type of Bill	Days	Interim Per Diem	Payment
1st interim claim	112	31	\$850	\$26,350
2nd interim claim	113	35	\$850	\$29,750
Void 1st interim claim	118	-31	\$850	(\$26,350)
Replace 2nd interim claim	117	80		\$79,435
Net payment				\$109,185

**Notes:**APR-DRG 602-4 base rate is  $\$6,022 \times 18.13105 = \$109,185$ 

Net payment may be higher if stay qualifies for outlier payment

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# DRG Payment Policy Contacts

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