

## **HOSPITAL INPATIENT APR-DRG ALERT OCTOBER 1, 2013 PROPOSED CHANGES**

The Mississippi Division of Medicaid will transition from V.29 to V.30 of the 3M Health Information System Hospital Inpatient APR-DRG Grouper effective October 1, 2013. Hospitals are not required to purchase 3M software in order to be paid. However, all hospitals that have purchased the 3M software should ensure their internal systems are updated to reflect the change to V.30 for admissions on or after October 1, 2013.

This will be Year 2 of the DRG payment method. In addition to the transition from V.29 to V.30 of the 3M APR-DRG grouper, the Division intends to make the following changes to payment policies effective October 1, 2013:

- Year 2 is intended to be budget-neutral relative to Year 1 overall. Because increased documentation and coding of diagnoses and procedures continues to result in increases in measured casemix, the Division has lowered the statewide DRG base price from \$6,223 to \$6,022. On balance, we expect average payment per stay to be unchanged between Year 1 and Year 2. The Division welcomes improved documentation and coding by hospitals, and reminds hospitals that diagnosis and procedure coding must be accurate and defensible.
- The Cost Outlier Threshold will be increased from \$30,000 to \$32,800, reflecting the growth in average charges on claims submitted to the Division. The increase also is consistent with the goal that DRG cost outlier payments comprise approximately 5% of DRG payments.
- Mississippi hospital-specific inpatient cost-to-charge ratios (CCRs) will be updated based on cost reports ending in 2012. Out-of-state hospital CCRs will be updated based on the Medicare Inpatient Prospective Payment System (IPPS) Final Rule published on August 19, 2013. CCRs are used in calculating outlier payments.
- For teaching hospitals that receive the medical education add-on payment, the payment has been increased by 1.7%, reflecting the growth in the U.S. hospital market basket index.
- The DRG Interim Claim Per Diem Amount will be increased from \$450 to \$850 to assist hospitals with cash flow for long stays.
- The list of discharge statuses considered to be transfers to acute care will be expanded to include status 63, Discharged/Transferred to Medicare Certified Long Term Acute Care Hospital. If a patient is transferred to another acute care hospital, payment to the transferring hospital may be reduced, depending on length of stay.

Please note that the above changes are subject to CMS approval via the State Plan Amendment process.

For the information of hospitals, DOM will conduct three in-person training seminars and one webinar to inform hospitals of the upcoming October 1, 2013 APR-DRG proposed changes . The sessions will show results from Year 1 of the DRG payment method, outline the changes for Year 2, and provide billing and documentations tips. For the in-person seminars as well as the webinar, please limit attendance to two people per hospital. Please contact Amy Burns at (601) 206-3028 or email her at [Amy.Burns@xerox.com](mailto:Amy.Burns@xerox.com). You may also fax your RSVP information to Amy Burns' attention at (601)206-3119 to register for one of the following training sessions:

- **Tuesday, September 10, 2013, 9am-12pm**  
Lake Terrace Convention Center  
1 Convention Center Plaza  
Hattiesburg, MS 39401
- **Wednesday, September 11, 2013, 9am-12pm**  
Hampton Inn & Suites  
1545 Jameson Drive  
Grenada, MS 38901
- **Wednesday, September 11, 2013, 2pm-5pm**  
Mississippi E-Center at Jackson State University  
1230 Raymond Road  
Jackson, MS 39204
- On the web, Friday, September 13 from 9:00 to 11:00. The conference line number will be 877-985-4954, passcode 3528431#. The webex link will be to <https://acs-inc.webex.com/acs-inc/j.php?ED=189835487&UID=1357003402&PW=NYzlhNDk5YmQw&RT=MiM3>. You can also go to [www.webex.com](http://www.webex.com) and enter meeting number 798120084, passcode DRG.

The Division's DRG webpage is also an excellent source of information. At [www.medicaid.ms.gov/HospitalInpatientAPR-DRGPayment.aspx](http://www.medicaid.ms.gov/HospitalInpatientAPR-DRGPayment.aspx), please see in particular the documents below, which will be available by September 16, 2013:

- Updated DRG Pricing Calculator. This document is an Excel spreadsheet that enables the user to calculate expected payment. It does not calculate the APR-DRG itself but it does include the list of APR-DRGs and associated relative weights.
- Updated Frequently Asked Questions
- Updated APR-DRG Quick Tips
- September 2013 provider training presentation – to be posted the week of September 9.