

# DRG Update for July 1, 2015

Mississippi Medicaid Webinar Provider Training

June 12, 2015 10:00 am

June 18, 2015 2:00 pm

June 23, 2015 10:00 am

Control No. MSI 15019



# Agenda

1. Overview
2. Medicaid utilization of inpatient care
3. Payment policy update
4. Simulated impacts
5. Looking forward

# Background

- DRG payment is used for all Mississippi Medicaid inpatient acute care stays
  - Presently Medicaid fee-for-service covers Hospital Inpatient Services for Medicaid beneficiaries and includes those beneficiaries enrolled in Managed Care.
  - December 1, 2015 is the proposed date for Managed Care to include coverage of Hospital Inpatient Services for beneficiaries enrolled in MississippiCAN.
  - Includes all general and specialty hospitals, including psychiatric, rehabilitation, Medicare critical access and Medicare long-term acute
- Implemented October 1, 2012, in order to reward efficiency, encourage access, increase transparency and reduce administrative burden
- Expectation is to update annually
- Approximately \$650 million a year is paid for 110,000 stays
- DRG payment:
  - Refers to allowed amount (which is approximately 3.8% higher than reimbursement)
  - Excludes approximately \$700 million a year in supplemental payment
  - Excludes approximately \$32 million in payment for medical education
  - Excludes Medicare crossover claims (where Medicare is primary payer)

# Keeping Track of Time

## Mississippi Medicaid DRG Years

- DRG Year 1 October 2012 – Sept 2013
- DRG Year 2 (9 months) October 2013 – June 2014
- DRG Year 3 FY 2015 July 2014 – June 2015
- DRG Year 4 FY 2016 July 2015 – June 2016

## For Purposes of Setting Year 4 DRG Rates

- Analytical dataset FY 2014 actual data (July – June)
- Baseline dataset FY 2014 actual data repriced using FY 2015 payment policy
- Simulation dataset FY 2014 actual data repriced using FY 2016 payment policy

Due to incompleteness, actual FY 2015 data are not used

# Now, the Headlines for Year 4

- On a per-stay basis, budget-neutral relative to DRG Year 3
- Actual Year 4 payments will depend on the volume and mix of stays
- DRG grouper and relative weight update from V.31 to V.32
  - No change in APR-DRG grouping logic
  - No change in APR-DRG relative weights or average length of stay benchmarks
- Update in outlier calculations: increase in cost outlier threshold, decrease in marginal cost percentage, updated CCRs, FY 2016 simulation reflects expected inflation in charges
- Change in policy adjustors: OB/newborn changed from 1.40 to 1.50, neonate changed from 1.40 to 1.45 and adult mental health changed from 1.75 to 1.60
- No documentation and coding adjustment made for Year 4
- Medical education add-on payments increased by 2.0% (market basket); impact not shown in this presentation

# Key Information Resources



## Mississippi Medicaid DRG Payment Method Frequently Asked Questions for FY 2016

Version Date: July 1, 2015

Since October 1, 2012, the Mississippi Division of Medicaid has used a DRG payment method to purchase hospital inpatient services. Our goal is to promote access to care, be fair to different hospitals providing similar services, reward efficiency, enable purchasing clarity, and minimize administrative burden for the Division and hospitals. Please note that this FAQ document does not supersede applicable laws, regulations, and policies.

### THE DRG PAYMENT METHOD

#### 1. What DRG algorithm and version does the Division use?

The Division uses 3M<sup>TM</sup> All Patient Refined Diagnosis Related Groups (APR-DRGs) under the 3M Health Information Systems. For Mississippi Medicaid claims, Version 29 was effective with admission starting October 1, 2012. Subsequent versions are based on last date of service as of admission, starting October 1, 2012. Subsequent versions are based on last date of service as of admission, starting October 1, 2012. Subsequent versions are based on last date of service as of admission, starting October 1, 2012. Subsequent versions are based on last date of service as of admission, starting October 1, 2012.

Version 30 was effective for claims with last date of service on or after July 1, 2014 through 2014, inclusively.

Version 31 was effective for claims with last date of service on or after July 1, 2015 through 30, 2015.

Version 32 will be effective for claims with last date of service on or after July 1, 2015 through 30, 2015.

#### 2. What providers and services are affected?

The DRG payment method applies to inpatient care in all acute care hospitals, including general freestanding psychiatric hospitals and freestanding rehabilitation hospitals. The following are provided by acute care hospitals and are not affected: outpatient care, Medicare cross-over claims, and services. Psychiatric residential treatment facilities, Indian Health Services hospitals and facilities are among the providers not affected by the new method.

#### 3. How much money is affected?

The Division of Medicaid pays approximately \$650 million a year for hospital inpatient care including supplementary payments (e.g., disproportionate share hospital payments) and payments received by Medicaid patients for whom Medicare was the primary payer.

#### 4. What are the Division's reasons for using DRG-based payment? The Division has five reasons:

July 1, 2015

MISSISSIPPI DIVISION OF MEDICAID		
Mississippi Division of Medicaid DRG Pricing Calculator		
Effective with Discharge Dates July 1, 2015		
<p>1. The hospital or other service provider data is with C16-C18, C20-C24, C48, C84-C85</p> <p>2. Mississippi Medicaid payment parameters have already been entered in the C20-C28</p> <p>3. The calculator will show the calculated allowed amount and will update the C16 and C18 parameters.</p>		
16	<b>INPUT INFORMATION</b>	
17	General charge	\$2,888.88
18	Select hospital name or state	University of MC Medical Center
19	Is the last date of service equal to or greater than 10/1/2015?	No
20	Maximal specific outlier charge ratio	15.55%
21	Medical record days	5
22	Patrol discharge status - 85,85,87,85,85,85,85,33,33	No
23	Patrol age (in years)	35
24	Is discharge status equal to 30 (all inpatient)?	No
25	<b>PAYMENT POLICY PARAMETERS SET BY MEDICAID</b>	
26	DRG base price	\$6,415
27	Outlier payment per day annual	\$450
28	Inpatient outlier threshold	30
29	Outlier payment threshold	\$28,000
30	Maximal total percentage	8.50
31	Medical health outlier threshold (in days)	90
32	Medical health outlier per day annual	\$450
33	Obsolescence/transfer payment adjuster	1.50
34	Transfer payment adjuster	1.45
35	Outlier payment adjuster	2.00
36	Outlier payment length of stay adjuster	2.00
37	Medical health outlier payment adjuster	1.50
38	Medical health outlier length of stay adjuster	1.50
39	<b>WHAT APR-DRG CODE DOES MEDICAID</b>	
40	APR-DRG (Version 32)	581-1
41	APR-DRG Description	VAGINAL DELIVERY
42	Base DRG Code 501	588
43	Medical health outlier eligible, Y - 4, Blank - H	NA
44	Transfer indicator	NA
45	Medical record days	Obsolescence
46	Transfer indicator	0.3300%
47	Outlier payment length of stay (in days)	1.4555%
48	Outlier payment length of stay (in days)	2.00
49	<b>IS THIS AN INTERIM CLAIM?</b>	No
50	DRG base price	NA
51	DRG base price	C20-C28
52	Inpatient outlier payment, Skip to line E74 for final interim pay	0
53	<b>WHAT IS THE DRG BASE PAYMENT?</b>	
54	DRG base price	\$3,184.78
55	Is a transfer payment adjustment needed?	No
56	Is a transfer adjustment paternity applicable?	No
57	Calculated transfer payment adjustment	\$0.00
58	Transfer payment adjustment	NA
59	Allowed amount of this point	\$3,184.78
60	<b>IS OUTLIER ADJUSTMENT NEEDED?</b>	
61	Is this day eligible for a day outlier payment or annual outlier?	Cost Outlier
62	Calculated cost of this case	\$7,318.88
63	Calculated cost (in years)	\$4,128.22
64	Calculated cost	\$4,128.22
65	Days realized base annual outlier threshold?	No
66	Difference between calculated base and annual outlier threshold	\$0.00
67	Cost outlier payment annual	\$0.00
68	<b>Day Outlier Adjustment</b>	
69	Is this day eligible for a day outlier payment?	No
70	DRG base price	NA
71	DRG base price	C20-C28
72	Outlier payment	\$0.00
73	<b>DRG Payment After Outlier Adjustment</b>	
74	DRG payment of this point	\$3,184.78
75	<b>IS AN ADJUSTMENT FOR PARTIAL ELIGIBILITY NEEDED?</b>	
76	DRG base price	Depends on DRG Adjustment
77	Partial eligibility adjustment	NA
78	Adjusted eligibility adjustment < DRG payment	\$3,184.78
79	<b>DRG Payment After Partial Eligibility Adjustment</b>	
80	DRG payment as for	\$3,184.78
81	<b>CALCULATION OF ALLOWED AMOUNT AND REIMBURSEMENT AMOUNT</b>	
82	Allowed amount for medical education (where applicable)	\$0.00
83	Allowed amount	\$3,184.78
84	Third party liability	\$0.00
85	Patrol net liability	\$0.00
86	Payment amount	\$3,184.78



## Mississippi Medicaid DRG Payment Method Billing Quick Tips for FY 2016

Visit [www.medicaid.ms.gov/providers/finance/](http://www.medicaid.ms.gov/providers/finance/) for key information on hospital payment method effective July 1, 2015, such as:

• Billing instructions

• A spreadsheet file that shows pricing calculations and includes the FY DRGs and relative weights

• Billing instructions

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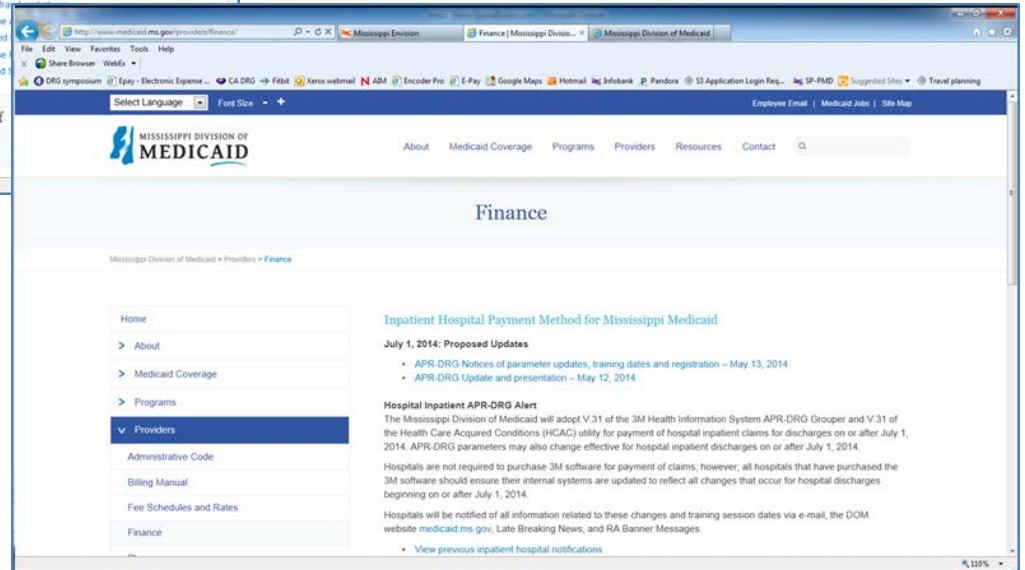
• Billing instructions

• Billing instructions

• Billing instructions



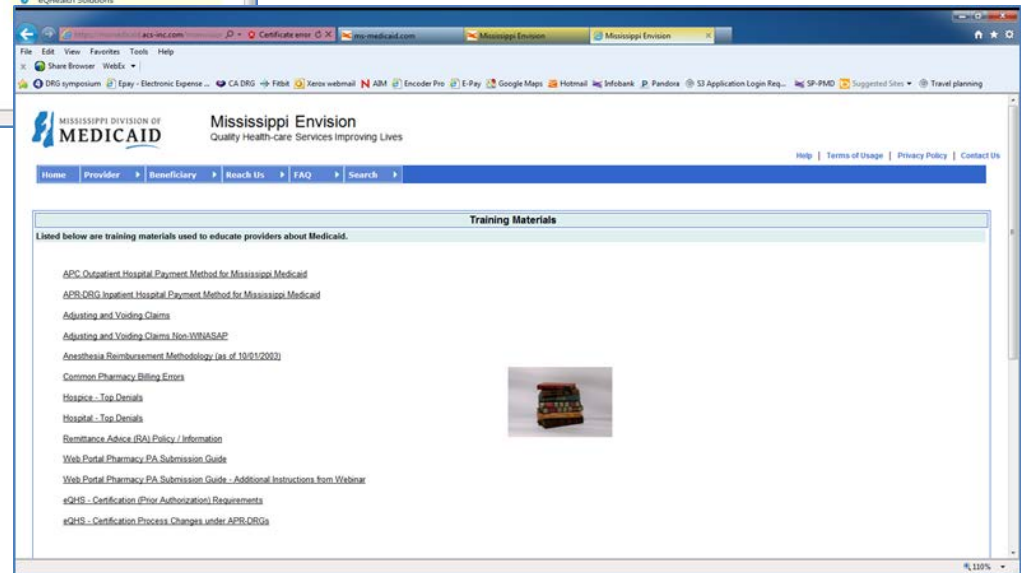
# DOM website: www.medicaid.ms.gov



<https://ms-medicaid.com/msenvision/index.do>



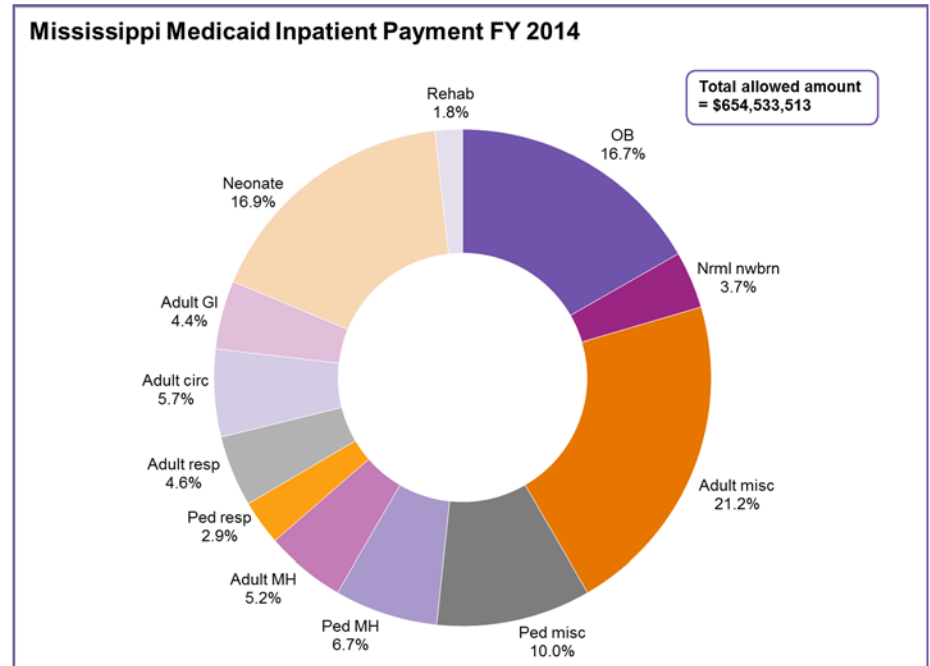
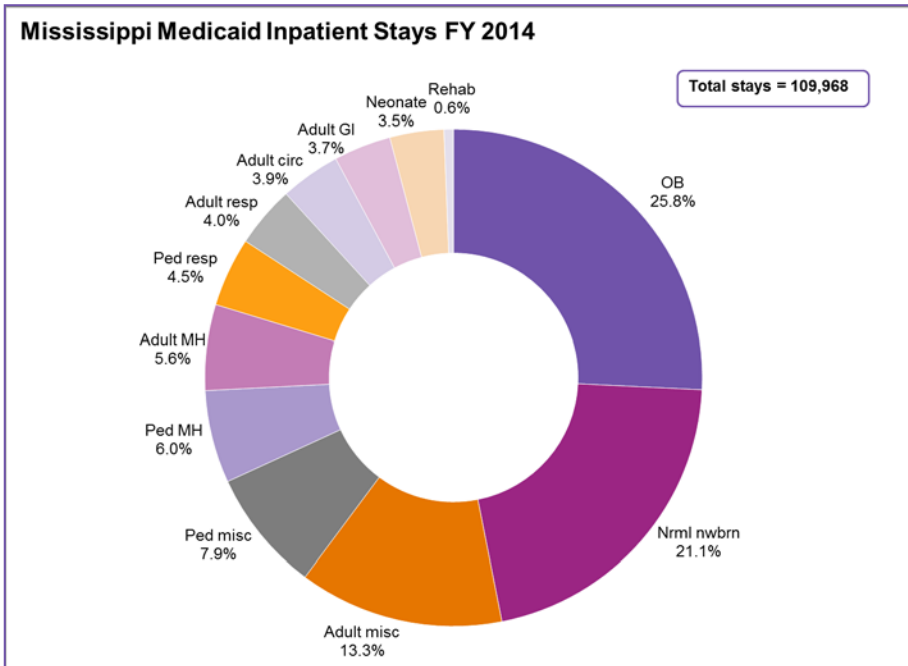
Xerox Provider and Beneficiary Services: 800.884.3222





# FY 2014 Utilization by Medicaid Care Category

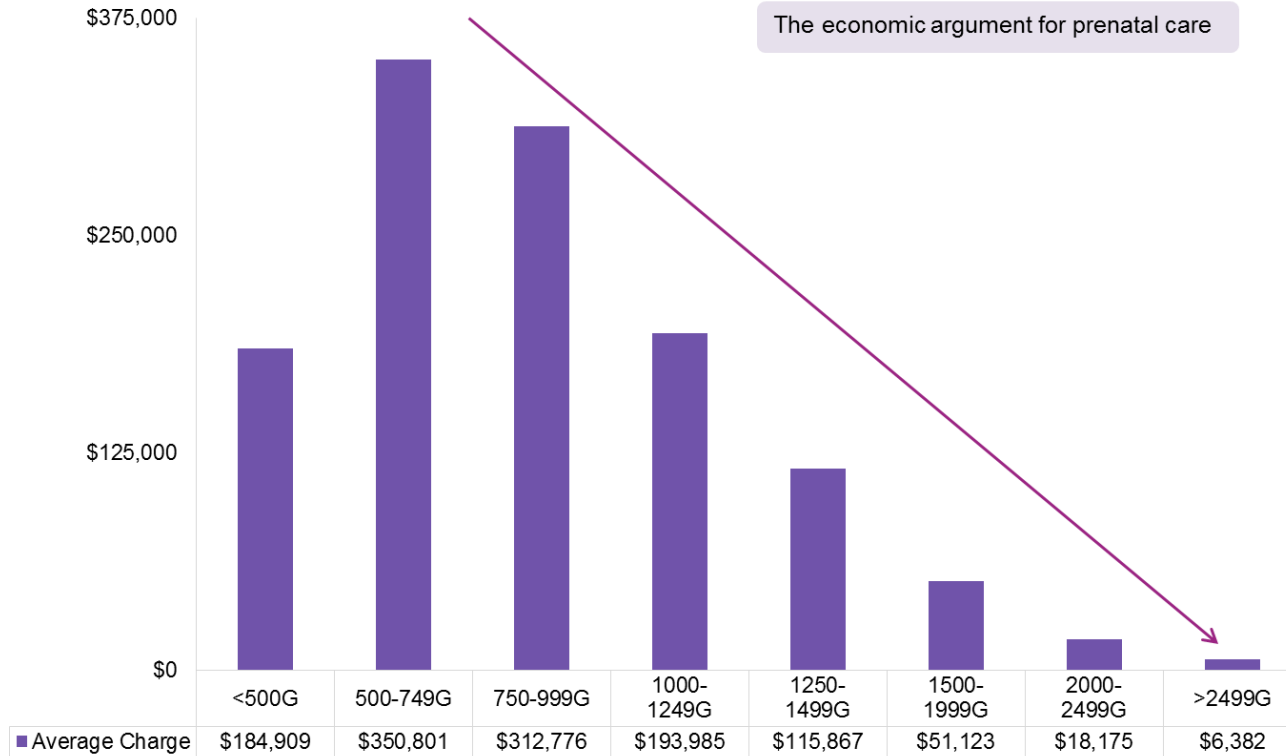
- Obstetrics, newborns, and pediatrics accounted for 69% of stays and 57% of total payment
- Normal newborns represented 21% of stays but 4% of payment
- Sick newborns (neonates) represented 4% of stays but 17% of payment



The analytical dataset comprised 109,968 stays with discharge dates 7/1/13 through 6/30/14 and paid date through 1/5/15. Stays in July-September originally grouped to APR-DRG V.29 while stays in October 2013-June 2014 originally grouped to APR-DRG V.30.

# Charges by Birthweight

**Average Hospital Charge per Newborn Stay, by Birthweight**



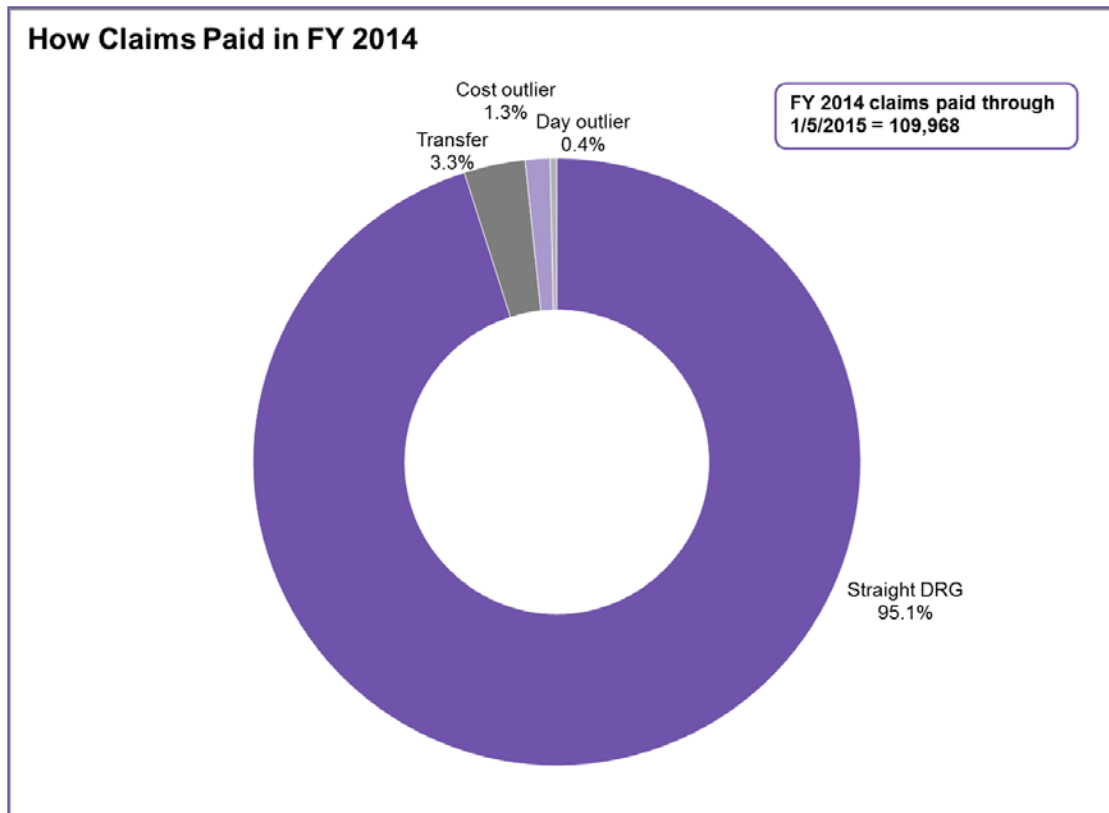
As gestational age and birthweight increase, hospital charges and Medicaid payments drop sharply

**Birthweight in Grams**

Chart includes stays with LDOS 7/1/13 thru 6/30/14, paid thru 1/5/15.

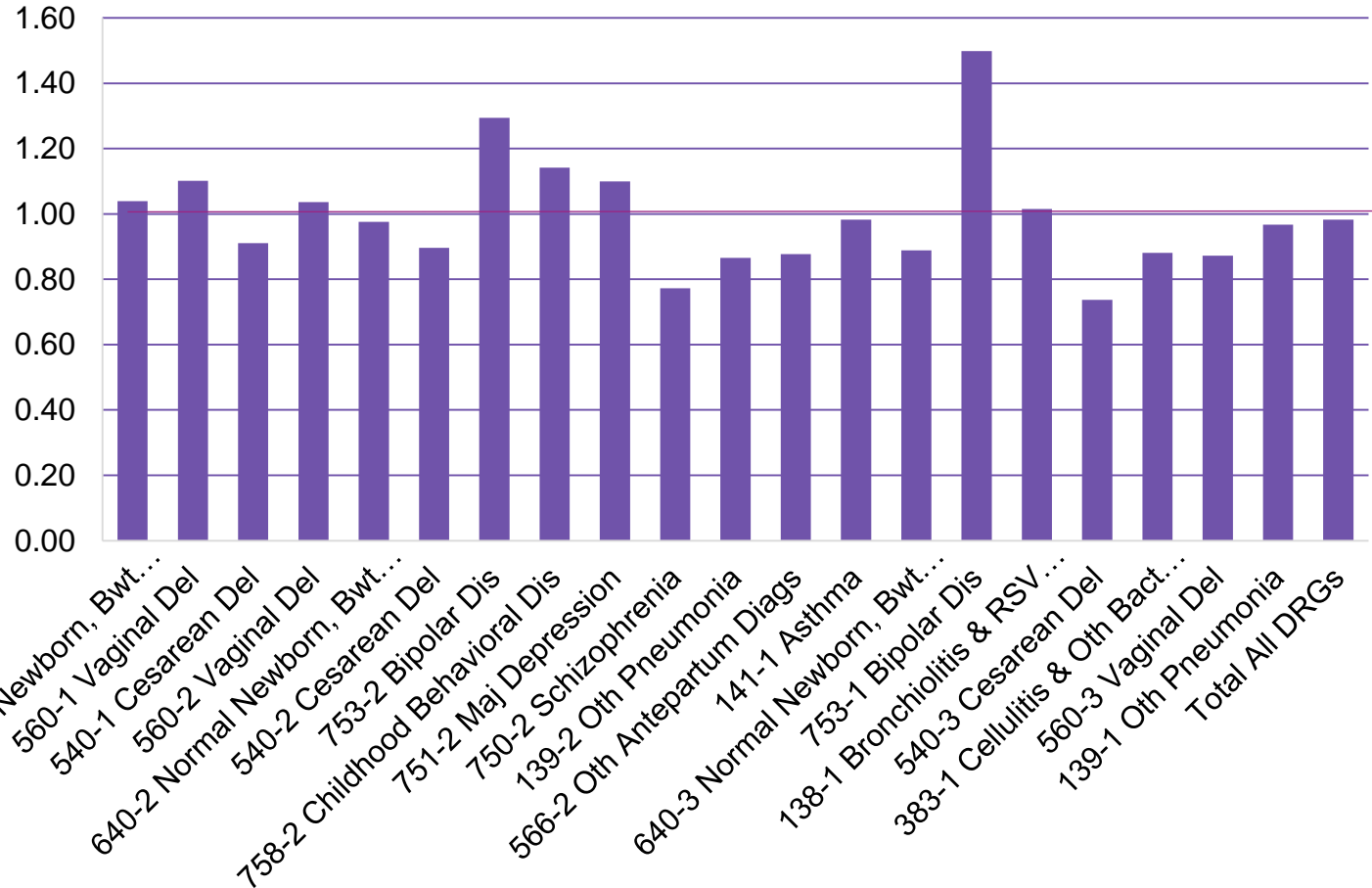
# How Claims Paid in FY 2014

- 95% of stays paid straightforwardly as DRG base price x DRG relative weight (including policy adjustors)
- Outlier payments represented 1.7% of stays but 6.3% of total DRG payments, compared with about 5% of payments for Medicare



# Top 20 APR-DRGs: Average Length of Stay

**Average Length of Stay  
Relative to National Benchmarks**



# Policy Decisions

Item	DRG Year 1	DRG Year 2	DRG Year 3	DRG Year 4
Dates	Oct 2012-Sep 2013 (12 months)	Oct 2013-Jun 2014 (9 months)	Jul 2014-Jun 2015 (12 months)	Jul 2015-Jun 2016 (12 months)
Ratesetting simulation based on dataset	Oct 2010-Mar 2011	Oct 2012-Jun 2013	Oct 2012-Sep 2013	Jul 2013-Jun 2014
Budget target	Budget neutral (on a volume-adjusted basis) with the simulation period since Oct. 1, 2010 - Mar. 31, 2011, not including medical education.	Budget neutral (on a volume-adjusted basis) to prior year, not including medical education.	Budget neutral (on a volume-adjusted basis) to prior year, not including medical education.	Budget neutral (on a volume-adjusted basis) to prior year, not including medical education.
Documentation and coding adj.	3.50%	3.50%	2.00%	None
DRG base price	\$6,223	\$6,022	\$6,415	No change—\$6,415
APR-DRG version	V.29	V.30	V.31	Change—from V.31 to V.32
APR-DRG relative weights	V.29 traditional weights	V.30 HSRV weights	V.31 HSRV weights	Change—to V.32 HSRV weights (same as V.31)
Average casemix	0.73	0.7	0.72	0.72
Policy adjustor—pediatric MH	2.08	2.08	2	No change—2.00
Policy adjustor—adult MH	1.75	1.75	1.75	Change from 1.75 to 1.60
Policy adjustor—obstetric	1.4	1.4	1.4	Change—from 1.40 to 1.50
Policy adjustor—normal newborn	1.4	1.4	1.4	Change—from 1.40 to 1.50
Policy adjustor—neonate	1.4	1.4	1.4	Change—from 1.40 to 1.45
Policy adjustor—rehab	2.11	2.11	2	No change—2.00
Policy adjustor—transplant	1.5	1.5	1.5	No change—1.50

# Policy Decisions (Continued)

Item	DRG Year 1	DRG Year 2	DRG Year 3	DRG Year 4
Cost outlier pool	Target 5%	Target 5%	No change—target 5%	No change—target 5%
Cost outlier threshold	\$30,000	\$32,800	\$35,175	\$50,000
Marginal cost percentage	60%	60%	60%	Change—from 60% to 50%
Day outlier threshold	19 days	19 days	19 days	No change—after 19 days
Day outlier per diem payment	\$450	\$450	\$450	No change—\$450
Interim claim per diem amount	\$450	\$850	\$850	No change—\$850
Cost-to-charge ratios	Latest available	Latest available	Actual for LDOS + 1 year	Actual for LDOS + 2 years
Charge levels used for simulating RY 2015	Actual	Adjusted for expect charge inflation of 9.37%	Adjusted for expect charge inflation of 8.18% (from AHA)	Adjusted for expect charge inflation of 8.18%
Transfer adj discharge values	02, 05, 07, 65, 66	02, 05, 07, 63, 65, 66	02, 05, 07, 63, 65, 66, 82, 85, 91, 93, 94	02, 05, 07, 63, 65, 66, 82, 85, 91, 93, 94
Pediatric age cutoff	Under age 21	Under age 21	Under age 21	No change—under age 21
Pricing logic	No change	No change	No change	No change
Allowed chg source logic	No change	No change	No change	No change
Medicaid Care Category definitions	No change	No change	No change	No change
Medical education add-on payments	From list	Updated list, reflecting market basket increase	Updated list, reflecting market basket increase	Change—updated list, reflecting market basket increase
Per diem treatment authorization threshold	19 days	19 days	19 days	No change—after 19 days
Other aspects of payment method	No change	No change	No change	No change

# Updates to Grouper and Relative Weights

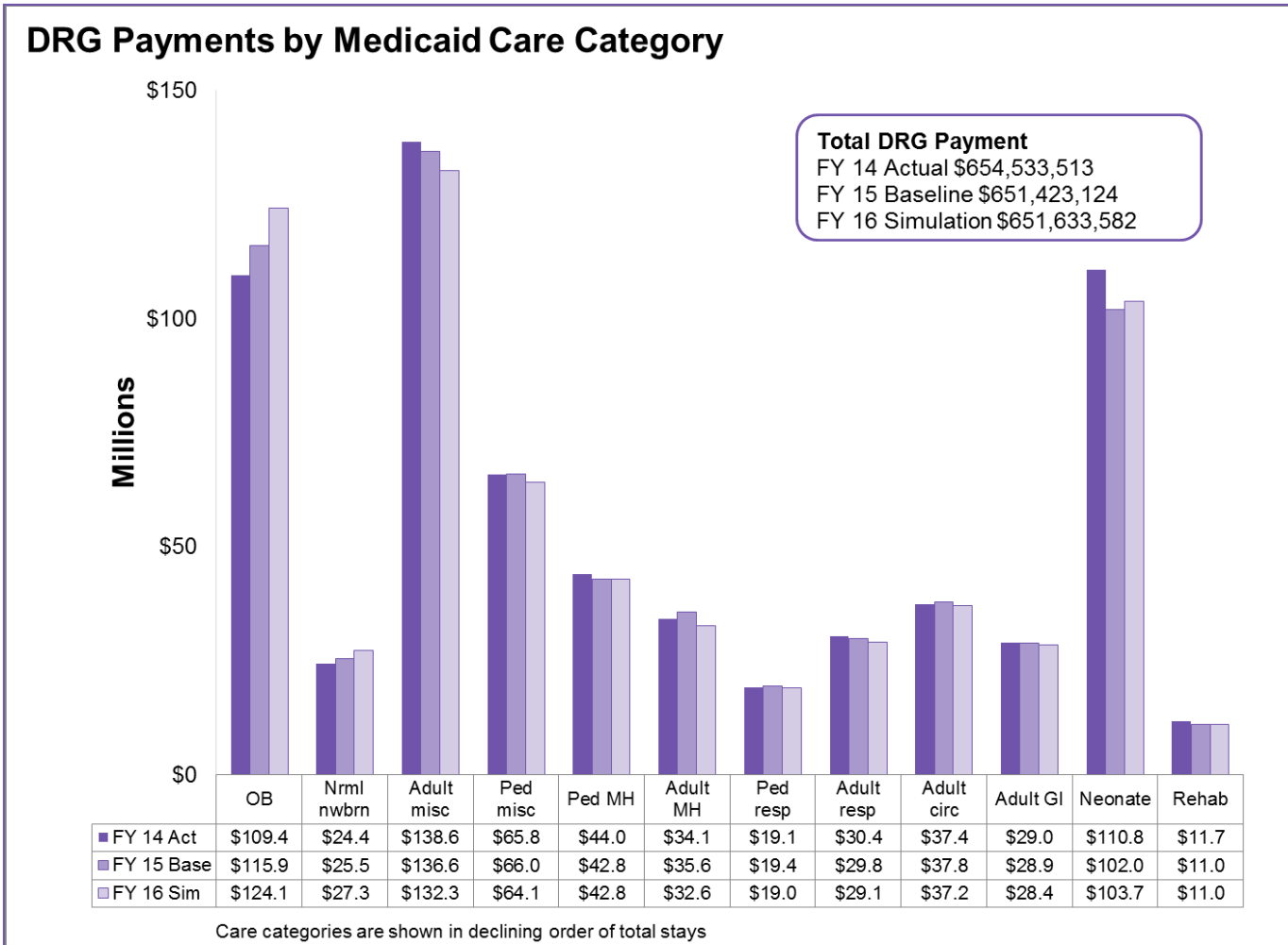
- Version update keeps pace with changes in medicine and practice
- APR-DRG V.31 → V.32
  - Mississippi Medicaid implementing 7/1/15 for DRG Year 4
  - No change in clinical grouping logic, relative weights or national ALOS
  - Casemix for the 2016 simulation dataset is the the same as the 2015 base year dataset. Therefore there is no change when comparing claims by Medicaid Care Category or peer groups
- In each version, 314 base DRGs, each with 4 levels of severity
- Policy adjustor increases
  - From 1.40 to 1.50 for obstetrics and normal newborns
  - From 1.40 to 1.45 for neonates
  - Intended to help preserve access to care
- Policy adjustor decrease
  - From 1.75 to 1.60 for adult mental health
  - Payments still expected to cover the full cost of care in aggregate
- Policy adjustors reviewed annually, with an emphasis on access to care

# Payment Policy Updates

- Cost outlier threshold and marginal cost percentage:
  - Cost outlier threshold will be \$50,000 in FY 2015
  - 42% increase in outlier threshold reflects recent growth in hospital charges and DOM effort to keep outlier percentage at about 5%
  - Marginal cost percentage decreasing from 60% to 50%
  - Simulated to result in decrease in outlier percentage to 5.2% (target is 5.0%)
- Increases in charges billed by hospitals
  - For Mississippi Medicaid stays between FY 2013 and FY 2014:
    - 14.5% increase, unadjusted for change in casemix
    - 11.2% increase adjusted for change in casemix
  - For all stays for all payers (AHA data):
    - 37% increase 2009 to 2013
    - 8.2% compound annual growth rate 2009-2013
- Discharge status values (used in calculating transfer adjustments)
  - No change in discharge status values for Year 4

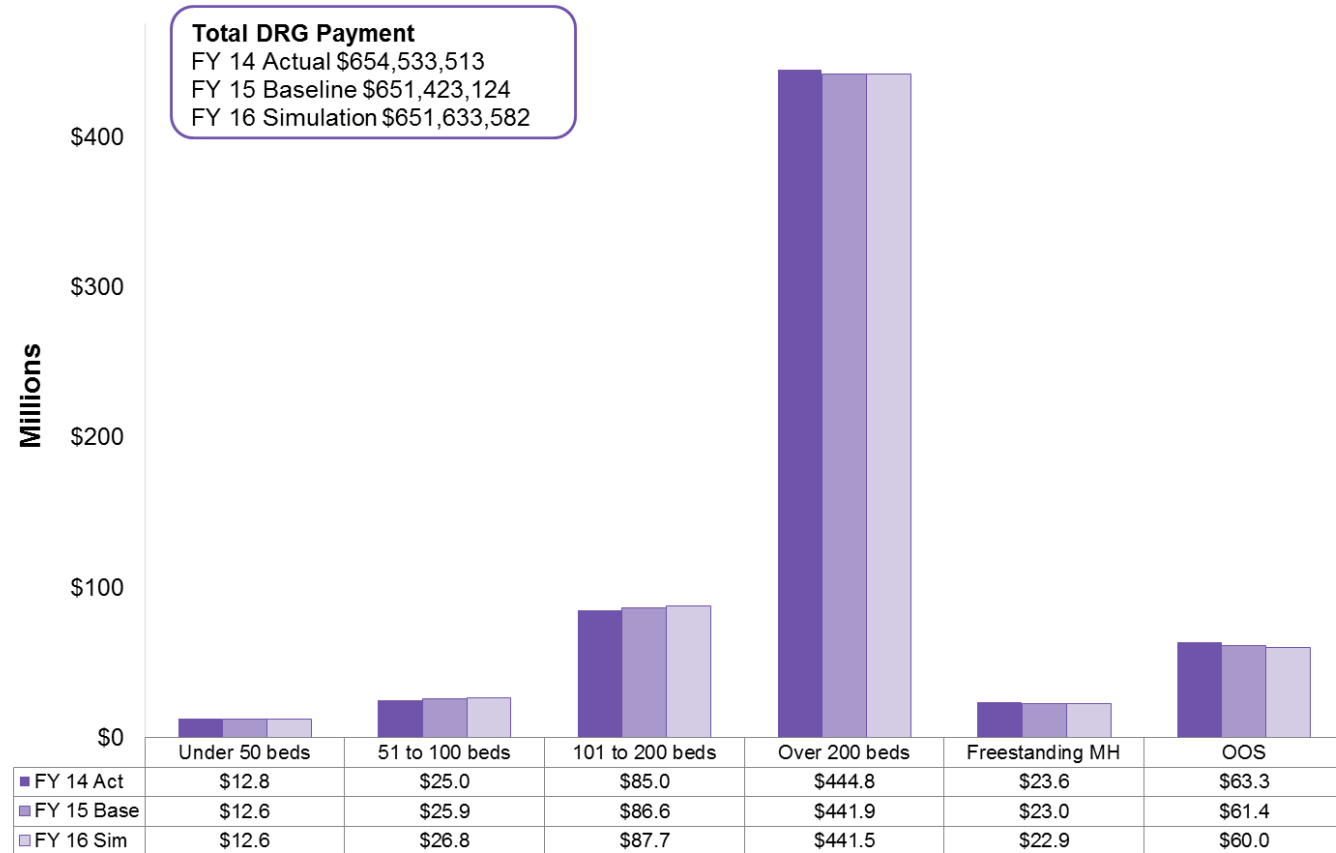


# Impacts by Medicaid Care Category



# Impacts by Hospital Peer Group

## DRG Payments by Peer Group



# Impacts by Medicaid Care Category

Medicaid Care Category	FY 2014 Actual			FY 2015 Baseline			FY 2016 Simulation		
	Stays	Covered Days	DRG Payment	Stays	Covered Days	DRG Payment	Stays	Covered Days	DRG Payment
OB	28,341	75,432	\$109,376,310	28,341	75,432	\$115,946,338	28,341	75,432	124,122,690
Nrml newborn	23,216	54,220	\$24,392,222	23,229	54,257	\$25,508,139	23,229	54,257	27,327,026
Adult misc	14,630	86,676	\$138,649,750	14,630	86,676	\$136,591,420	14,630	86,676	132,326,651
Ped misc	8,736	37,814	\$65,752,229	8,736	37,814	\$65,973,047	8,736	37,814	64,114,011
Ped MH	6,643	70,177	\$43,979,329	6,643	70,177	\$42,823,032	6,643	70,177	42,823,032
Adult MH	6,111	40,281	\$34,130,053	6,111	40,281	\$35,646,498	6,111	40,281	32,631,767
Ped resp	4,954	16,439	\$19,101,874	4,954	16,439	\$19,396,222	4,954	16,439	19,025,403
Adult resp	4,405	22,978	\$30,357,331	4,405	22,978	\$29,797,710	4,405	22,978	29,053,592
Adult circ	4,295	18,296	\$37,373,446	4,295	18,296	\$37,837,908	4,295	18,296	37,164,449
Adult GI	4,098	20,083	\$29,008,784	4,098	20,083	\$28,922,080	4,098	20,083	28,410,175
Neonate	3,861	71,272	\$110,755,847	3,848	71,235	\$102,016,800	3,848	71,235	103,684,089
Rehab	678	9,010	\$11,656,337	678	9,010	\$10,963,928	678	9,010	10,950,699
<b>Total</b>	<b>109,968</b>	<b>522,678</b>	<b>\$654,533,513</b>	<b>109,968</b>	<b>522,678</b>	<b>\$651,423,124</b>	<b>109,968</b>	<b>522,678</b>	<b>\$651,633,582</b>

Note: Actual payment in FY 2016 will depend on actual utilization, casemix and hospital charges.

# Impacts by Hospital Peer Group

Peer Group	FY 2014 Actual			FY 2015 Baseline			FY 2016 Simulation		
	Stays	Covered Days	DRG Payment	Stays	Covered Days	DRG Payment	Stays	Covered Days	DRG Payment
Under 50 beds	3,703	11,257	\$12,810,180	3,703	11,257	\$12,571,975	3,703	11,257	\$12,627,608
51 to 100 beds	7,856	22,753	\$24,989,318	7,856	22,753	\$25,933,367	7,856	22,753	\$26,813,264
101 to 200 beds	20,644	79,528	\$84,991,724	20,644	79,528	\$86,611,955	20,644	79,528	\$87,733,711
Over 200 beds	68,915	320,544	\$444,795,526	68,915	320,544	\$441,915,093	68,915	320,544	\$441,523,874
Freestanding MH	3,353	41,240	\$23,628,189	3,353	41,240	\$22,957,157	3,353	41,240	\$22,948,174
Out of state	5,497	47,356	\$63,318,575	5,497	47,356	\$61,433,576	5,497	47,356	\$59,986,952
<b>Total</b>	<b>109,968</b>	<b>522,678</b>	<b>\$654,533,513</b>	<b>109,968</b>	<b>522,678</b>	<b>\$651,423,124</b>	<b>109,968</b>	<b>522,678</b>	<b>\$651,633,582</b>

Note: Actual payment in FY 2016 will depend on actual utilization, casemix and hospital charges.

# Simulated Impact: Hospitals Over 200 Beds

Over 200 Beds			FY 2015 Baseline		FY 2016 Simulation		Change in Payment		
Hospital	Stays	Cov Days	V.31 Casemix	Total DRG Payment	V.32 Casemix	Total DRG Payment	\$ Change	% Change	Change Category
Univ of MS Med Ctr	12,061	84,584	1.39	\$139,585,662	1.39	\$137,963,377	-\$1,622,285	-1.2%	x
Forrest General	6,458	28,133	0.76	\$39,463,718	0.76	\$39,521,501	\$57,784	0.1%	x
St. Dominic - Jackson Memorial	4,856	23,523	0.69	\$27,671,991	0.69	\$27,602,944	-\$69,047	-0.2%	x
North MS Med Ctr	4,605	23,689	0.80	\$30,170,795	0.80	\$30,348,523	\$177,729	0.6%	x
Singing River System	3,779	12,664	0.60	\$17,408,303	0.60	\$17,438,661	\$30,358	0.2%	x
Memorial at Gulfport	3,703	17,544	0.73	\$23,422,556	0.73	\$23,208,509	-\$214,047	-0.9%	x
Central MS Med Ctr	3,111	14,125	0.73	\$19,946,224	0.73	\$19,387,262	-\$558,962	-2.8%	x
River Region Hlth System	3,022	15,467	0.59	\$15,326,887	0.59	\$15,040,156	-\$286,731	-1.9%	x
Delta Rgnl Med Ctr	2,796	11,504	0.65	\$13,997,695	0.65	\$14,223,326	\$225,631	1.6%	x
S. Central Rgnl Med Ctr	2,670	8,773	0.51	\$10,105,554	0.51	\$10,324,985	\$219,431	2.2%	x
Anderson Rgnl Med Ctr	2,618	9,725	0.62	\$12,550,677	0.62	\$12,912,614	\$361,937	2.9%	x
Wesley Med Ctr	2,531	8,951	0.56	\$11,430,340	0.56	\$11,667,337	\$236,997	2.1%	x
Greenwood Leflore	2,353	8,013	0.60	\$10,448,903	0.60	\$10,573,829	\$124,926	1.2%	x
MS Baptist Med Ctr	2,270	12,502	0.90	\$16,103,837	0.90	\$16,015,702	-\$88,135	-0.5%	x
Baptist Memorial - Golden Tri	2,074	7,163	0.55	\$9,025,321	0.55	\$9,144,914	\$119,593	1.3%	x
Rush Foundation	1,871	6,888	0.63	\$9,219,982	0.63	\$9,362,647	\$142,665	1.5%	x
Baptist Memorial - North Ms.	1,859	6,537	0.58	\$8,248,983	0.58	\$8,387,123	\$138,140	1.7%	x
Natchez Rgnl Med Ctr	586	1,936	0.44	\$2,035,514	0.44	\$2,095,164	\$59,651	2.9%	x

Note:  
1. DRG payment excludes supplemental payments.

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

# Simulated Impact: Hospitals 101 to 200 Beds

101 to 200 Beds			FY 2015 Baseline		FY 2016 Simulation		Change in Payment		
Hospital	Stays	Cov Days	V.31 Casemix	Total DRG Payment	V.32 Casemix	Total DRG Payment	\$ Change	% Change	Change Category
Baptist Memorial - Desoto Cnty	4,056	14,193	0.58	\$18,157,892	0.58	\$18,584,850	\$426,958	2.4%	x
Baptist Memorial - Union Cnty	2,327	5,337	0.36	\$6,731,361	0.36	\$7,084,156	\$352,795	5.2%	x
S.west MS Rgnl Med Ctr	2,222	6,566	0.60	\$9,629,774	0.60	\$9,815,613	\$185,839	1.9%	x
Biloxi Rgnl Med Ctr	2,171	8,217	0.53	\$9,619,557	0.53	\$9,631,636	\$12,080	0.1%	x
Northwest MS Rgnl Med Ctr	2,076	7,591	0.53	\$8,666,569	0.53	\$8,875,447	\$208,878	2.4%	x
River Oaks	1,921	8,152	0.60	\$10,131,908	0.60	\$10,392,227	\$260,319	2.6%	x
Magnolia Rgnl Hlth Ctr	1,903	6,129	0.53	\$7,594,097	0.53	\$7,693,864	\$99,767	1.3%	x
King's Daughters - Brkhvn	1,442	3,310	0.48	\$5,310,055	0.48	\$5,516,404	\$206,349	3.9%	x
Alliance Hlth Ctr	1,435	14,868	0.52	\$9,009,763	0.52	\$8,651,204	-\$358,559	-4.0%	x
Bolivar Med Ctr	1,345	4,197	0.48	\$4,679,335	0.48	\$4,812,470	\$133,135	2.8%	x
Tri-Lakes Med Ctr	1,178	4,610	0.48	\$5,377,488	0.48	\$5,181,322	-\$196,166	-3.6%	x
Natchez Cmnty	1,041	3,687	0.45	\$3,521,493	0.45	\$3,618,731	\$97,238	2.8%	x
Garden Park	1,036	3,298	0.52	\$4,448,469	0.52	\$4,436,534	-\$11,935	-0.3%	x
Grenada Lake Med Ctr	917	2,722	0.43	\$2,969,001	0.43	\$3,081,575	\$112,574	3.8%	x
Woman's at River Oaks	854	2,487	0.37	\$2,791,644	0.37	\$2,970,617	\$178,972	6.4%	x
Hancock Med Ctr	629	1,698	0.50	\$2,414,196	0.50	\$2,477,885	\$63,690	2.6%	x
Crossgates River Oaks	185	735	0.79	\$984,418	0.79	\$962,386	-\$22,032	-2.2%	x
MS Methodist . & Rehab	128	1,838	1.44	\$2,306,126	1.44	\$2,294,816	-\$11,309	-0.5%	x
Baptist Memorial - Booneville	99	414	0.69	\$435,158	0.69	\$435,158	\$0	0.0%	
Anderson Rgnl, S. Campus	27	298	1.28	\$380,093	1.28	\$380,093	\$0	0.0%	

Note:

1. DRG payment excludes supplemental payments.

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

# Simulated Impact: Hospitals 51-100 Beds

51 to 100 Beds			FY 2015 Baseline		FY 2016 Simulation		Change in Payment			
Hospital	Stays	Cov Days	V.31 Casemix	Total DRG Payment	V.32 Casemix	Total DRG Payment	\$ Change	% Change	Change Category	
Oktibbeha Cnty	1,546	4,278	0.36	\$4,666,509	0.36	\$4,863,224	\$196,715	4.2%		x
Gilmore Memorial	1,136	3,666	0.46	\$4,175,021	0.46	\$4,327,837	\$152,815	3.7%		x
Madison Cnty Med Ctr	1,045	2,782	0.41	\$3,328,301	0.41	\$3,474,950	\$146,648	4.4%		x
Highland Cmnty	790	2,016	0.42	\$2,591,234	0.42	\$2,668,046	\$76,812	3.0%		x
Clay Cnty Med Corp	742	2,248	0.40	\$2,274,285	0.40	\$2,362,826	\$88,541	3.9%		x
Magee General	585	1,616	0.33	\$1,554,842	0.33	\$1,637,555	\$82,713	5.3%		x
Wayne General	582	2,042	0.47	\$1,968,810	0.47	\$2,026,034	\$57,224	2.9%		x
George Cnty	482	1,308	0.41	\$1,507,424	0.41	\$1,574,873	\$67,449	4.5%		x
Neshoba Cnty General	360	942	0.46	\$1,051,333	0.46	\$1,051,052	-\$281	0.0%		x
Methodist Hlthcr - Olive Branch	190	467	0.48	\$690,952	0.48	\$706,224	\$15,272	2.2%		x
North Oaks Rgnl	183	573	0.61	\$703,727	0.61	\$703,475	-\$252	0.0%	x	
Montfort Jones Memorial	96	236	0.55	\$328,619	0.55	\$328,329	-\$290	-0.1%	x	
Trace Rgnl	41	127	0.54	\$134,064	0.54	\$134,064	\$0	0.0%		
Covington Cnty	30	104	0.53	\$100,211	0.53	\$100,211	\$0	0.0%		
Winston Cnty Cmnty	29	89	0.67	\$117,510	0.67	\$117,510	\$0	0.0%		
Tippah Cnty	20	68	0.58	\$74,750	0.58	\$74,750	\$0	0.0%		

Note:

1. DRG payment excludes supplemental payments.

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

# Simulated Impact: Hospitals 50 Beds & Under

Under 50 Beds			FY 2015 Baseline		FY 2016 Simulation		Change in Payment		
Hospital	Stays	Cov Days	V.31 Casemix	Total DRG Payment	V.32 Casemix	Total DRG Payment	\$ Change	% Change	Change Category
S. Sunflower Cnty	622	1,572	0.42	\$1,940,848	0.42	\$2,014,038	\$73,190	3.8%	x
S. E. Lackey Memorial	268	794	0.42	\$715,705	0.42	\$715,315	-\$391	-0.1%	x
Claiborne Cnty, CHOW	252	858	0.53	\$925,687	0.53	\$882,509	-\$43,178	-4.7%	x
Pioneer Cmnty of Newton	183	435	0.42	\$488,081	0.42	\$488,081	\$0	0.0%	
Webster General	112	455	0.62	\$434,565	0.62	\$434,565	\$0	0.0%	
Marion General 09/30/11	108	448	0.74	\$484,119	0.74	\$474,250	-\$9,869	-2.0%	x
King's Daughters, Yazoo City	100	327	0.55	\$361,551	0.55	\$359,438	-\$2,113	-0.6%	x
Simpson General	89	288	0.46	\$302,525	0.46	\$294,676	-\$7,849	-2.6%	x
Hardy Wilson Memorial	83	262	0.59	\$312,910	0.59	\$312,910	\$0	0.0%	
Noxubee General	82	254	0.56	\$294,324	0.56	\$294,031	-\$293	-0.1%	x
Beacham Memorial (S. Pike)	76	401	0.68	\$325,976	0.68	\$325,976	\$0	0.0%	
Univ . & Clinics - Holmes Cnty	71	172	0.64	\$288,100	0.64	\$288,100	\$0	0.0%	
Sharkey Issaquena Cmnty	70	195	0.50	\$222,220	0.50	\$221,901	-\$319	-0.1%	x
Scott (Morton) Rgnl Med Ctr	67	191	0.52	\$225,781	0.52	\$224,253	-\$1,528	-0.7%	x
Stone Cnty	65	164	0.53	\$218,712	0.53	\$218,712	\$0	0.0%	
Leake Memorial	65	199	0.52	\$214,200	0.52	\$214,408	\$208	0.1%	x
North Sunflower Cnty	62	213	0.71	\$274,110	0.71	\$267,077	-\$7,033	-2.6%	x
Field Memorial Cmnty	61	194	0.64	\$244,952	0.64	\$243,678	-\$1,274	-0.5%	x
Tyler Holmes Memorial	60	202	0.58	\$215,354	0.58	\$215,035	-\$319	-0.1%	x
Alliance Hlthcr System	60	194	0.56	\$208,923	0.56	\$208,689	-\$234	-0.1%	x
Quitman Cnty	60	212	0.51	\$194,438	0.51	\$194,438	\$0	0.0%	

Note:  
1. DRG payment excludes supplemental payments.

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



# Simulated Impact: Hospitals 50 Beds & Under

Under 50 Beds			FY 2015 Baseline		FY 2016 Simulation		Change in Payment		
Hospital	Stays	Cov Days	V.31 Casemix	Total DRG Payment	V.32 Casemix	Total DRG Payment	\$ Change	% Change	Change Category
Walthall Co General	52	172	0.58	\$191,810	0.58	\$191,810	\$0	0.0%	
Tishomingo Hlth Services	48	122	0.59	\$170,931	0.59	\$170,485	-\$446	-0.3%	x
Jefferson Cnty	46	119	0.52	\$152,750	0.52	\$152,467	-\$284	-0.2%	x
Jefferson Davis Cmnty Prentiss	44	175	0.63	\$178,689	0.63	\$177,861	-\$828	-0.5%	x
Laird , Inc.	40	123	0.49	\$142,871	0.49	\$138,934	-\$3,937	-2.8%	x
H C Watkins Memorial	30	115	0.55	\$103,167	0.55	\$103,167	\$0	0.0%	
Tallahatchie General	25	84	0.54	\$87,252	0.54	\$87,252	\$0	0.0%	
Perry Cnty General	22	60	0.56	\$77,814	0.56	\$77,298	-\$516	-0.7%	x
Lawrence Cnty	20	48	0.48	\$58,929	0.48	\$58,929	\$0	0.0%	
Calhoun Hlth Services	19	41	0.48	\$58,144	0.48	\$58,144	\$0	0.0%	
Kilmichael	16	52	0.53	\$54,852	0.53	\$54,852	\$0	0.0%	
Yalobusha General	15	42	0.60	\$55,440	0.60	\$55,440	\$0	0.0%	
Whitfield Med Surgical	14	119	0.72	\$68,393	0.72	\$64,769	-\$3,624	-5.3%	x
Choctaw Cnty Med Ctr	12	66	0.62	\$48,045	0.62	\$48,045	\$0	0.0%	
Franklin Cnty Memorial	7	23	0.72	\$32,137	0.72	\$32,137	\$0	0.0%	
John C. Stennis Memorial	7	22	0.55	\$28,481	0.55	\$27,588	-\$893	-3.1%	x
Pontotoc Hlth Services, Inc.	5	13	0.51	\$16,286	0.51	\$16,286	\$0	0.0%	
Patients Choice, Humphreys	3	10	0.49	\$9,353	0.49	\$9,353	\$0	0.0%	
Pearl River Cnty	3	7	0.46	\$8,827	0.46	\$8,827	\$0	0.0%	
Pioneer Cmnty Aberdeen	2	9	0.48	\$6,209	0.48	\$6,209	\$0	0.0%	

Note:

1. DRG payment excludes supplemental payments.

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

# Simulated Impact : Freestanding MH and OOS

Freestanding Mental Health			FY 2015 Baseline		FY 2016 Simulation		Change in Payment		
Hospital	Stays	Cov Days	V.31 Casemix	Total DRG Payment	V.32 Casemix	Total DRG Payment	\$ Change	% Change	Change Category
Brentwood Behavioral of MS	1,739	18,556	0.48	\$10,800,882	0.48	\$10,801,272	\$389	0.0%	x
Parkwood Behavioral Hlthcr	741	8,590	0.52	\$5,047,529	0.52	\$5,047,529	\$0	0.0%	
Diamond Grove Ctr	680	7,300	0.51	\$4,434,747	0.51	\$4,435,055	\$307	0.0%	x
Lakeside Behavioral Hlth Sys	257	3,392	0.52	\$1,771,450	0.52	\$1,771,450	\$0	0.0%	
Oak Circle Ctr / MS State	193	6,794	0.49	\$2,674,000	0.49	\$2,664,320	-\$9,680	-0.4%	x
Crossroads Rgnl	193	1,907	0.40	\$1,000,766	0.40	\$1,000,766	\$0	0.0%	
Liberty Hlthcr Systems	136	1,225	0.45	\$797,224	0.45	\$797,224	\$0	0.0%	

Out of State			FY 2015 Baseline		FY 2016 Simulation		Change in Payment		
Hospital	Stays	Cov Days	V.31 Casemix	Total DRG Payment	V.32 Casemix	Total DRG Payment	\$ Change	% Change	Change Category
Methodist of Memphis	1,978	14,054	1.30	\$21,554,311	1.30	\$20,947,329	-\$606,982	-2.8%	x
USA Childrens & Womens	644	6,023	1.20	\$5,961,816	1.20	\$6,118,034	\$156,219	2.6%	x
Baptist Memorial	334	3,243	1.78	\$4,284,326	1.78	\$4,315,143	\$30,817	0.7%	x
Rgnl Med Ctr Memphis	326	4,222	2.26	\$6,610,826	2.26	\$6,458,366	-\$152,460	-2.3%	x
Saint Francis	290	2,781	0.60	\$1,836,168	0.60	\$1,807,783	-\$28,385	-1.5%	x
Delta Med Ctr	196	2,164	0.54	\$1,146,427	0.54	\$1,064,374	-\$82,053	-7.2%	x
Slidell Memorial	149	762	0.90	\$1,108,607	0.90	\$1,085,142	-\$23,465	-2.1%	x
Ochsner Foundation	147	1,523	2.33	\$2,623,967	2.33	\$2,568,167	-\$55,800	-2.1%	x
St. Jude Childrens	143	714	1.21	\$1,289,453	1.21	\$1,255,300	-\$34,153	-2.6%	x
Northshore Rgnl Med Ctr	100	473	1.07	\$760,882	1.07	\$721,886	-\$38,996	-5.1%	x
Children's	90	480	1.13	\$857,813	1.13	\$803,586	-\$54,227	-6.3%	x
Univ Hlthcr System, Tulane	79	532	1.55	\$1,711,591	1.55	\$1,561,020	-\$150,571	-8.8%	x
Univ of S. Alabama	53	479	1.95	\$859,788	1.95	\$827,575	-\$32,214	-3.7%	x
Children's of Alabama	53	682	2.44	\$2,064,099	2.44	\$1,946,310	-\$117,789	-5.7%	x
Univ of Alabama	43	499	1.95	\$826,830	1.95	\$767,847	-\$58,983	-7.1%	x
Providence	40	208	1.33	\$342,493	1.33	\$342,770	\$277	0.1%	x

Note:

1. DRG payment excludes supplemental payments.

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



# Transition to ICD-10

- 7/1/15: DOM implements APR-DRG V.32 using ICD-9 input
- 10/1/15: DOM implements APR-DRG V.33 mapper
  - Claims with ICD-10 codes will be input into the APR-DRG V.32 grouper.
- 7/1/16: DOM implements APR-DRG V.33 using ICD-10 input
- In theory, no impact on payment October 1, 2015
  - Same patients intended to go to same DRGs, except using different diagnosis and procedure code values
  - APR-DRG logic designed for stable grouping regardless of whether ICD-9 or ICD-10 codes are input
- In practice, there are uncertainties
  - Going from ICD-9 to ICD-10 is complex for hospitals and payers
  - 3M analysis of NY Medicaid APR-DRG claims => 3.5% of claims changed DRG assignment, though the net fiscal impact was almost zero

# Looking Ahead to DRG Year 5 (FY 2017)

- Minimal APR-DRG grouping changes expected V.32 to V.33
- APR-DRG relative weights likely to change to reflect latest national data
- Annual DOM review of DRG base prices, policy adjustors, and other aspects of the payment method
- Further out, the APR-DRG grouping will start to use the richer detail of ICD-10 codes

# Billing Pearls

- For accurate APR-DRG assignment, ensure that diagnoses and procedures are complete, accurate and defensible
- Use the DRG Pricing Calculator to understand and predict claim payment
- Be familiar with the latest FAQ and Quick Tips information on the DOM website
- Request prior authorization for any stay that exceeds 19 days

# For Further Information

## **DRG Policy Questions**

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For more information on Medicaid payment methods, please go to [www.xerox.com/Medicaid](http://www.xerox.com/Medicaid)

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