



MISSISSIPPI HOSPITAL ASSOCIATION

Via Electronic Transmission

June 3, 2019

Drew Snyder, Esq.
Executive Director
Office of the Governor, Division of Medicaid
550 High Street, Suite 1000
Jackson, Mississippi 39201

Re: SFY 2019 Update to Mississippi Division of Medicaid Inpatient Hospital Methodology

Dear Mr. Snyder:

We are in receipt of your correspondence to hospital administrators and CFOs dated May 20th in which you describe changes to the APR-DRG payment methodology. The Mississippi Division of Medicaid (DOM) has indicated that the annual update will not include a change from the Version 35 DRG grouper and weights to the new Version 36. The Mississippi Hospital Association (MHA) agrees that, due to significant changes in the V36 DRG weights, additional evaluation of the fiscal impact on individual hospitals and the hospital industry in whole is warranted. Our understanding is that the introduction of the standard 3M National V36 APR DRG weight set would have resulted in large reductions in payments without a corresponding increase in hospital base rates. We appreciate DOM forgoing the change to V36 until we can better determine the fiscal impact.

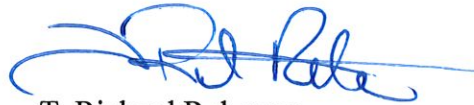
As for the indicated update, MHA is disappointed that no additional funding has been added to cover the industry's continued increases in the cost of providing services to the Medicaid population. It appears that an increase in DRG base price of 2.2% is being offset by reductions of the neonate and mental health policy adjustors as well as an increase in outlier thresholds.

Our understanding is that the changes in V36 APR DRG weights (and future versions of the DRG weights) will likely result in decreased payments to tertiary hospitals that provide care to a large volume of neonate and outlier cases. In addition, the reduction of the mental health policy adjustors impacts those providers of critical mental health services when the need for such services continues to grow.

MHA is interested in the policy reasoning behind adopting these changes for these services. Given that Medicaid is such a significant source of coverage for neonates and persons suffering from mental illness, these reductions in reimbursement of these critical service areas could result in future access issues for the Mississippi Medicaid population. Perhaps there is a way to address payments for these services through the supplemental payment model.

We would welcome an opportunity to discuss these changes with you prior to the effective date.

Sincerely,



T. Richard Roberson
General Counsel
Vice President for Policy and State Advocacy

cc: Tim Moore