



May 10, 2021

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Dear Hospital Administrators and CFOs,

The Mississippi Division of Medicaid (DOM) reviews APR-DRG policy and payment factors annually with the goal of strategically aligning the inpatient hospital methodology for long-term sustainability. This year's annual review has resulted in the updates listed below. The APR-DRG updates are subject to CMS approval through the State Plan Amendment process. These updates will take effect July 1, 2021. DOM estimates the overall impact of these changes will be a savings of \$210,588 in state and federal funds. This will be a change of less than 0.05% of the DOM inpatient budget.

APR-DRG Changes:

- Adopt V.38 of the 3M Health Information Systems (3M HIS) APR-DRG Grouper and Hospital-Specific Relative Value (HSRV) weights
- Re-center V.38 HSRV weights to a population Case-Mix Index (CMI) of 1.0
- To adjust for the higher re-centered V.38 weights, the statewide DRG base price will change from \$6,590 to \$5,350
- The pediatric mental health policy adjustor will change from 1.95 to 1.90
- The adult mental health policy adjustor will change from 1.50 to 1.45
- The obstetrics policy adjustor – will change from 1.50 to 1.40
- The normal newborn policy adjustor – will change from 1.50 to 1.45
- The DRG cost outlier threshold will change from \$53,500 to \$60,000
 - The DRG cost outlier threshold will increase by 5% in state fiscal years 2023 and 2024
- The DRG cost outlier marginal percentage – will change from 60% to 50%
- Cost-to-charge ratios in effect as of July 1, 2021 will be used to calculate cost outlier payments for claims with dates of service on or after July 1, 2021

The update to version 38 (V.38) of the APR-DRG grouper and relative weights on July 1, 2021 resulted in a significant reduction in the average relative weight in the Mississippi Medicaid population relative to the previous version of relative weights (V.35). In the absence of a substantial change in base price, the reduction in average weights would reduce payments paid through the APR-DRG payment method. In order to avoid substantial changes in the base price from year-to-year due to changes in the average relative weight, the Division has opted to implement a process to re-center the APR-DRG relative weights to a population average of 1.0 each year. The relative weights will still be based on the values published by 3M but will be adjusted so that the average weight across Mississippi Medicaid inpatient stays is 1.0. This new process will mean that the average APR-DRG relative weight will not change from year-to-year, which will reduce the need to adjust the base price each year. However, because this process will significantly increase

May 10, 2021
Page 2

the average weight in SFY 2022 relative to SFY 2021, the Division will need to make a one-time significant decrease in the base price to maintain budget neutrality.

DOM will offer two hospital reimbursement policy update sessions. The sessions will demonstrate results from the previous year of the APR-DRG payment method and outline the changes for July 1, 2021. DOM strongly encourages each hospital to participate in one of the sessions.

Follow the links below to register for the hospital reimbursement policy update sessions. (Please limit webinar attendance to one line per hospital.)

- **Tuesday, May 25, 2021, 9:00 A.M. – 10:30 A.M.**
[Register](#)
- **Thursday, June 3, 2021, 2:00 P.M. – 3:30 P.M.**
[Register](#)

For additional information, please visit DOM's website at <https://medicaid.ms.gov/providers/reimbursement/>. The supplemental documents listed below are currently available:

- Updated DRG Pricing Calculator.
- Updated APR-DRG Billing Quick Tips.
- Updated APR-DRG 3M Grouper Settings.
- Frequently Asked Questions (FAQs).

The May/June 2021 Hospital Reimbursement Policy Updates presentation will be available for download by Tuesday, May 25, 2021. The Frequently Asked Questions (FAQs) documents will be updated upon completion of the webinars to include questions submitted by providers during the hospital reimbursement policy update sessions.

Thank you for your attention regarding this matter.

Sincerely,



Drew L. Snyder
Executive Director