PUBLIC NOTICE

June 4, 2026

Pursuant to 42 C.F.R. Section 447.205, public notice is hereby given for the submission of a Medicaid State Plan Amendment (SPA) 26-0010 All Patient Refined Diagnosis Related Groups (APR-DRG) Grouper Version Update. The Division of Medicaid, in the Office of the Governor, will submit this proposed SPA to the Centers for Medicare and Medicaid Services (CMS) effective July 1, 2026, contingent upon approval from CMS. This proposed SPA is to comply with approved SPA 2012-008, our Transmittal #26-0010.

1. Mississippi Medicaid SPA# 26-0010 APR-DRG Grouper Version is being submitted to update the following hospital inpatient payment methodology hospital services:

   a. Adopt Version 43 (V.43) of the Solventum APR-DRG grouper and Hospital-Specific Relative Value (HSRV) weights.

   b. Re-center V.43 HSRV weights to achieve a population Case-Mix Index (CMI) of 1.0.

   c. The following APR-DRG parameters will be updated:
      - Base Payment – will change from $5,400 to $5,608
      - Neonate policy adjuster – will change from 1.60 to 1.44
      - DRG Cost Outlier Threshold – will change from $66,000 to $88,000

   d. Change 3M to Solventum.

2. The estimated annual aggregate expenditures of the Division of Medicaid relative to simulations of APR-DRG State Fiscal Year (SFY) 2027 overall, calculated on a Federal Fiscal Year (FFY) basis, are expected to be a savings of $775 in state funds and $2,580 in federal funds for FFY-26 and savings of $3,043 in state funds and $10,375 in federal funds for FFY-27.

3. The Division of Medicaid is submitting this proposed SPA to be in compliance with 42 C.F.R. § 447.201 which requires all policy and methods used in setting payment rates for services be included in the State Plan. This SPA also complies with 42 C.F.R. § 447.203.

4. A copy of the proposed SPA will be available in each county health department office and in the Department of Human Services office in Issaquena County for review. A hard copy can be downloaded and printed from www.medicaid.ms.gov, or requested at 601-359-2081 or by emailing at DOMPolicy@medicaid.ms.gov.

5. Written comments will be received by the Division of Medicaid, Office of the Governor, Office of Policy, Walter Sillers Building, Suite 1000, 550 High Street, Jackson, Mississippi 39201, or DOMPolicy@medicaid.ms.gov for thirty (30) days from the date of publication of this notice. Comments will be available for public review at the above address and on the Division of Medicaid's website at www.medicaid.ms.gov.

6. A public hearing on this SPA will be held at 11:00 a.m. on Tuesday, June 23, 2026, in the Cobb Conference Room, located on the 8th floor of the Siller's Building, 550 High Street, Jackson, MS 39201. There will be an opportunity for public comments during the hearing. To join the teleconference, dial 1-769-230-0549 and enter conference ID: 439 382 648#

on the inpatient Medicaid claim: diagnosis, procedures performed, patient age, patient sex, and discharge status. The APR-DRG determines the reimbursement when the APR-DRG hospital-specific relative value (HSRV) relative weight is multiplied by the APR-DRG base price. (The term "relative weight" used throughout this document refers to the HSRV relative weight.)

D. DRG Relative Weights

Each APR-DRG version has a set of DRG-specific relative weights assigned to it. The APR-DRG relative weights are calculated by ~~3M~~ Solventum ~~Health Information Systems~~ from the Nationwide Inpatient Sample (NIS) created by the Agency for Healthcare Research and Quality. Each APR-DRG relative weight reflects the typical resources consumed per case. Version ~~35~~ 43 relative weights under the hospital-specific relative value (HSRV) methodology were calculated as follows:

1. A one-year dataset of ICD-10 NIS records was compiled, representing 1 million stays.
2. All stays were grouped using APR-DRG V.~~35~~43.
3. Hospital charges are used as the basis for establishing consistent relative resource use across differentiated case types. To mitigate distortion caused by differences from hospital to hospital in marking up charges over cost, claims charges that contribute to relative weights are normalized to a standard value such that each hospital has a similar charge level for a similar case mix.
4. A single hospital is omitted from the standardized value for each DRG so that each hospital's charges are standardized to the charges of the omitted hospital.
5. The standardized average cost of each DRG is normalized by multiplying through the number of cases in each DRG and computing a scaling factor to match the total weight of the total number of cases, which is applied uniformly to each weight such that average weight across the set of DRG weights is 1.0. The result is a set of relative weights that reflect differences in estimated hospital cost per APR-DRG.

An evaluation performed by the Division of Medicaid determined that the national relative weights calculated by ~~3M~~ Solventum ~~Health Information Systems~~ corresponded closely

Calculation of the Provider-Preventable Conditions (PPC) Reduction in Payment for Hospital Inpatient Services

The following example reflects the calculation and application of the reduction in hospital inpatient payments for Provider-Preventable Conditions (PPC) including Health Care-Acquired Conditions (HCAC) and Other Provider--Preventable Conditions (OPPC).

PPC Payment Reduction Calculation for Dates of Service beginning on or after October 1, 2012, through June 30, 2014 - Once quarterly a report will be run by the Division of Medicaid to identify those paid claims with a Present on Admission (POA) indicator of "N" or "U" with Health Care-Acquired Conditions and Other Provider--Preventable Conditions. The payment reduction will be based on the Medicare DRG grouper for claims with dates of service on or after October 1, 2012, through June 30, 2014, as calculated below.

Col. A	Col. B	Col. C	Cot. D	Col. E	Col. F	Col. G
Provider **Number**	TCN number	Oates of Service	Original XIX APR-ORG Allowed Amount per MMIS before PPC reduction	Medicare grouper **payment&** for HCAC/OPPC **w/o POA"**	Medicare grouper payments for HCAC/OPPC With POA"	Reduction In XIX Payments for PPCs (Col. E - Col. F)
0022XXX1	**XXXXXXXXXXXXXXXXX**	10/01/12 - 10/14/12	$8,144.63	$11,500	$12,800	($1,300)
00020XX9	**XXXXXXXXXXXXXXXXX**	10/10/12 -10/14/12	$6,374.68	$5,720	$5,720	($0)
00020XX5	**XXXXXXXXXXXXXXXXX**	11/09/12 - 11/14/12	$5,695.10	$6,000	$6,540	($540)
0022XXX4	**XXXXXXXXXXXXXXXXX**	11/15/12 -11/24/12	$13,326.66	**$10,898**	$11,280	**($382)**
00020XX4	**XXXXXXXXXXXXXXXXX**	12/03112 -12/08112	**$6,790.60**	**$8,350**	**$8,350**	[$0)
	Total		$40,331.67	**$44,690**	**$42,468**	($2,222)

"'Please note that the Medicare grouper payment amounts are for illustrative purposes only and do not reflect actual grouper amounts.

The original paid claims indicated above would be voided and reprocessed and manually re-priced to reflect the reduction in Column G. For instance, the first claim that originally paid $8,144.63 would be voided and manually re-priced to pay $6,844.63 ($8144.63 - $1,300.00). The payment reduction of $1,300.00 would be recovered from the provider on their remittance advice.

PPC Payment Reductions for Dates of Service ending on or after July 1, 2014 - Effective for hospital inpatient dates of service ending on or after July l, 2014, payment reductions for HCACs and Other Provider--Preventable Conditions will be made through the claims payment system through the use of the ~~3M~~ Solventum APR-DRG HCAC utility under the All Patient Refined Diagnosis Related Group payment methodology.

APPENDIX A
APR-DRG KEY PAYMENT VALUES

The table below reflects key payment values for the APR-DRG payment methodology described in this Plan. These values are effective for discharges on and after July 1, ~~2023~~2026.

Payment Parameter	Value	Use
~~3M™~~ Solventum™ APR-DRG version	V.~~40~~43	Groups every claim to a DRG
DRG base price	$5,6~~40~~8~~0~~	Rel. wt. X DRG base price = DRG base payment
Policy adjustor – obstetrics	1.50	Increases relative weight and payment rate
Policy adjustor – normal newborns	1.55	Increases relative weight and payment rate
Policy adjustor – neonate	1.~~60~~44	Increases relative weight and payment rate
Policy adjustor – mental health pediatric	1.90	Increases relative weight and payment rate
Policy adjustor – mental health adult	1.50	Increases relative weight and payment rate
Policy adjustor – Rehabilitation	2.10	Increases relative weight and payment rate
Policy adjustor – Transplant (adult and pediatric)	1.50	Increases relative weight and payment rate
DRG cost outlier threshold	$~~66~~88,000	Used in identifying cost outlier stays
DRG cost outlier marginal cost percentage	45%	Used in calculating cost outlier payment
DRG long stay threshold	19	All stays above 19 days require ~~TAN-~~PA on days
DRG day outlier statewide amount	$450	Per diem payment for mental health stays over 19 days
Transfer status - 02 – transfer to hospital	02	Used to identify transfer stays
Transfer status - 05 –transfer other	05	Used to identify transfer stays
Transfer status – 07 – against medical advice	07	Used to identify transfer stays
Transfer status – 63 – transfer to long-term acute care hospital	63	Used to identify transfer stays
Transfer status – 65 – transfer to psychiatric hospital	65	Used to identify transfer stays
Transfer status – 66 – transfer to critical access hospital	66	Used to identify transfer stays
Transfer status – 82 – transfer to hospital with planned	82	Used to identify transfer stays
Transfer status – 85 – transfer to other with planned readmission	85	Used to identify transfer stays
Transfer status – 91 – transfer to long-term hospital with planned readmission	91	Used to identify transfer stays
Transfer status – 93 – transfer to psychiatric hospital with planned readmission	93	Used to identify transfer stays
Transfer status – 94 – transfer to critical access hospital with planned readmission	94	Used to identify transfer stays
DRG interim claim threshold	30	Interim claims not accepted if < 31 days
DRG interim claim per diem amount	$850	Per diem payment for interim claims

on the inpatient Medicaid claim: diagnosis, procedures performed, patient age, patient sex, and discharge status. The APR-DRG determines the reimbursement when the APR-DRG hospital-specific relative value (HSRV) relative weight is multiplied by the APR-DRG base price. (The term "relative weight" used throughout this document refers to the HSRV relative weight.)

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