



MEMORANDUM

TO: IN-STATE HOSPITALS
FROM: EDS and NH Medicaid
DATE: October 2005
SUBJECT: DRG REPRICING

New DRG relative weight and mean lengths of stay values were published in the August 12, 2005 edition of the Federal Register. This data will be used for calculating DRG allowed amounts for inpatient claims with dates of discharge between October 1, 2005 and September 30, 2006.

The DRG prices per point rates remain unchanged. For Federal Fiscal Year (FFY) 2006 the IME rates have remained the same as well. The Trim Points established for FFY 1997 will remain unchanged for FFY 2006 since Medicare eliminated Length of Stay (LOS) Outliers and no longer updates Trim Points. Medicaid will continue the existing Trim Points, which were in effect prior to October 1, 1997.

Additionally, new DRG grouper software has been installed to reflect changes in DRG classification and changes to ICD-9-CM diagnosis and procedure codes that are also effective October 1, 2005. **Failure to submit claims using the current diagnosis and procedure codes may cause the claim to group to an incorrect DRG and, therefore, pay incorrectly. Please refer to a current version of the ICD-9 Manual for added, deleted, and revised diagnosis and procedure codes.**

Attached for your review are the new DRG Relative Weight / Price Table for Federal Fiscal Year 2006 and the DRG pricing methodology.

If you have any questions or concerns regarding this Important Notice, please contact the Communications Unit at 1-800-423-8303 (NH & VT only) or (603) 224-1747.

DRG PRICING LOGIC

INPATIENT HOSPITAL CLAIMS ARE PRICED WITH DRG REIMBURSEMENT LOGIC WITH RATES EFFECTIVE ON DATE OF DISCHARGE.

1. **DETERMINE POINT RATE AND PEER GROUP CODE.**

LOCATED ON THE PROVIDER ACCOMMODATION RATE FILE IS A SEGMENT WITH ACCOMODATION **TYPE 5**. THIS SEGMENT IS USED TO DETERMINE THE DRG PRICING. THE FOLLOWING POINT RATES ARE EFFECTIVE WITH DISCHARGE DATES AS OF 10/1/05.

<u>HOSPITAL TYPE</u>	<u>PROVIDER</u>	<u>PG CODE</u>	<u>POINT RATE</u> <u>10/1/05</u>
GENERAL	(in state)	01	3,147.61
	(out of state, not border)	07	3,147.61
DPU	Frisbee Mem CMC Concord Lakes Region Cheshire Med Dart-Hitch Psych SNHRMC Valley Regional St. Joseph Parkland Medical Center Springfield Hospital	02	3,460.01
REHAB	St. Joseph Cheshire Med HealthSouth Northeast Rehab CMC	03	16,127.76
DRF	Androscoggin	04	9,504.55
DRF	Elliot	06	3,960.23

2. **THE SYSTEM DRG GROUPEUR WILL CALCULATE A DRG CODE FROM THE CLAIM INFORMATION:**

DIAGNOSIS CODE
PROCEDURE CODE
SEX
AGE
PATIENT STATUS
LENGTH OF STAY

3. **DETERMINE THE DRG RELATIVE WEIGHT**

GO TO THE DRG DATABASE (RFDG), LOCATE THE CALCULATED DRG CODE AND PEER GROUP CODE

4. **CALCULATE THE DRG GROUPEL ALLOWED**

POINT RATE X RELATIVE WEIGHT = DRG GROUPEL ALLOWED

5. **CALCULATE ANY OUTLIER DAYS**

DAYS BILLED - TRIMPOINT DAYS = OUTLIER DAYS

6. **CALCULATE OUTLIER AMOUNT**

LOCATE OUTLIER PER DIEM ON THE DRG TABLE

OUTLIER DAYS X OUTLIER PER DIEM = OUTLIER AMOUNT

REDUCE OUTLIER AMOUNT TO 60%

OUTLIER AMOUNT X .60 = DRG OUTLIER AMOUNT

7. **CALCULATE THE DRG ALLOWED AMOUNT**

*DRG GROUPEL ALLOWED + DRG OUTLIER AMOUNT =
DRG ALLOWED AMOUNT*

8. **CALCULATE THE MEDICAID REIMBURSEMENT**

MULTIPLY THE DRG ALLOWED AMOUNT BY THE INPATIENT PERCENT REIMBURSEMENT LOCATED ON THE PROVIDER/REIMBURSEMENT DATABASE (PRRM).

DRG ALLOWED AMOUNT X INPATIENT % = REIMBURSEMENT

MARY HITCHCOCK MEMORIAL HOSPITAL AND DARTMOUTH-HITCHCOCK MENTAL HEALTH CENTER WILL HAVE A REIMBURSEMENT PERCENT OF **.346235**, WHICH IS THE IME FACTOR (INDIRECT MEDICAL EDUCATION). CONCORD HOSPITAL WILL HAVE A REIMBURSEMENT PERCENT OF **.073510**. SOUTHERN NEW HAMPSHIRE REGIONAL MEDICAL CENTER WILL HAVE A REIMBURSEMENT PERCENT OF **.019772**. ALL OTHER PROVIDERS WILL HAVE A REIMBURSEMENT PERCENT OF 100.

*** WHEN THE PATIENT STATUS IS EQUAL TO 02 (TRANSFER), OR 14 OR 15, (NOT ELIGIBLE FOR PORTION OF STAY) THEN THE ENTIRE CLAIM IS PAID AT THE OUTLIER PER DIEM X 100%, NOT TO EXCEED THE DRG ALLOWED AMOUNT.

*** NEONATAL DRGS 385 THROUGH 390 ARE REIMBURSED ON A PER DIEM BASIS OF 65% OF THE FULL OUTLIER AMOUNT.

*** REHAB DRG 462 IS PAID A FLAT REIMBURSEMENT PER DISCHARGE WITH NO OUTLIERS ALLOWED.