



## MEMORANDUM

**TO:** IN-STATE and BORDER HOSPITALS

**FROM:** EDS and NH Medicaid

**DATE:** November 2007

**SUBJECT:** DRG REPRICING

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The final rule for the CMS/Medicare IPPS as published in the Federal Register on August 22, 2007 included a totally new DRG table to be effective for FFY 2008 beginning on October 1, 2007. That new DRG table recasts the entire DRG array by renumbering, replacing, combining and/or splitting the DRGs. This data will be used for calculating DRG allowed amounts for inpatient claims with dates of discharge between October 1, 2007 and September 30, 2008.

The DRG prices per point rates remain unchanged. For Federal Fiscal Year (FFY) 2008 the IME rates have remained the same as well. The Trim Points established for FFY 1997 will remain unchanged for FFY 2008 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 where applicable, and has established Trim Points for new DRGs relative to the Trim Points assigned to the old DRGs that they replaced.

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, 2007. **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 2008 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 10/1/07.

<b><u>HOSPITAL TYPE</u></b>	<b><u>PROVIDER</u></b>	<b><u>PG CODE</u></b>	<b><u>POINT RATE</u></b> <b><u>10/1/06</u></b>
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 Portsmouth Pavilion	02	3,460.01
REHAB	St. Joseph Cheshire Med HealthSouth Northeast Rehab CMC	03	16,127.76
DRF	Elliot	06	3,960.23

### 2. **THE SYSTEM DRG GROUPEER 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 789 THROUGH 794 ARE REIMBURSED ON A PER DIEM BASIS OF 65% OF THE FULL OUTLIER AMOUNT.

\*\*\* REHAB DRG 945 AND 946 ARE PAID A FLAT REIMBURSEMENT PER DISCHARGE WITH NO OUTLIERS ALLOWED.