MS Medicaid DRG Update for July 1, 2018

June 14, 2018 10:00 AM
June 19, 2018 1:00 PM
June 21, 2018 1:00 PM

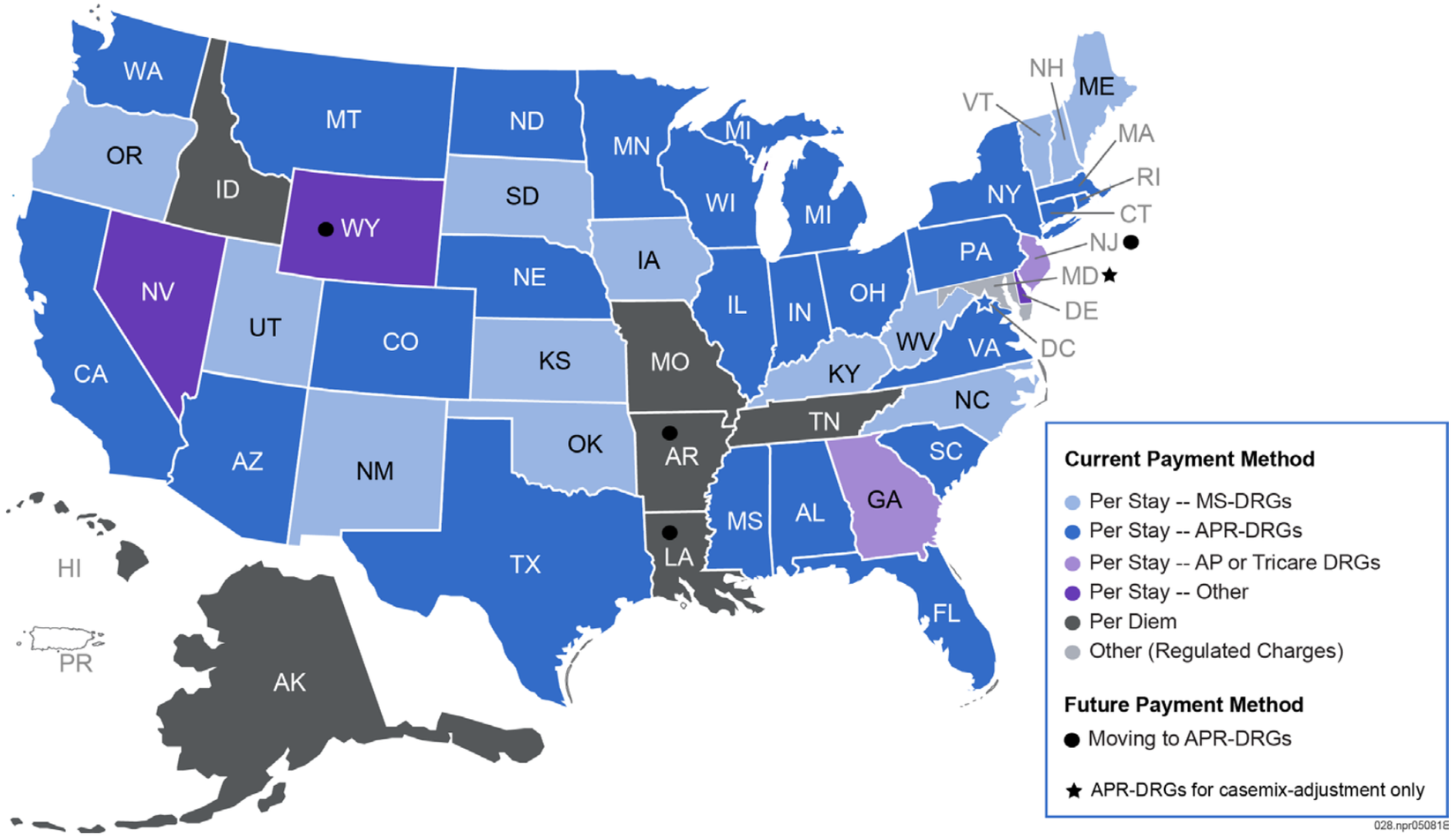
Payment Method Development
Government Healthcare Solutions
MSI18026

Topics

1. Overview
2. Year 7 updates
3. Analytical dataset
   - Overview and utilization of inpatient care
4. Simulation overview and impacts
5. Looking to the future

Overview

How states pay for inpatient care



- A majority of states, as well as the District of Columbia, use or will use APR-DRGs for fee-for-service (FFS) Medicaid
- All the largest states have implemented APR-DRGs
- APR-DRGs account for 67% of the FFS inpatient Medicaid dollars

Principles of DRG payment

- **Value purchasing:** DRGs define “the product of a hospital,” enabling greater understanding of the services provided and purchased
  - DRGs reward better diagnosis and procedure coding, which should be complete, accurate and defensible
- **Fairness:** Statewide base rate with outlier policy for expensive stays
- **Efficiency:** Because payment does not depend on hospital-specific costs or charges, hospitals are rewarded for improving efficiency, such as reductions in lengths of stay
- **Access:** Higher DRG payment for sicker patients encourages access to care across the range of patient conditions
- **Transparency:** Payment methods and calculations on the DRG webpage
- **Reduce administrative burden:** Under DRG payment, a hospital receives final payment for a stay shortly after it submits a claim, without the expense and delay of a cost settlement process.
- **Quality:** Sets foundation for improvement of outcomes

History of the DRG project

Timeline:

- Year 1: October 2012-September 2013, APR-DRG V.29
- Year 2: October 2013-June 2014 (nine months), APR-DRG V.30
- Year 3: July 2014-June 2015, APR-DRG V.31
- Year 4: July 2015-June 2016, APR-DRG V.32 (ICD-10 implemented Oct. 1, 2015)
- Year 5: July 2016-June 2017, APR-DRG V.33
- Year 6: July 2017-June 2018, APR-DRG V.33 (no updates)
- Year 7: July 2018-June 2019, APR-DRG V.35

History (continued)

- DRG payment is used for all Mississippi Medicaid inpatient acute care stays
  - Presently, Medicaid covers hospital inpatient services for Medicaid beneficiaries through FFS and managed care
  - December 1, 2015, managed care was expanded to include coverage of hospital inpatient services for beneficiaries enrolled in MississippiCAN, the coordinated care program
  - DRG payment applies to all inpatient care in all acute care hospitals, including general hospitals, long-term acute care, freestanding psychiatric hospitals, freestanding rehabilitation hospitals and critical access hospitals

Key resources

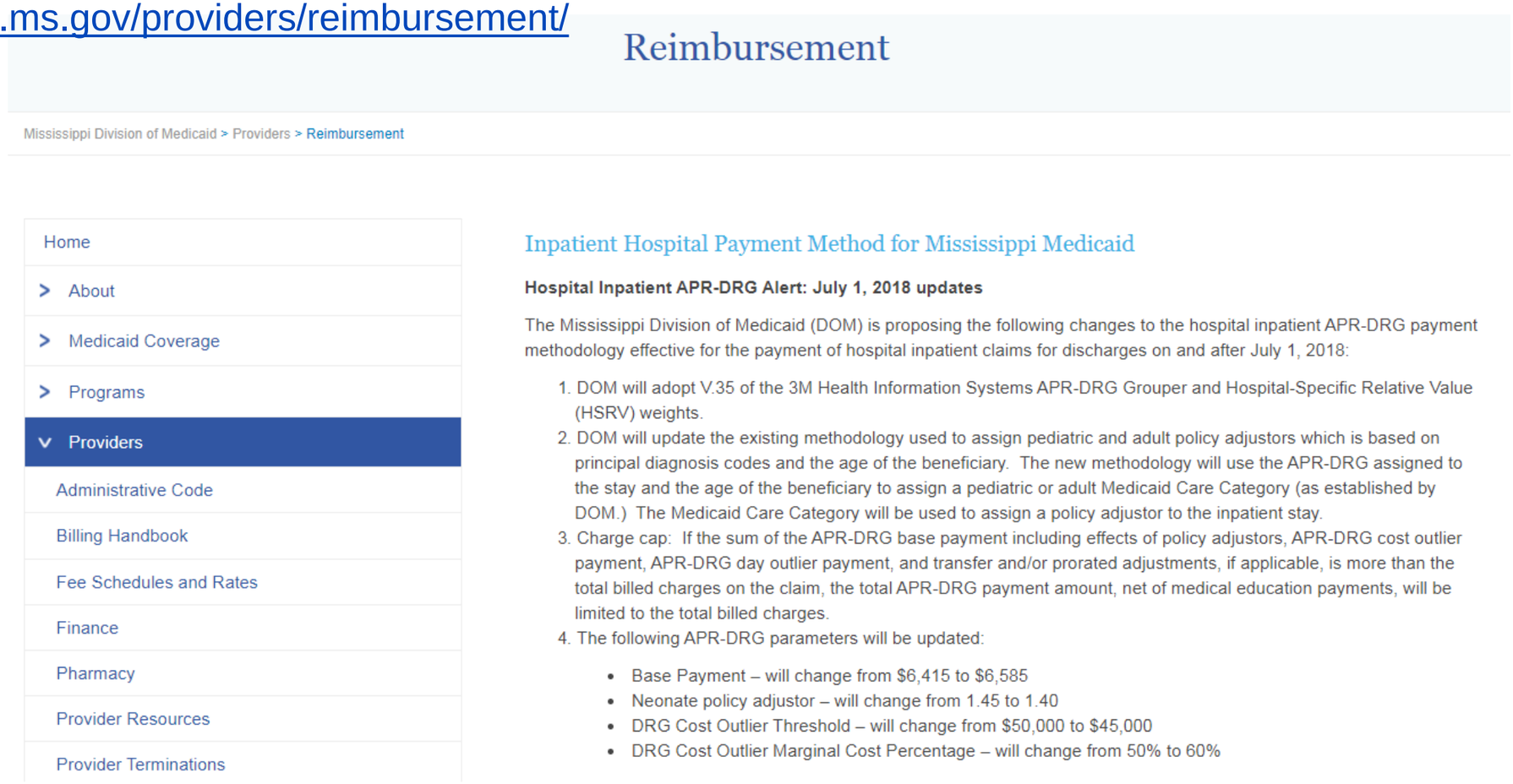
- Division of Medicaid’s website at:

https://medicaid.ms.gov/providers/reimbursement/

  - FAQ
  - Quick tips
  - DRG calculator
  - Grouper settings document
  - Training presentation

Key resources (continued)

https://medicaid.ms.gov/providers/reimbursement/



Reimbursement

Mississippi Division of Medicaid > Providers > Reimbursement

- Home
- About
- Medicaid Coverage
- Programs
- Providers
  - Administrative Code
  - Billing Handbook
  - Fee Schedules and Rates
  - Finance
  - Pharmacy
  - Provider Resources
  - Provider Terminations

Inpatient Hospital Payment Method for Mississippi Medicaid

Hospital Inpatient APR-DRG Alert: July 1, 2018 updates

The Mississippi Division of Medicaid (DOM) is proposing the following changes to the hospital inpatient APR-DRG payment methodology effective for the payment of hospital inpatient claims for discharges on and after July 1, 2018:

1. DOM will adopt V.35 of the 3M Health Information Systems APR-DRG Grouper and Hospital-Specific Relative Value (HSRV) weights.
2. DOM will update the existing methodology used to assign pediatric and adult policy adjustors which is based on principal diagnosis codes and the age of the beneficiary. The new methodology will use the APR-DRG assigned to the stay and the age of the beneficiary to assign a pediatric or adult Medicaid Care Category (as established by DOM.) The Medicaid Care Category will be used to assign a policy adjustor to the inpatient stay.
3. Charge cap: If the sum of the APR-DRG base payment including effects of policy adjustors, APR-DRG cost outlier payment, APR-DRG day outlier payment, and transfer and/or prorated adjustments, if applicable, is more than the total billed charges on the claim, the total APR-DRG payment amount, net of medical education payments, will be limited to the total billed charges.
4. The following APR-DRG parameters will be updated:
   - Base Payment – will change from $6,415 to $6,585
   - Neonate policy adjustor – will change from 1.45 to 1.40
   - DRG Cost Outlier Threshold – will change from $50,000 to $45,000
   - DRG Cost Outlier Marginal Cost Percentage – will change from 50% to 60%

Year 7 updates

The headlines, DRG rate year 7

Effective July 1, 2018, the standard yearly updates will include:

- APR-DRG grouper version change from version 33 to 35
- APR-DRG relative weight version change from version 33 HSRV to 35 HSRV
- CCRs will be updated as of October 1, 2018
  - Cost report year end 2016 for in-state hospitals
  - FFY-18 Final Rule for out-of-state hospitals
  - CCRs will be updated on 10/01/2018 utilizing 2017 cost reports and the FFY-19 Final Rule

Year 7 updates

The headlines, DRG rate year 7 (continued)

- July 1, 2018, updates will be approximately budget neutral relative to the current year policy ($151K decrease, 0.03% change)
  - Increases or decreases in utilization could result in changes to overall expenditures
  - Budget neutrality based on simulation; simulation is not a forecast, since it does not reflect forecasts of eligibility and utilization
- Effective July 1, 2018, policy updates will include:
  - Charge-cap payment policy implementation
  - Neonate policy adjustor changes from 1.45 to 1.40
  - Decreased outlier threshold ($45,000) and increased marginal rate (0.60) to bring outlier pool up to 5%
  - Increased base rate from $6,415 to $6,585
  - Policy adjustors will be applied based on the DRG and Medicaid Care Category (MCC) assignments

Year 7 updates

Update to APR-DRG V.35

V.35 Grouper:

- 18 new base DRGs, replacing 10 deleted DRGs
- Three DRGs that were combined into other DRGs
- Changes to the description of eight DRGs
- Clinical logic changes
- Adjustments to HSRV weights
- Measured casemix changes using SFY 17 stays (7/1/2016 through 6/30/2017), comparing V.33 and V.35
  - Overall measured casemix decreased from 0.76 to 0.75, varied by MCC

V.34 Grouper:

- Three deleted DRGs; seven new DRGs
- Changes from V.34 were included in the V.35 update

Impact of V.35 on Casemix					
MCC	**Stays V.33**	**Stays V.35**	**CMI V.33**	**CMI V.35**	**% Diff in CMI**
Adult misc	14,237	14,155	1.45	1.36	-6.2%
Adult mh	5,008	5,012	0.52	0.50	-4.7%
Adult circ	3,843	3,851	1.49	1.42	-4.7%
Adult gastroent	3,533	3,546	1.16	1.10	-4.8%
Adult resp	3,437	3,482	1.03	1.02	-0.9%
Rehab	381	376	1.35	1.44	6.9%
Subtotal Adult	**30,439**	**30,422**	**1.22**	**1.16**	**-5.1%**
Obstetrics	24,598	24,616	0.46	0.46	-1.4%
Normal newborn	21,518	21,684	0.12	0.13	2.7%
Neonate	3,211	3,046	2.81	3.36	19.5%
Subtotal Maternity	**49,327**	**49,346**	**2.14**	**2.04**	**-4.7%**
Ped misc	7,078	7,045	1.15	1.12	-2.3%
Ped mh	5,967	5,967	0.48	0.46	-5.3%
Ped resp	3,562	3,593	0.61	0.64	3.3%
Subtotal Pediatric	**16,607**	**16,605**	**0.79**	**0.78**	**-2.1%**
Total	**96,373**	**96,373**	**0.76**	**0.75**	**-1.4%**

Charge cap

- If the allowed amount exceeds charges, payment is reduced to charges

  Example:

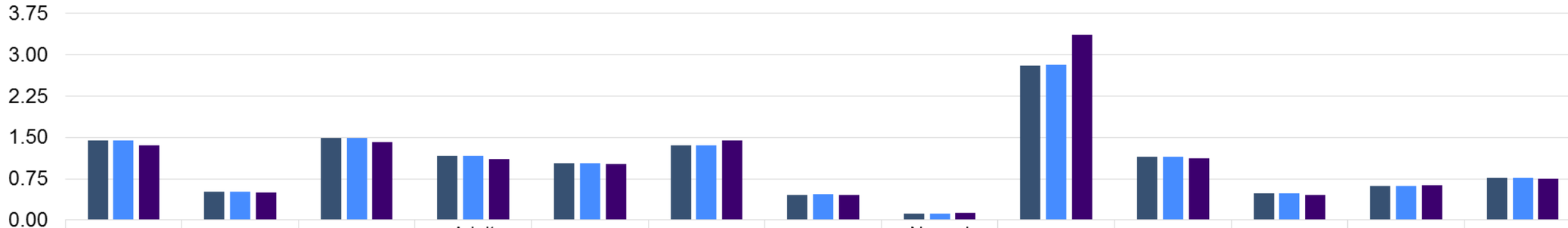
  - Charges = $50,000
  - DRG Allowed = $76,987
  - DRG final Allowed = $50,000

Charges	CCR	Cost	DRG Base Price	DRG Rel. Wt	DRG Preliminary PMT	Loss Amount	Loss Threshold	Marginal Cost %	Net Outlier Amount	Final DRG Allowed Before Charge Cap	Final DRG Allowed With Charge Cap
$50,000	0.40	$20,000	$6,585	11.6913	$76,987.21	NA	$45,000	0.60	NA	$76,987.21	$50,000

Neonate policy adjustor at 1.40

- V.34 and V.35 both had substantial changes in clinical logic in the neonate category
- Neonate casemix increased dramatically in V.35 of the national weights
- Reducing the neonate policy adjustor keeps the budget approximately neutral for neonate stays
- Baseline Neonate allowed amount $87 million
- Simulated Neonate allowed amount $88 million

Casemix by Medicaid Care Category

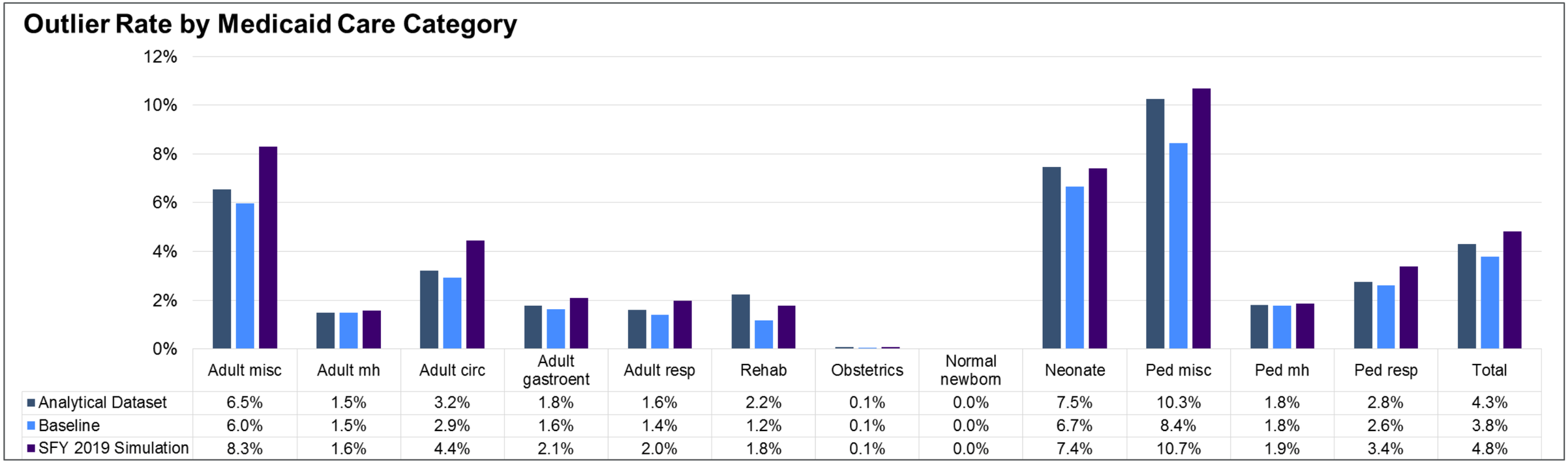


	Adult misc	Adult mh	Adult circ	Adult gastroent	Adult resp	Rehab	Obstetrics	Normal newborn	Neonate	Ped misc	Ped mh	Ped resp	Total
Analytical Dataset, MMIS V.33	1.45	0.52	1.49	1.16	1.03	1.35	0.46	0.12	2.80	1.15	0.48	0.61	0.76
Baseline, CGS V.33	1.45	0.52	1.49	1.16	1.03	1.35	0.46	0.12	2.81	1.15	0.48	0.61	0.76
SFY 19 Simulation, CGS V.35	1.36	0.50	1.42	1.10	1.02	1.44	0.46	0.13	3.36	1.12	0.46	0.64	0.75

Data based on utilization from a twelve month period, July 1, 2016 – June 30, 2017.

Increase outlier pool

- Overall outlier pool increases from 3.8% in the baseline year to 4.8%
  - Reduced outlier threshold from $50,000 to $45,000
  - Increased marginal rate from 50% to 60%



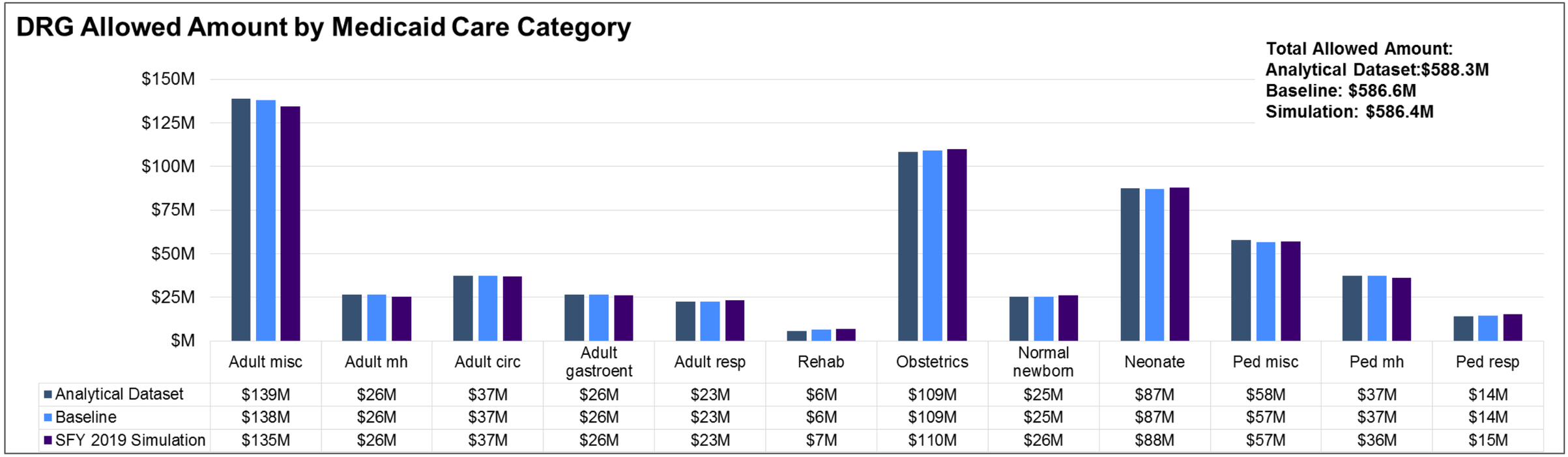
	Adult misc	Adult mh	Adult circ	Adult gastroent	Adult resp	Rehab	Obstetrics	Normal newborn	Neonate	Ped misc	Ped mh	Ped resp	Total
Analytical Dataset	6.5%	1.5%	3.2%	1.8%	1.6%	2.2%	0.1%	0.0%	7.5%	10.3%	1.8%	2.8%	4.3%
Baseline	6.0%	1.5%	2.9%	1.6%	1.4%	1.2%	0.1%	0.0%	6.7%	8.4%	1.8%	2.6%	3.8%
SFY 2019 Simulation	8.3%	1.6%	4.4%	2.1%	2.0%	1.8%	0.1%	0.0%	7.4%	10.7%	1.9%	3.4%	4.8%

Data based on utilization from a twelve month period, July 1, 2016 – June 30, 2017.

Year 7 updates

Increase base rate

- Base rate increases from $6,415 to $6,585
- Achieves overall budget neutrality



	Adult misc	Adult mh	Adult circ	Adult gastroent	Adult resp	Rehab	Obstetrics	Normal newborn	Neonate	Ped misc	Ped mh	Ped resp
Analytical Dataset	$139M	$26M	$37M	$26M	$23M	$6M	$109M	$25M	$87M	$58M	$37M	$14M
Baseline	$138M	$26M	$37M	$26M	$23M	$6M	$109M	$25M	$87M	$57M	$37M	$14M
SFY 2019 Simulation	$135M	$26M	$37M	$26M	$23M	$7M	$110M	$26M	$88M	$57M	$36M	$15M

Data based on utilization from a twelve month period, July 1, 2016 – June 30, 2017.

Year 7 updates

Policy adjustors

- Effective July 1, 2018, all policy adjustors will be applied based on the DRG and MCC assignments

APR-DRG Range	Medicaid Care Category	Severity of Illness	Policy Adjustor	Age Range
580-625 630-639 863	Neonate	1-4	1.4	Less than 365 days
626 and 640	Normal Newborn	1-4	1.5	Less than 365 days
540-566	Obstetric	1-4	1.5	No restriction
001-002, 006-008,440	Pediatric Transplant	1-4	1.5	Less than 21 years of age
001-002, 006-008,440	Adult Transplant	1-4	1.5	Greater than or equal to 21 years of age
740-776	Pediatric Mental Health	1-4	2	Less than 21 years of age
740-776	Adult Mental Health	1-4	1.6	Greater than or equal to 21 years of age
860	Rehab	1-4	2	No restriction

Year 7 updates

MS policy history

Policy Decisions				
Item	Year 3	Year 4	Years 5 and 6	Year 7 (Proposed)
Calendar period	Jul. 1, 2014 to Jun. 30, 2015	Jul. 1, 2015 to Jun. 30, 2016	Jul. 1, 2016 to Jun. 30, 2018	Jul. 1, 2018 to Jun. 30, 2019
Budget target	Budget neutral (on a volume-adjusted basis) with the period Oct. 1 2012 - Sep. 30, 2013, not including medical education.	Budget neutral with the period Jul. 1 2013 - Jun. 30, 2014, not including medical education.	Year 5 was budget neutral with the period Jul. 1 2014 - Jun. 30, 2015, not including medical education.	Budget neutral with simulation of the period Jul. 1 2018 - Jun. 30, 2019, not including medical education.
Documentation and coding adj.	2.0%	0%	0%	0%
DRG base price	$6,415	$6,415	$6,415	$6,585
APR-DRG version	V.31	V.32	V.33	V.35
APR-DRG relative weights	V.31 HSRV weights	V.32 HSRV weights	V.33 HSRV weights	V.35 HSRV weights
Average casemix	0.72	0.72	0.72 (Year 5), 0.76 (Year 6)	0.75
Policy adjustor—pediatric MH	2.00	2.00	2.00	2.00
Policy adjustor—adult MH	1.75	1.60	1.60	1.60
Policy adjustor—obstetric	1.40	1.50	1.50	1.50
Policy adjustor—normal newborn	1.40	1.50	1.50	1.50
Policy adjustor—neonate	1.40	1.45	1.45	1.40
Policy adjustor—rehab	2.00	2.00	2.00	2.00
Policy adjustor—transplant	1.50	1.50	1.50	1.50
Policy adjustor—other	None	None	None	None
Cost outlier pool	Target 5%	Target 5%	Target 5%	Target 5%
Cost outlier threshold	$35,175	$50,000	$50,000	$45,000

Year 7 updates

MS policy history (continued)

Policy Decisions Item	Year 3	Year 4	Years 5 and 6	Year 7
Calendar period	Jul. 1, 2014 to Jun. 30, 2015	Jul. 1, 2015 to Jun. 30, 2016	Jul. 1, 2016 to Jun. 30, 2018	Jul. 1, 2018 to Jun. 30, 2019
Low cost, outlier reduction threshold	N/A	N/A	N/A	N/A
Marginal cost percentage	60%	50%	50%	60%
Low cost, marginal cost percentage	N/A	N/A	N/A	N/A
Day outlier threshold	19 days	19 days	19 days	19 days
Day outlier per diem payment	$450	$450	$450	$450
Interim claim per diem amount	$850	$850	$850	$850
Cost-to-charge ratios	Actual for LDOS + 1 year	Actual for LDOS + 1 years	Actual for LDOS + 2 years	Actual for LDOS + 2 years
Charge levels used for simulation	Adjusted for expected charge inflation of 8.62%	Adjusted for expected charge inflation of 8.18%	Adjusted for expect charge inflation of 5.05%	Adjusted for expect charge inflation of 0.88% annually
Transfer adj discharge values	02, 05, 07, 63, 65, 66, 82, 85, 91, 93, 94	02, 05, 07, 63, 65, 66, 82, 85, 91, 93, 94	02, 05, 07, 63, 65, 66, 82, 85, 91, 93, 94	02, 05, 07, 63, 65, 66, 82, 85, 91, 93, 94
Pediatric age cutoff	Under age 21	Under age 21	Under age 21	Under age 21
Pricing logic	No change	No change	No change	Charge Cap
Allowed chg source logic	No change	No change	No change	No change
Medicaid Care Category definitions	No change	No change	No change	No change
Medical education add-on payments	Updated list, reflecting market basket increase	Updated list, reflecting market basket increase	Updated list, reflecting market basket increase	Updated list, reflecting market basket increase
Per diem treatment authorization threshold	19 days	19 days	19 days	19 days
Other aspects of payment method	No change	Complication of care setting changed to “exclude only non-POA CoC codes”.	No change	No change

Analytical dataset

Overview and utilization of inpatient care

Simulation datasets

Year 5 SFY 17 Analytical Dataset

- Analytical dataset consists of a 12-month period; 7/1/2016 – 6/30/2017 paid through 1/29/2018
- DRG version 33 ICD-10-CM/PCS codes only
- Total stays 96,373; total allowed as calculated by the DOM FFS payment system before medical education add-on and TPL deductions is $588,326,915

Year 6 SFY 18 Baseline Dataset

- Year 5 utilization paired with Year 6 policy and hospital characteristics (cost-to-charge ratios)
- Charges increased for charge inflation (0.88%)
- DRG version 33, ICD-10-CM/PCS only
- Total stays 96,373; total allowed before medical education add-on and TPL deductions is $586,590,489 (0.3% decrease)

Simulation datasets (continued)

Year 7 SFY 19 Simulation Dataset

- DRG version 35, ICD-10-CM/PCS
- Year 5 utilization with Year 7 policy and hospital characteristics (cost-to-charge ratios)
- Charges increased for charge inflation (0.88%)
- Charge cap, neonate policy adjustor reduced to 1.40, outlier threshold reduced to $45,000, marginal rate increased to 60%, base rate increased to $6,585
- Total stays 96,373; total allowed before medical education add-on and TPL deductions is $586,439,594 (budget neutral)

Analytical dataset: FFS vs CCO

- FFS total 18,878 stays
- Coordinated Care Organization (CCO) total 77,495 stays
- FFS represented 20% of stays, 26% of days, and 27% of allowed amount
- FFS patients were much sicker (casemix 1.15) on average than CCO patients (casemix 0.67)

Funding Stream	Stays	Days	Charges	Allowed	V. 33 Casemix	ALOS
FFS	18,878	114,567	$861,087,404	$161,524,686	1.15	6.1
Magnolia	40,908	176,009	$1,016,111,744	$227,484,992	0.68	4.3
United	36,587	156,107	$886,290,921	$199,317,237	0.65	4.3
Total	**96,373**	**446,683**	**$2,763,490,069**	**$588,326,915**	**0.76**	**4.6**
CCO subtotal	77,495	332,116	$1,902,402,665	$426,802,229	0.67	4.3

	As Percentage of Dataset Total				Relative to Dataset Total	
Funding Stream	Stays	Days	Charges	Allowed	V. 33 Casemix	ALOS
FFS	20%	26%	31%	27%	1.51	1.3
Magnolia	42%	39%	37%	39%	0.89	0.9
United	38%	35%	32%	34%	0.86	0.9
Total	**100%**	**100%**	**100%**	**100%**	**1.00**	**1.0**
CCO subtotal	80%	74%	69%	73%	0.88	0.9

Notes:

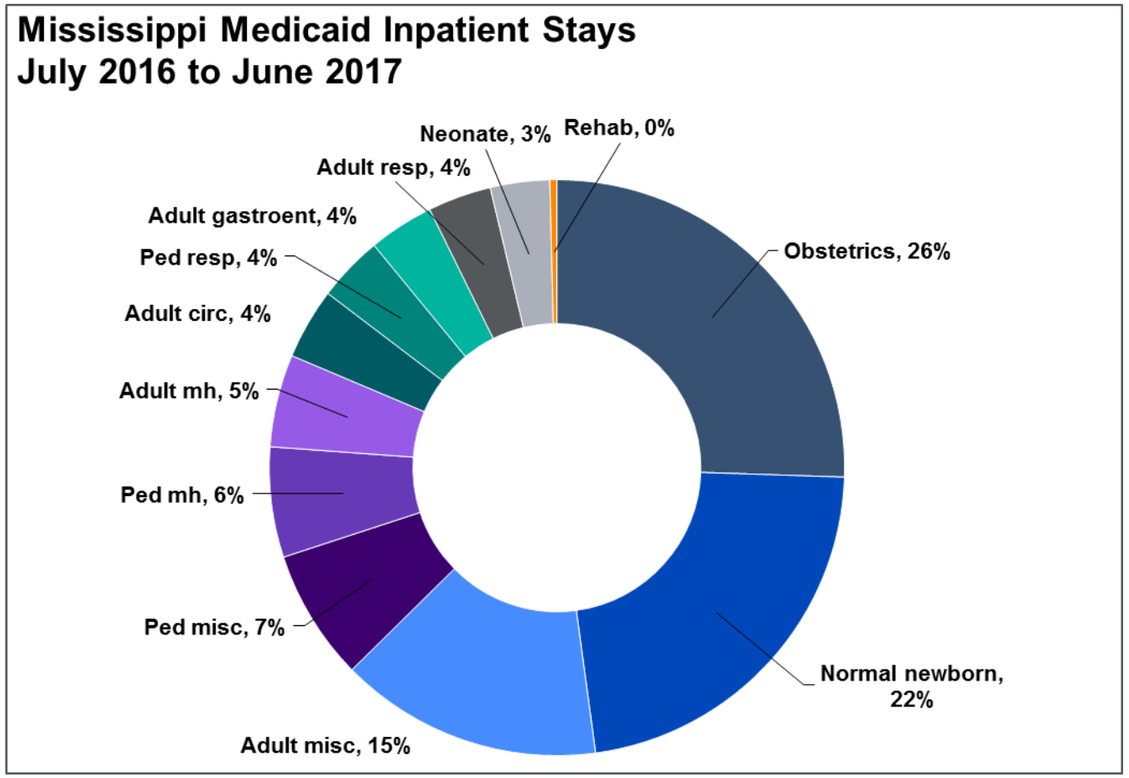
1. Payment excludes hundreds of millions in supplementary payments to hospitals.
2. Claims with LDOS between 7/1/2016 to 6/30/2017 paid through 1/29/2018.
3. Total allowed is based on the MMIS calculation.
4. Allowed refers to the allowed amount before medical education add-ons and third party (TPL) and cost-share deductions.

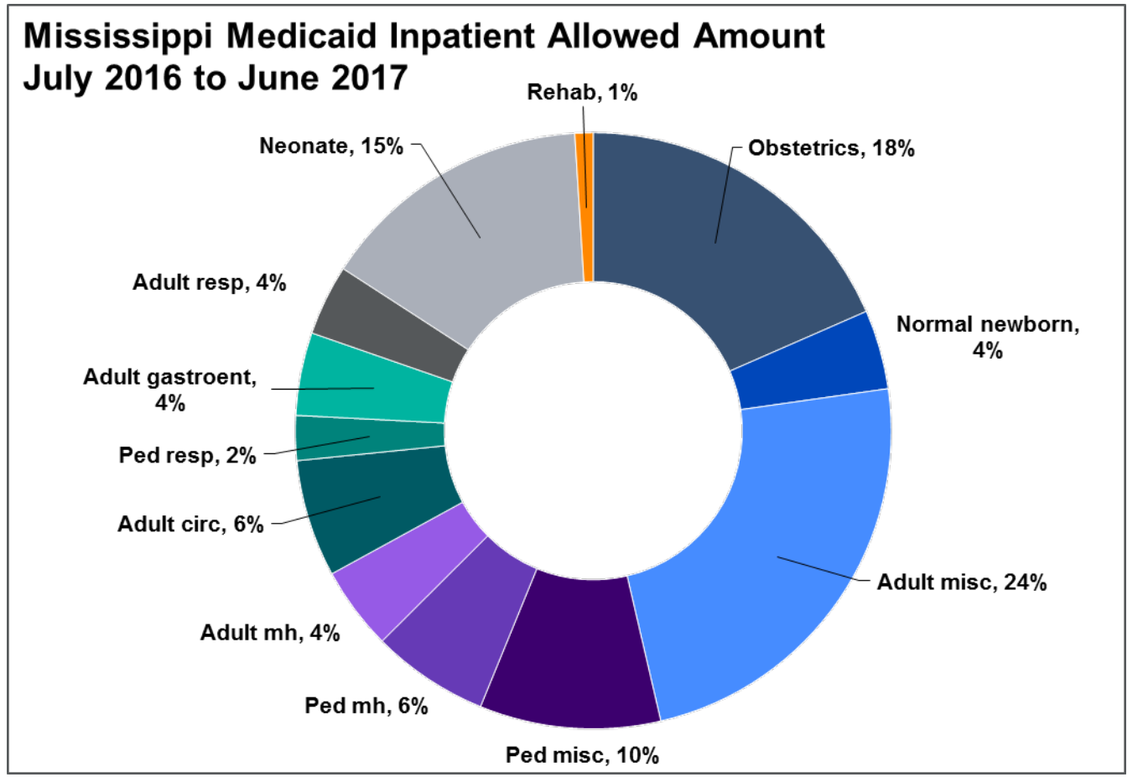
Data represents a 12 month period, Jul 1, 2016 – June 30 2017.

Utilization of inpatient care

SFY 17 utilization by MCC

- Maternity stays (Obstetrics and Normal Newborns) accounted for almost half of all stays, but only 23% of allowed
- Neonates accounted for only 3% of stays, but 15% of allowed amount
- Pediatrics (combined) accounted for 17% of stays, and 19% of allowed amount

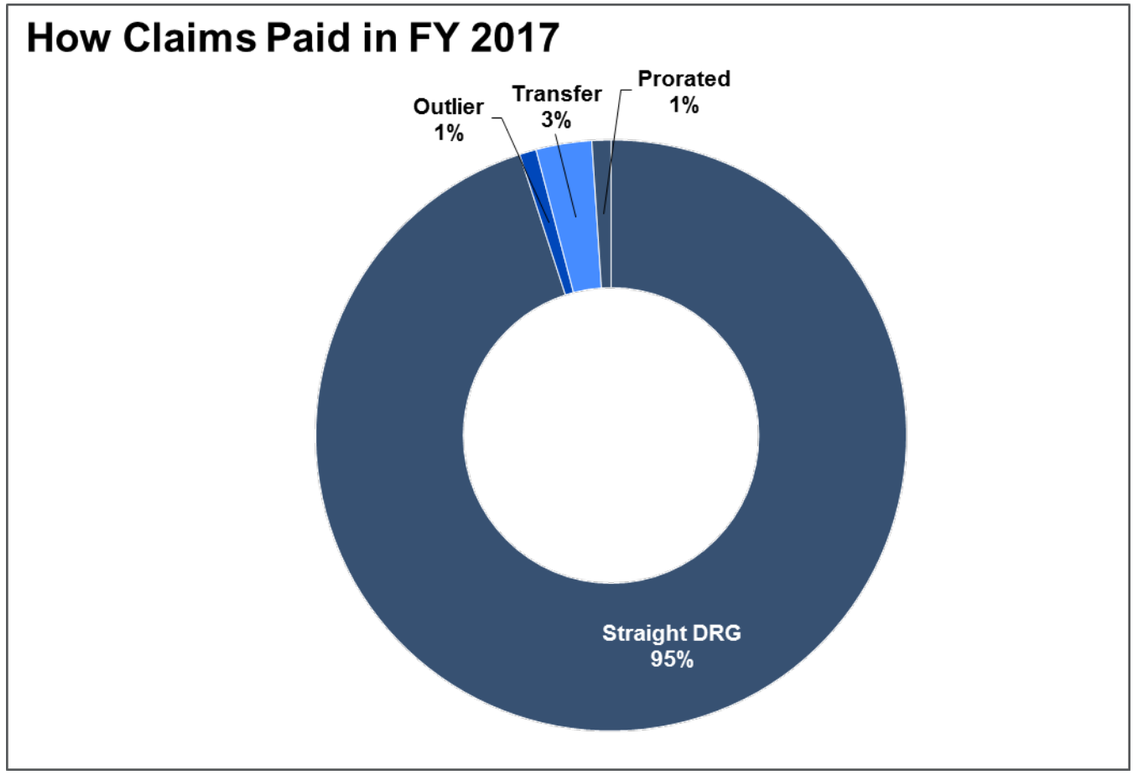




Utilization of inpatient care

How claims paid in SFY 17

- 95% of claims paid through straight DRG
- 1% of claims paid as outliers



Simulation overview and impacts

Simulation overview

- Analysis and simulation done using 96,373 stays from the period July 1, 2016 through June 30, 2017
  - Simulation is not a forecast, since it does not reflect forecasts of eligibility and utilization
- DRG payment method changes:
  - Update to V.35 of the HSRV weights
  - Charge cap
  - Decrease neonate policy adjustor to 1.40
  - Decrease outlier threshold to $45,000 and increase marginal rate to 0.60
  - Increase base rate to $6,585
  - Apply policy adjustors based on MCC
- Medical education payments are excluded

DRG Update: Simulation Results			
	Actual Year 5	Baseline Year 6	Simulation Year 7
Stays	96,373	96,373	96,373
Base price	$6,415	$6,415	$6,585
Allowed	$588.3M	$586.6M	$586.4M
Change		-0.3%	0.0%
Outlier %	4.3%	3.8%	4.8%

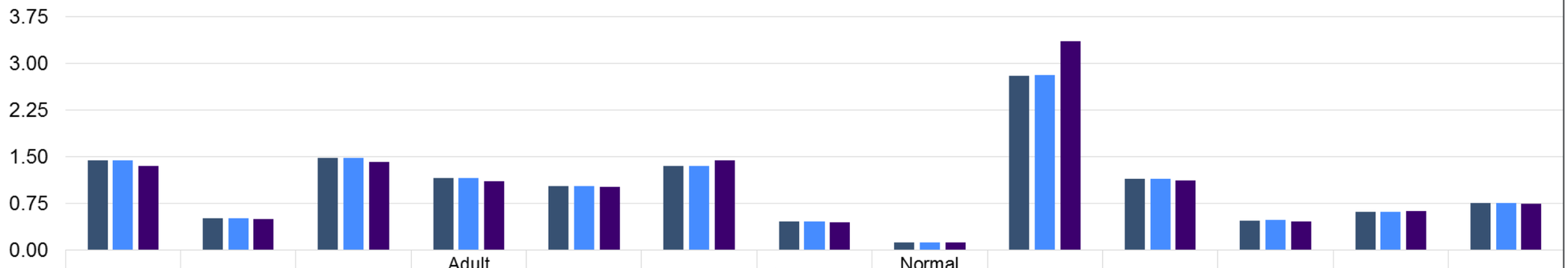
Notes:

1. Allowed amount excludes hundreds of millions in supplemental payments to hospitals.
2. Analysis and simulation are based on FFS and CCO paid stays for the period July 1, 2016, through June 30, 2017.

Casemix by Medicaid Care Category

- V.34 and V.35 both had substantial changes in clinical logic
- Neonate casemix increased dramatically
- Reducing the neonate policy adjustor keeps the budget approximately neutral for neonate stays

Casemix by Medicaid Care Category

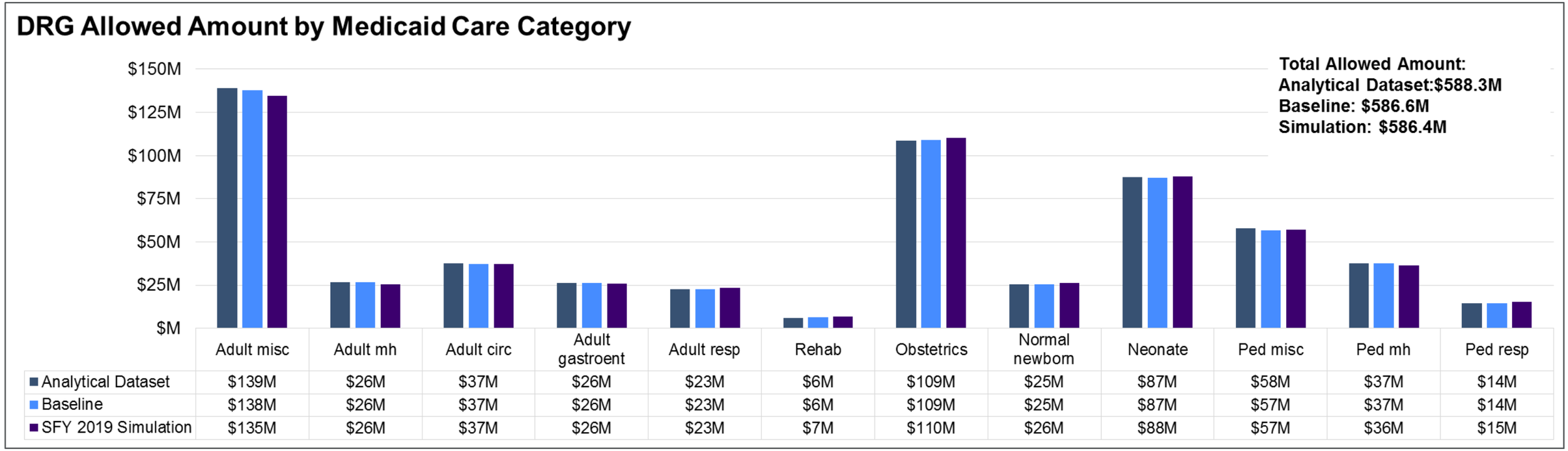


	Adult misc	Adult mh	Adult circ	Adult gastroent	Adult resp	Rehab	Obstetrics	Normal newborn	Neonate	Ped misc	Ped mh	Ped resp	Total
Analytical Dataset, MMIS V.33	1.45	0.52	1.49	1.16	1.03	1.35	0.46	0.12	2.80	1.15	0.48	0.61	0.76
Baseline, CGS V.33	1.45	0.52	1.49	1.16	1.03	1.35	0.46	0.12	2.81	1.15	0.48	0.61	0.76
SFY 19 Simulation, CGS V.35	1.36	0.50	1.42	1.10	1.02	1.44	0.46	0.13	3.36	1.12	0.46	0.64	0.75

Data based on utilization from a twelve month period, July 1, 2016 – June 30, 2017.

Total allowed amount by Medicaid Care Category

- The allowed amount shown is before third party liability, cost sharing, and supplemental payments

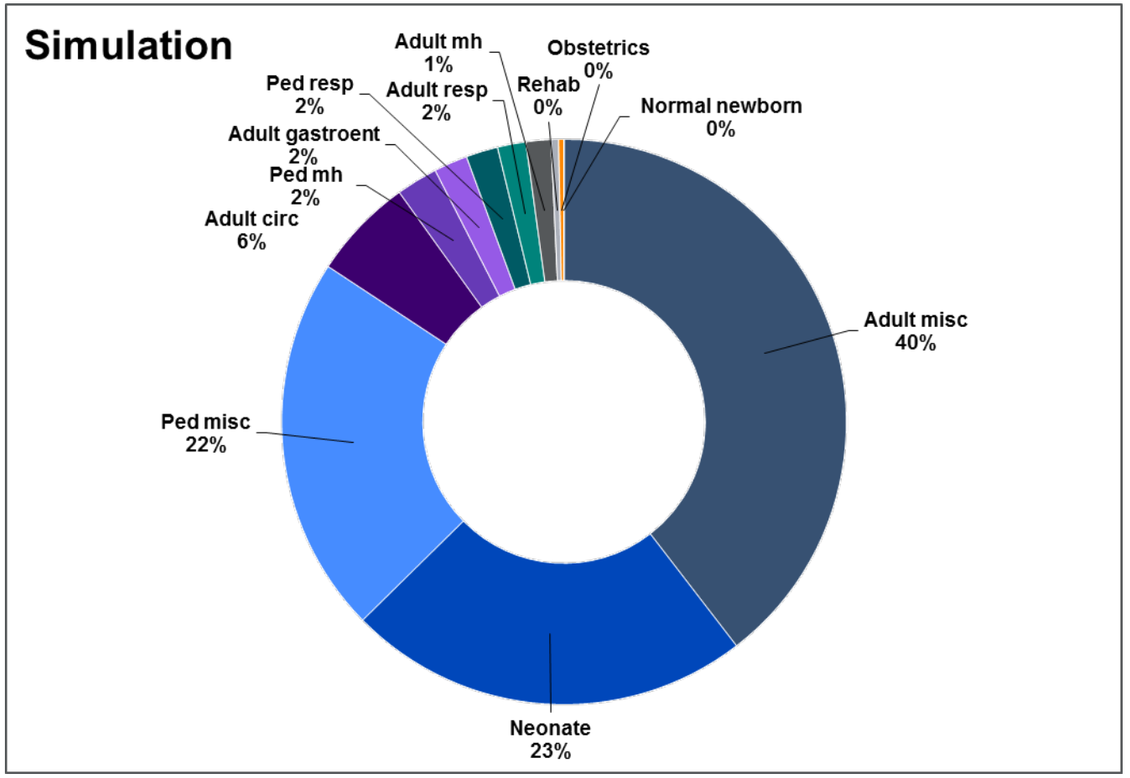


	Adult misc	Adult mh	Adult circ	Adult gastroent	Adult resp	Rehab	Obstetrics	Normal newborn	Neonate	Ped misc	Ped mh	Ped resp
Analytical Dataset	$139M	$26M	$37M	$26M	$23M	$6M	$109M	$25M	$87M	$58M	$37M	$14M
Baseline	$138M	$26M	$37M	$26M	$23M	$6M	$109M	$25M	$87M	$57M	$37M	$14M
SFY 2019 Simulation	$135M	$26M	$37M	$26M	$23M	$7M	$110M	$26M	$88M	$57M	$36M	$15M

Data based on utilization from a twelve month period, July 1, 2016 – June 30, 2017.

Outlier allowed amount by Medicaid Care Category

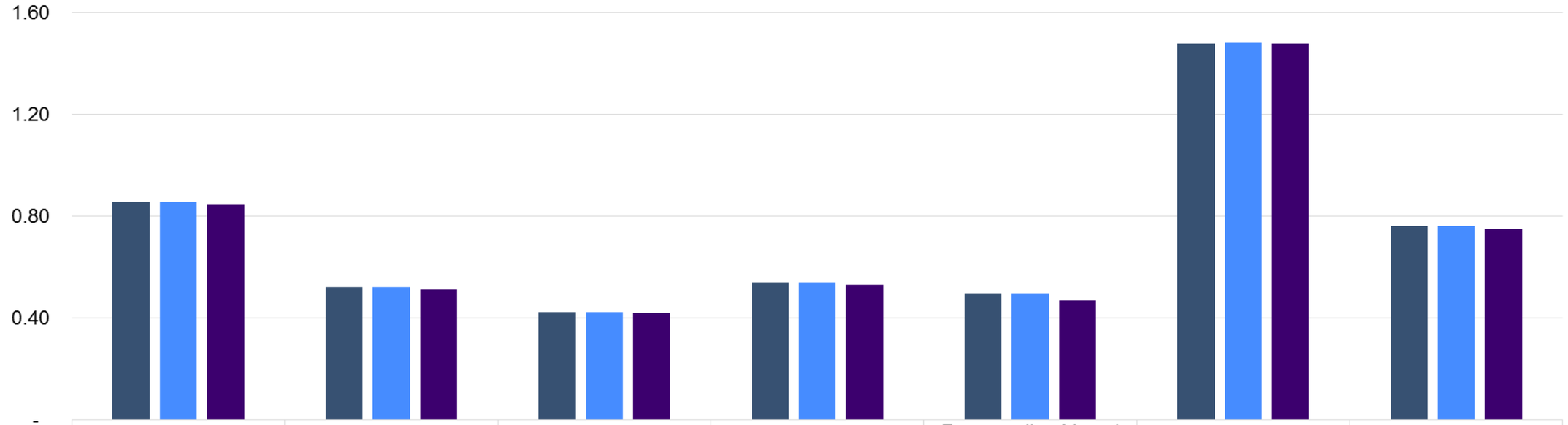
- Total outlier allowed amount = $28.2 million (4.8% of total allowed amount)
- Adult miscellaneous, pediatric miscellaneous and neonate stays have the highest outlier rates



Data based on utilization from a twelve month period, July 1, 2016 – June 30, 2017.

Peer group impacts, casemix

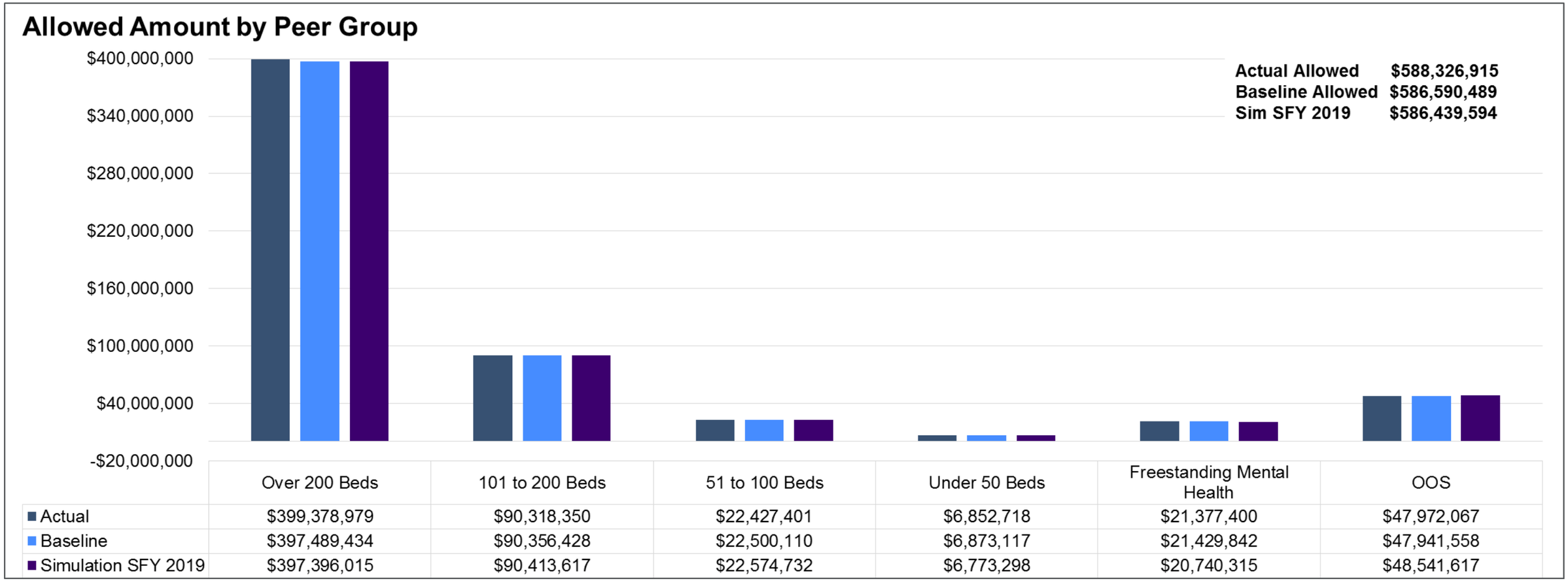
Casemix by Peer Group



	Over 200 Beds	101 to 200 Beds	51 to 100 Beds	Under 50 Beds	Freestanding Mental Health	OOS	Totals
Actual	0.86	0.52	0.42	0.54	0.50	1.48	0.76
Baseline	0.86	0.52	0.42	0.54	0.50	1.48	0.76
Simulation SFY 2019	0.84	0.51	0.42	0.53	0.47	1.48	0.75

Data based on utilization from a twelve month period, July 1, 2016 – June 30, 2017.

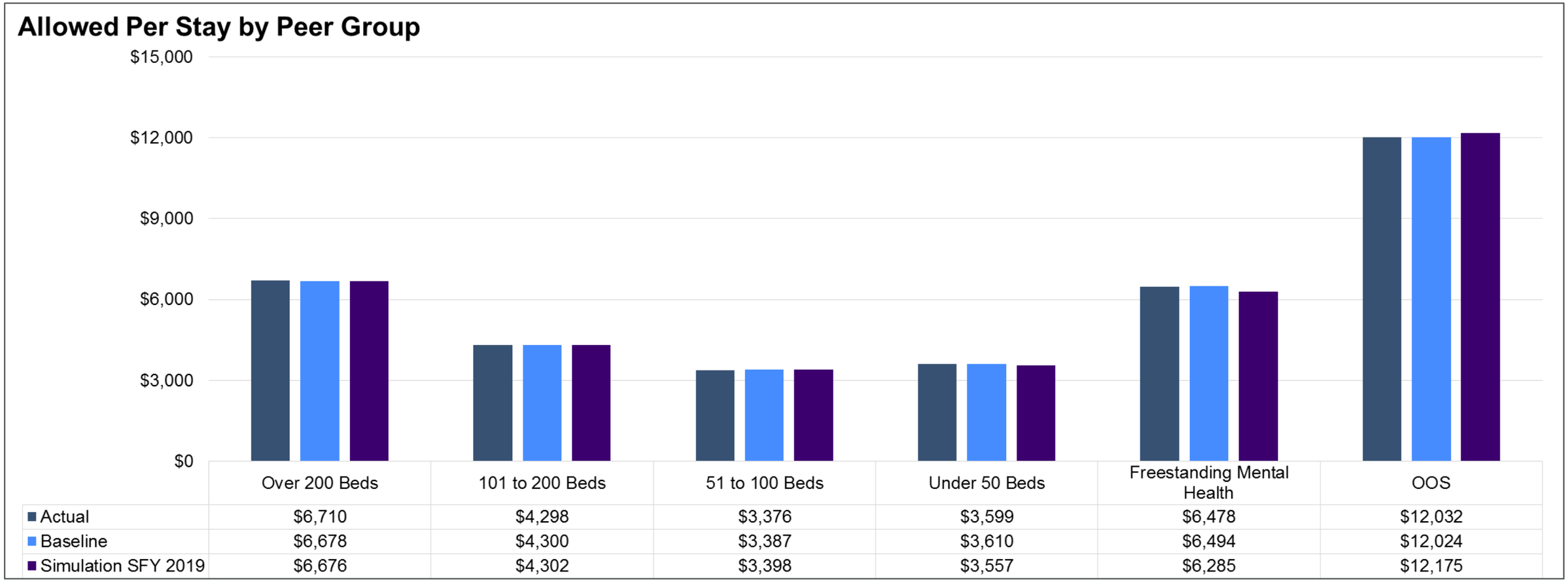
Peer group impact, allowed amount



	Over 200 Beds	101 to 200 Beds	51 to 100 Beds	Under 50 Beds	Freestanding Mental Health	OOS
Actual	$399,378,979	$90,318,350	$22,427,401	$6,852,718	$21,377,400	$47,972,067
Baseline	$397,489,434	$90,356,428	$22,500,110	$6,873,117	$21,429,842	$47,941,558
Simulation SFY 2019	$397,396,015	$90,413,617	$22,574,732	$6,773,298	$20,740,315	$48,541,617

Data based on utilization from a twelve month period, July 1, 2016 – June 30, 2017.

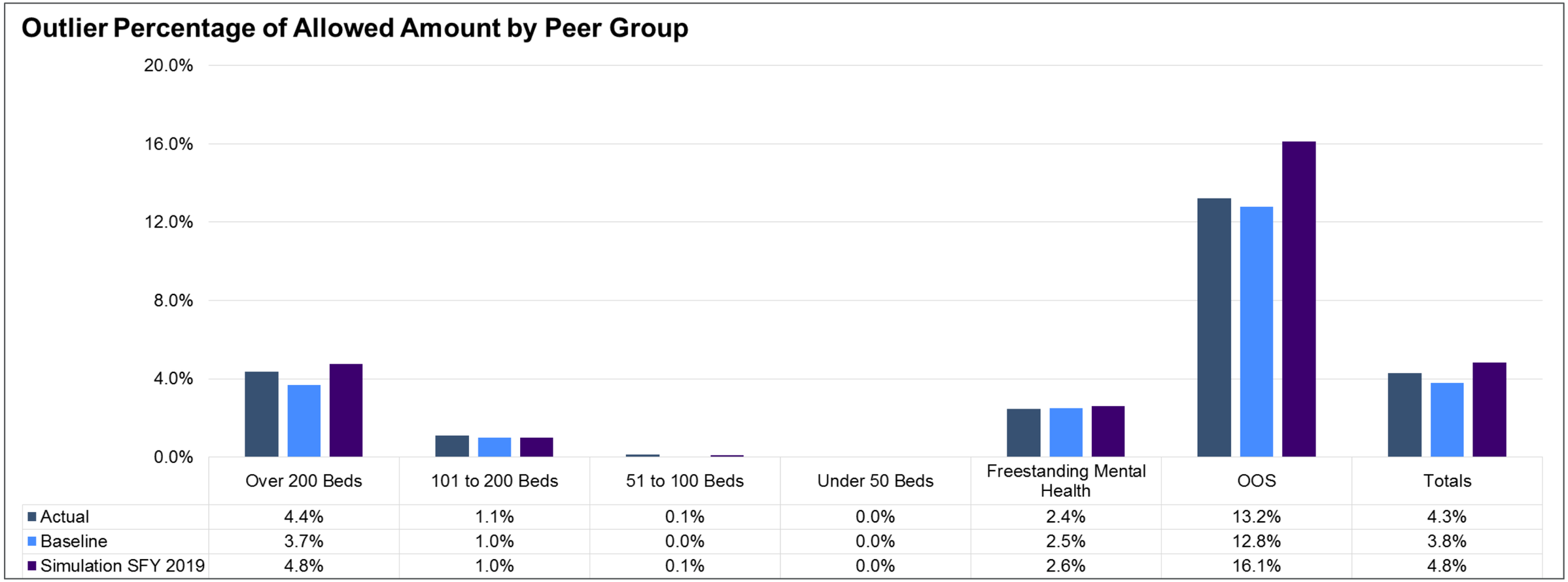
Peer group impact, allowed per stay



	Over 200 Beds	101 to 200 Beds	51 to 100 Beds	Under 50 Beds	Freestanding Mental Health	OOS
Actual	$6,710	$4,298	$3,376	$3,599	$6,478	$12,032
Baseline	$6,678	$4,300	$3,387	$3,610	$6,494	$12,024
Simulation SFY 2019	$6,676	$4,302	$3,398	$3,557	$6,285	$12,175

Data based on utilization from a twelve month period, July 1, 2016 – June 30, 2017.

Peer group impact, outlier percentage



	Over 200 Beds	101 to 200 Beds	51 to 100 Beds	Under 50 Beds	Freestanding Mental Health	OOS	Totals
Actual	4.4%	1.1%	0.1%	0.0%	2.4%	13.2%	4.3%
Baseline	3.7%	1.0%	0.0%	0.0%	2.5%	12.8%	3.8%
Simulation SFY 2019	4.8%	1.0%	0.1%	0.0%	2.6%	16.1%	4.8%

Data based on utilization from a twelve month period, July 1, 2016 – June 30, 2017.

Simulation results by peer group

Over 200 beds

		Analytical Dataset		Baseline		Simulation		Change in Allowed			
	Peer Group	Stays	Days	Casemix V33	Allowed Baseline	Casemix V35	Allowed Sim	Change in Allowed	Pct Change	Change in Allowed	
University of MS Medical Center	Over 200 Beds	11,588	81,785	1.43	$130,006,304	1.42	$130,286,258	$279,954	0%		X
Forrest General Hospital	Over 200 Beds	6,846	28,439	0.78	$41,225,702	0.75	$39,949,564	-$1,276,138	-3%	X	
North MS Medical Center	Over 200 Beds	4,738	25,858	0.94	$34,342,927	0.96	$35,394,418	$1,051,491	3%		X
St. Dominic - Jackson Memorial Hospital	Over 200 Beds	4,233	19,268	0.74	$24,777,863	0.70	$23,952,074	-$825,789	-3%	X	
Memorial Hospital at Gulfport	Over 200 Beds	3,587	18,455	0.83	$24,491,925	0.79	$24,148,758	-$343,167	-1%	X	
Singing River Hospital System	Over 200 Beds	3,553	12,315	0.66	$17,905,217	0.64	$18,379,454	$474,237	3%		X
Mississippi Baptist Medical Center	Over 200 Beds	3,109	13,982	0.82	$19,142,705	0.82	$19,382,922	$240,217	1%		X
Merit Health Central	Over 200 Beds	2,541	12,723	0.75	$15,763,585	0.75	$16,573,882	$810,297	5%		X
Anderson Regional Medical Center	Over 200 Beds	2,440	8,546	0.67	$12,621,182	0.67	$12,609,220	-$11,962	0%	X	
Merit Health Wesley	Over 200 Beds	2,202	6,827	0.55	$9,727,586	0.55	$9,876,356	$148,771	2%		X
South Central Regional Medical Center	Over 200 Beds	2,154	6,522	0.50	$8,331,091	0.50	$8,064,814	-$266,277	-3%	X	
Delta Regional Medical Center	Over 200 Beds	2,148	8,965	0.68	$11,066,629	0.70	$11,096,337	$29,708	0%		X
Merit Health River Region	Over 200 Beds	2,099	9,689	0.57	$9,726,400	0.56	$9,725,269	-$1,131	0%	X	
Baptist Memorial Hospital - Golden Triangle	Over 200 Beds	2,026	7,066	0.64	$9,808,952	0.60	$9,451,715	-$357,237	-4%	X	
Greenwood Leflore Hospital	Over 200 Beds	1,912	6,859	0.67	$9,055,438	0.65	$9,049,355	-$6,083	0%	X	
Rush Foundation Hospital	Over 200 Beds	1,624	5,549	0.61	$7,742,861	0.60	$7,683,413	-$59,448	-1%	X	
Baptist Memorial Hospital - North Ms.	Over 200 Beds	1,607	5,040	0.64	$7,541,167	0.63	$7,552,882	$11,715	0%		X
Merit Health Natchez (Regional)	Over 200 Beds	1,117	3,908	0.49	$4,211,900	0.50	$4,219,324	$7,423	0%		X

Change in Payment	
X	Decrease > 10%
X	Decrease < 10%
X	Increase <10%
X	Increase > 10%

Data based on utilization from a twelve month period, July 1, 2016 – June 30, 2017.

Simulation results by peer group

101 to 200 beds

		Analytical Dataset		Baseline		Simulation		Change in Allowed				
	Peer Group	Stays	Days	Casemix V33	Allowed Baseline	Casemix V35	Allowed Sim	Change in Allowed	Pct Change	Change in Allowed		
Baptist Memorial Hospital - Desoto County	101 to 200 Beds	3,092	9,449	0.56	$13,217,234	0.55	$13,129,645	-$87,588	-1%	X		
Merit Health Biloxi	101 to 200 Beds	2,035	6,921	0.48	$8,066,936	0.47	$8,108,681	$41,745	1%		X	
Southwest MS Regional Medical Center	101 to 200 Beds	1,813	4,760	0.54	$7,296,734	0.52	$7,200,056	-$96,678	-1%	X		
Baptist Memorial Hospital - Union County	101 to 200 Beds	1,775	3,913	0.34	$5,294,031	0.34	$5,232,855	-$61,176	-1%	X		
Magnolia Regional Health Center	101 to 200 Beds	1,686	5,142	0.56	$7,145,486	0.54	$7,034,077	-$111,409	-2%	X		
Merit Health Northwest MS	101 to 200 Beds	1,656	5,669	0.57	$7,384,937	0.55	$7,196,681	-$188,256	-3%	X		
Merit Health River Oaks	101 to 200 Beds	1,609	5,758	0.56	$7,729,315	0.61	$8,102,349	$373,033	5%		X	
Alliance Health Center (Laurelwood)	101 to 200 Beds	1,296	10,574	0.51	$7,552,004	0.49	$7,359,456	-$192,548	-3%	X		
Merit Health Batesville (Tri-Lakes)	101 to 200 Beds	1,107	3,970	0.43	$4,283,691	0.42	$4,227,115	-$56,577	-1%	X		
King's Daughters Medical Center - Brookhaven	101 to 200 Beds	1,017	2,275	0.46	$3,868,433	0.46	$3,804,784	-$63,649	-2%	X		
Bolivar Medical Center	101 to 200 Beds	973	2,785	0.48	$3,532,177	0.47	$3,572,391	$40,214	1%		X	
Garden Park Hospital	101 to 200 Beds	910	2,677	0.52	$3,577,479	0.50	$3,612,435	$34,956	1%		X	
University of MS Medical Center Grenada	101 to 200 Beds	889	2,680	0.44	$3,069,815	0.43	$3,098,340	$28,525	1%		X	
Hancock Medical Center	101 to 200 Beds	375	983	0.52	$1,507,288	0.50	$1,468,887	-$38,402	-3%	X		
Merit Health Woman's Hospital	101 to 200 Beds	323	979	0.37	$1,110,384	0.37	$1,132,794	$22,410	2%		X	
Mississippi Methodist Hospital & Rehabilitation Center	101 to 200 Beds	233	3,198	1.34	$3,846,113	1.45	$4,274,035	$427,922	11%			X
Merit Health Rankin	101 to 200 Beds	159	634	1.44	$1,457,815	1.39	$1,449,042	-$8,773	-1%	X		
Baptist Memorial Hospital - Booneville	101 to 200 Beds	47	133	0.71	$204,036	0.69	$203,438	-$598	0%	X		
Anderson Regional Medical Center - South Campus	101 to 200 Beds	20	213	0.99	$212,519	1.05	$206,556	-$5,963	-3%	X		

Change in Payment	
X	Decrease > 10%
X	Decrease < 10%
X	Increase <10%
X	Increase > 10%

Data based on utilization from a twelve month period, July 1, 2016 – June 30, 2017.

Simulation results by peer group

51 – 100 beds

		Analytical Dataset		Baseline		Simulation		Change in Allowed				
	Peer Group	Stays	Days	Casemix V33	Allowed Baseline	Casemix V35	Allowed Sim	Change in Allowed	Pct Change	Change in Allowed		
Oktibbeha County Hospital	51 to 100 Beds	1,374	3,559	0.37	$4,289,558	0.36	$4,332,444	$42,886	1%			X
Merit Health Gilmore Hospital	51 to 100 Beds	1,013	3,340	0.46	$3,833,742	0.47	$3,881,144	$47,401	1%			X
Merit Health Madison	51 to 100 Beds	817	2,439	0.43	$2,804,428	0.42	$2,834,826	$30,398	1%			X
Methodist Healthcare - Olive Branch	51 to 100 Beds	671	1,689	0.39	$2,143,180	0.38	$2,181,266	$38,086	2%			X
Clay County Medical Corporation - North MS West Point	51 to 100 Beds	639	1,693	0.42	$2,240,593	0.41	$2,229,203	-$11,390	-1%		X	
Highland Community Hospital	51 to 100 Beds	602	1,511	0.43	$2,018,319	0.43	$2,025,533	$7,215	0%			X
George County Hospital	51 to 100 Beds	489	1,350	0.41	$1,682,113	0.40	$1,665,813	-$16,300	-1%		X	
Wayne General Hospital	51 to 100 Beds	463	1,441	0.46	$1,618,397	0.45	$1,558,100	-$60,296	-4%		X	
Neshoba County General Hospital	51 to 100 Beds	356	943	0.45	$1,012,506	0.46	$1,001,624	-$10,882	-1%		X	
North Oak Regional Hospital	51 to 100 Beds	77	225	0.63	$303,022	0.62	$310,700	$7,678	3%			X
Magee General Hospital	51 to 100 Beds	45	168	0.64	$181,869	0.63	$183,426	$1,557	1%			X
Baptist Medical Center - Attala	51 to 100 Beds	35	92	0.64	$139,156	0.62	$139,847	$691	0%			X
Winston County Community Hospital	51 to 100 Beds	24	75	0.58	$85,020	0.58	$84,173	-$847	-1%		X	
Tippah County Hospital	51 to 100 Beds	19	56	0.73	$84,516	0.70	$84,130	-$386	0%		X	
Trace Regional Hospital	51 to 100 Beds	10	33	0.60	$34,802	0.58	$35,714	$911	3%			X
Covington County Hospital	51 to 100 Beds	9	21	0.50	$28,889	0.50	$26,789	-$2,100	-7%		X	

Change in Payment	
X	Decrease > 10%
X	Decrease < 10%
X	Increase <10%
X	Increase > 10%

Data based on utilization from a twelve month period, July 1, 2016 – June 30, 2017.

Simulation results by peer group

Under 50 beds

		Analytical Dataset		Baseline		Simulation		Change in Allowed		
	Peer Group	Stays	Days	Casemix V33	Allowed Baseline	Casemix V35	Allowed Sim	Change in Allowed	Pct Change	Change in Allowed
South Sunflower County Hospital	Under 50 Beds	493	1,181	0.39	$1,554,486	0.38	$1,533,821	-$20,664	-1%	X
S. E. Lackey Memorial Hospital	Under 50 Beds	201	577	0.46	$576,172	0.46	$586,809	$10,637	2%	X
Claiborne County Hospital	Under 50 Beds	135	417	0.59	$531,025	0.57	$506,770	-$24,255	-5%	X
Webster Health Services, Inc.	Under 50 Beds	111	362	0.68	$461,042	0.66	$460,770	-$272	0%	X
Baptist Medical Center - Yazoo	Under 50 Beds	70	223	0.55	$244,115	0.54	$248,458	$4,343	2%	X
Noxubee General Critical Access Hospital	Under 50 Beds	59	218	0.58	$220,011	0.57	$213,949	-$6,062	-3%	X
Tyler Holmes Memorial Hospital	Under 50 Beds	54	154	0.52	$178,295	0.51	$181,918	$3,622	2%	X
Hardy Wilson Memorial Hospital	Under 50 Beds	54	269	0.62	$210,092	0.59	$204,970	-$5,123	-2%	X
Sharkey Issaquena Community Hospital	Under 50 Beds	51	147	0.50	$163,683	0.49	$143,658	-$20,026	-12%	X
Marion General Hospital	Under 50 Beds	50	219	0.73	$226,265	0.71	$225,859	-$407	0%	X
Field Memorial Community Hospital	Under 50 Beds	47	163	0.75	$213,718	0.74	$218,004	$4,285	2%	X
Yalobusha General Hospital	Under 50 Beds	46	151	0.57	$166,774	0.56	$160,741	-$6,034	-4%	X
North Sunflower County Hospital	Under 50 Beds	44	139	0.68	$188,683	0.65	$187,720	-$963	-1%	X
Scott (Morton) Regional Medical Center	Under 50 Beds	41	114	0.57	$147,716	0.54	$139,985	-$7,731	-5%	X
Stone County Hospital	Under 50 Beds	39	133	0.58	$141,549	0.57	$144,454	$2,905	2%	X
Whitfield Medical Surgical Hospital	Under 50 Beds	36	290	0.76	$161,197	0.76	$164,776	$3,579	2%	X
Beacham Memorial Hospital (South Pike)	Under 50 Beds	32	181	0.71	$145,971	0.70	$147,374	$1,403	1%	X
Holmes County Hospital & Clinics	Under 50 Beds	31	79	0.65	$128,067	0.63	$125,649	-$2,419	-2%	X
Alliance Healthcare System	Under 50 Beds	31	107	0.53	$104,569	0.53	$107,389	$2,821	3%	X
Simpson General Hospital	Under 50 Beds	29	106	0.54	$104,653	0.54	$103,266	-$1,386	-1%	X

Change in Payment	
X	Decrease > 10%
X	Decrease < 10%
X	Increase <10%
X	Increase > 10%

Data based on utilization from a twelve month period, July 1, 2016 – June 30, 2017.

Simulation results by peer group

Under 50 beds, cont.

		Analytical Dataset		Baseline		Simulation		Change in Allowed				
	Peer Group	Stays	Days	Casemix V33	Allowed Baseline	Casemix V35	Allowed Sim	Change in Allowed	Pct Change	Change in Allowed		
Walthall County General Hospital	Under 50 Beds	29	94	0.57	$105,906	0.56	$103,197	-$2,708	-3%		X	
Tishomingo Health Services	Under 50 Beds	26	73	0.71	$112,534	0.70	$113,825	$1,291	1%			X
Pioneer Community Hospital Aberdeen	Under 50 Beds	25	111	0.73	$105,084	0.75	$110,066	$4,982	5%			X
Laird Hospital, Inc.	Under 50 Beds	23	75	0.52	$86,376	0.50	$75,565	-$10,811	-13%	X		
Baptist Medical Center - Leake	Under 50 Beds	20	74	0.54	$67,830	0.52	$66,975	-$855	-1%		X	
Jefferson County Hospital	Under 50 Beds	18	46	0.51	$59,255	0.51	$44,916	-$14,339	-24%	X		
Choctaw Regional Medical Center	Under 50 Beds	18	55	0.63	$69,147	0.65	$72,885	$3,737	5%			X
Jefferson Davis Community Hospital (Prentiss)	Under 50 Beds	17	57	0.59	$61,385	0.59	$62,855	$1,470	2%			X
H. C. Watkins Memorial Hospital	Under 50 Beds	15	48	0.53	$52,376	0.52	$51,505	-$870	-2%		X	
Calhoun Health Services	Under 50 Beds	11	26	0.58	$41,357	0.57	$37,122	-$4,235	-10%	X		
Tallahatchie General Hospital	Under 50 Beds	10	26	0.57	$35,315	0.56	$36,050	$734	2%			X
Lawrence County Hospital	Under 50 Beds	9	23	0.57	$32,664	0.52	$30,334	-$2,330	-7%		X	
Franklin County Memorial Hospital	Under 50 Beds	8	36	0.77	$39,519	0.76	$39,925	$406	1%			X
Pontotoc Health Services, Inc.	Under 50 Beds	8	19	0.58	$29,392	0.52	$27,630	-$1,762	-6%		X	
Quitman County Hospital LLC	Under 50 Beds	4	14	0.70	$26,893	0.60	$15,898	-$10,995	-41%	X		
Greene County Hospital	Under 50 Beds	3	10	0.82	$15,792	0.81	$15,013	-$780	-5%		X	
John C. Stennis Memorial Hospital	Under 50 Beds	2	9	0.73	$9,403	0.72	$9,483	$79	1%			X
Perry County General Hospital	Under 50 Beds	1	1	0.59	$3,788	0.57	$3,768	-$20	-1%		X	

Change in Payment	
X	Decrease > 10%
X	Decrease < 10%
X	Increase <10%
X	Increase > 10%

Data based on utilization from a twelve month period, July 1, 2016 – June 30, 2017.

Simulation results by peer group

Freestanding mental health

		Analytical Dataset		Baseline		Simulation		Change in Allowed		
	Peer Group	Stays	Days	Casemix V33	Allowed Baseline	Casemix V35	Allowed Sim	Change in Allowed	Pct Change	Change in Allowed
Brentwood Behavioral Healthcare of MS	Freestanding M H	1,582	16,497	0.49	$9,897,045	0.46	$9,544,708	-$352,337	-4%	X
Parkwood Behavioral Healthcare	Freestanding M H	911	7,377	0.49	$5,677,729	0.46	$5,513,277	-$164,452	-3%	X
Diamond Grove Center for Children & Adolescents	Freestanding M H	630	6,178	0.54	$4,347,268	0.51	$4,204,674	-$142,594	-3%	X
Oak Circle Center / MS State Hospital	Freestanding M H	109	2,727	0.48	$1,091,788	0.46	$1,069,007	-$22,781	-2%	X
Lakeside Behavioral Health System	Freestanding M H	45	555	0.47	$293,560	0.45	$290,277	-$3,283	-1%	X
Liberty Healthcare Systems	Freestanding M H	12	72	0.37	$57,519	0.36	$57,114	-$406	-1%	X
Crossroads Regional Hospital D/B/A Longleaf Hospital	Freestanding M H	11	114	0.46	$64,934	0.42	$61,258	-$3,676	-6%	X

Change in Payment	
X	Decrease > 10%
X	Decrease < 10%
X	Increase <10%
X	Increase > 10%

Data based on utilization from a twelve month period, July 1, 2016 – June 30, 2017.

Simulation results by peer group

Out of state, top 20 hospitals

		Analytical Dataset		Baseline		Simulation		Change in Allowed					
	Peer Group	Stays	Days	Casemix V33	Allowed Baseline	Casemix V35	Allowed Sim	Change in Allowed	Pct Change	Change in Allowed			
Methodist Hospital of Memphis	OOS	1,366	10,890	1.43	$15,016,894	1.45	$15,415,771	$398,877	3%			X	
USA Children's & Women's Hospital	OOS	591	5,518	1.38	$6,329,003	1.38	$5,798,791	-$530,212	-8%		X		
Regional Medical Center Memphis	OOS	291	3,363	1.95	$5,295,958	2.05	$5,688,457	$392,499	7%			X	
Baptist Memorial Hospital	OOS	261	2,608	1.91	$3,600,891	1.97	$3,488,374	-$112,517	-3%		X		
Ochsner Foundation Hospital	OOS	245	2,370	2.19	$3,773,285	2.12	$3,679,654	-$93,632	-2%		X		
St. Jude Children's Research Hospital	OOS	188	794	1.10	$1,376,737	1.06	$1,391,941	$15,205	1%			X	
Saint Francis Hospital	OOS	158	1,400	0.78	$1,134,276	0.74	$1,099,944	-$34,332	-3%		X		
Slidell Memorial Hospital	OOS	137	489	0.74	$783,304	0.73	$796,748	$13,445	2%			X	
Northshore Regional Medical Center	OOS	133	576	0.93	$763,953	0.92	$781,032	$17,079	2%			X	
University of South Alabama D/B/A USA Medical Center	OOS	93	716	2.31	$1,293,936	2.20	$1,241,355	-$52,581	-4%		X		
Children's Hospital	OOS	89	1,101	1.34	$2,096,670	1.32	$2,390,275	$293,605	14%				X
University Healthcare System D/B/A Tulane University Hospital	OOS	56	442	1.65	$852,404	1.47	$841,765	-$10,640	-1%		X		
Children's Hospital of Alabama	OOS	48	223	1.16	$374,950	1.19	$391,738	$16,788	4%			X	
University of Alabama Hospital	OOS	40	688	2.99	$1,690,633	2.74	$1,853,128	$162,495	10%			X	
Delta Medical Center	OOS	31	449	0.59	$200,384	0.56	$198,018	-$2,367	-1%		X		
Providence Hospital	OOS	27	176	1.51	$259,163	1.50	$252,215	-$6,948	-3%		X		
Our Lady of the Lake Regional Medical Center	OOS	27	122	1.10	$196,005	1.07	$196,670	$665	0%			X	
CRESTWYN BEHAVIORAL HEALTH	OOS	19	242	0.52	$128,484	0.48	$122,076	-$6,408	-5%		X		
Mobile Infirmary Medical Center	OOS	13	146	1.25	$112,535	1.23	$113,611	$1,076	1%			X	
Ochsner Medical Center - Kenner	OOS	9	55	0.79	$45,596	0.76	$45,130	-$467	-1%		X		

Change in Payment	
X	Decrease > 10%
X	Decrease < 10%
X	Increase <10%
X	Increase > 10%

Data based on utilization from a twelve month period, July 1, 2016 – June 30, 2017.

Looking to the future

Looking to the future

1. CCR updates on 10/1/2018
2. Post implementation monitoring and review
3. Monitor legislation
4. DOM implements APR-DRG V.36 mapper and HAC utility on 10/1/2018

For further information

Darrell Bullocks
Director, Solutions Services
Payment Method Development
916.375.3433
Darrell.Bullocks@Conduent.com

Christine Bredfeldt
Director, Solutions Services
Payment Method Development
530.387.1370
Christine.Bredfeldt@Conduent.com

Debra Stipcich
PMD Client Executive
Payment Method Development
406.437.1886
Debra.Stipcich@Conduent.com

Karen Thomas, CPM
DOM Accounting Director, Hospital Program
Office of Reimbursement
Mississippi Division of Medicaid
601.359.5186
Karen.Thomas@medicaid.ms.gov

With thanks to:

DOM: Michael Daschbach, Shatara Bogan, Evelyn Sampson, Sharon Jones, Keith Heartsill, Zeddie Parker

Conduent: Angela Sims, Andrew Townsend, Bud Davies, Lisa Nelson