

APR-DRG Calculator Instructions DC DRG Project

July 30, 2014



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Document Version: 1.0 (July 2014).

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1 Overview

The purpose of this document is to provide pertinent details to users about the design, content and functionality of the DRG pricing calculator. The DRG pricing calculator is an interactive spreadsheet.

The instructions shown in this document are intended to guide users through the steps necessary to effectively utilize the DRG pricing calculator. The instructions assume you will work through all the examples from beginning to end. Each example assumes that your DRG calculator is set to the settings of the previous example, then user *input* changes are highlighted. A variety of DRG payment types and DRG calculator utilization techniques are illustrated in the sections that follow.

1.1. Structure of the DRG Calculator

The DRG Calculator is comprised of four tabs. The four tabs are as follows:

- Cover Page This tab contains an introduction to the DRG Calculator.
- Calculator- This tab contains the interactive portion of the DRG calculator. Cells shaded in purple are user input fields. Cells shaded in lavender are policy parameters set by the Department.
- DRG Base Rate Add-ons This tab contains the District-wide base rate adjusted for indirect medical education (IME) for each District hospital, as well as Capital and direct medical education (DME) add-ons. In-District hospitals were notified of these rates and add-ons in May of 2014.
- DRG Table This tab contains the DRG values. This table interacts with the calculator tab. It supplies the DRG specific values which are critical in the execution of the pricing functions of the calculator.

2 DRG Calculator Instructions

The examples and instructions throughout this document were developed to provide users with the information necessary to operate the DRG calculator. The user enters data into cells shaded with the purple background. The spreadsheet automatically calculates the payment amount for the particular stay. The calculator does not predict the DRG. The user must have the DRG information prior to using the tool.

Payment policy parameter values are shown in the lavender background. The final payment amount including add-ons is shown in the last active cell in column C of the calculator tab which is shaded in black. Only in-District hospitals receive add-on payments and IME. Please keep in mind that the DRG calculator is intended to be helpful to users, but it cannot capture all the complexity of the Medicaid claims processing system. In the event of a discrepancy, the claims processing system should be considered correct.

The following pricing scenarios are depicted in this document:

- Straight DRG
- Straight DRG with Mental Health Policy Adjustor
- Acute Care Transfer
- High-Side Outlier Adjustment
- Low-Side Outlier Adjustment
- Interim Claim

For simplicity, each example builds on the previous example where possible. However, changes were made among certain examples to facilitate execution of the desired scenario. The examples below were created using the George Washington University Hospital base price of \$13,336.76.

2.1. Straight DRG

This is the simplest case, likely to apply to approximately 95 percent of inpatient stays once the new method is implemented. Follow these steps and use these values unless otherwise directed for other scenarios. Values and parameters are examples only. The table below has been altered to assist with clarity. A full view of the calculator follows.

- Input Total charges (cell E7): \$50,000.00
- Input Hospital-specific cost-to-charge ratio (cell E8): 21.83%
- Input Length of stay (cell E9): 2
- Input Patient discharge status = 02, 05, 63, 65, 66, 82, 85, 91, 93, or 94? (cell E10): No
- Input Patient age (cell E11): 25
- Input Other health coverage (cell E12): \$0.00
- Input Patient share of cost (cell E13): \$0.00
- Input Is discharge status equal to 30? (cell E14): No
- Input Hospital-specific DRG base rate, including IME (cell E15): \$13,336.76
- Input Hospital-specific capital add-on payment (cell E16): \$1,053.81
- Input Hospital-specific DME add-on payment (cell E17): \$1,388.56
- Input APR-DRG (cell E18): 139-3
- Output Payment amount (cell E66): \$13,266.08
- Output Reimbursed amount including add-ons (cell E69): \$15,708.45

Table 2.1.1						
Input for Straight DRG						
1	C D	E				
6	INFORMATION FROM THE HOSPITAL TO BE INPUT BY THE	USER				
7	Total charges	\$50,000.00				
8	Hospital-specific cost-to-charge ratio	21.83%				
9	Length of stay	2				
10	Patient discharge status = 02, 05, 65 or 66? (transfer)	No				
11	Patient age (in years)	25				
12	Other health coverage	\$0.00				
13	Patient share of cost	\$0.00				
14	Is discharge status equal to 30?	No				
15	Hospital-specific DRG base rate, including IME	\$13,336.76				
16	Hospital-specific capital add-on payment	\$1,053.81				
17	Hospital-specific DME add-on payment	\$1,388.56				

18	APR-DRG	139-3
66	Payment amount	\$13,266.08
69	Reimbursed amount including add-ons	\$15,708.45

2.1.1 Straight DRG Example

4	Indicates information to be input by the user (cells E7-E1) estimate of final payment in Cells E66 and E69.	8). Look for an	Indicates payment policy parameters set by Medicaid (cells E20-E28). Check Tab 3-DRG Base Rate Add-ons for hospital-specific base rates and add-ons to use in calculator.
5	Information	Data	Comments or Formula
	INFORMATION FROM THE HOSPITAL TO BE INPUT BY		
	Total charges	\$50,000.00	UB-04 Form Locator 47
	Cost-to-charge (CCR) ratio (Hospital-specific)	21.83%	Used to estimate the hospital's cost of this stay
	Length of stay		Used for transfer pricing adjustment
	Discharge status = 02, 05, 63, 65, 66, 82, 85, 91, 93, 94	No	Used for transfer pricing adjustment
	Patient age (in years)	25	Used for age adjustor
	Other health coverage	\$0.00	UB-04 Form Locator 54 for payments by third parties
	Patient share of cost	\$0.00	Includes spend-down or copayment
	Is discharge status equal to 30?	No	Indicates an interim claim
5	DRG base rate (Hospital-specific including IME)	\$13,336.76	Used for DRG base payment; See Tab 3-DRG Base Rate Add-ons
6	Capital add-on payment (Hospital-specific)	\$1,053.81	Capital payment applies to in-District hospitals; See Tab 3-DRG Base Rate Add-ons
7	DME add-on payment (Hospital-specific)	\$1,388.56	DME applies to in-District hospitals; See Tab 3-DRG Base Rate Add-ons
8	APR-DRG	139-3	Assigned via separate APR-DRG grouping software
	PAYMENT POLICY PARAMETERS SET BY MEDICAIDSU		Ξ.
0	High-cost outlier threshold	\$65,000	Used for high-cost outlier adjustments
1	Low-cost outlier threshold	\$30,000	Used for low-cost outlier adjustments
2	Marginal cost percentage	80%	Used for high-cost outlier adjustments
3	Interim claim threshold- days	30	Threshold defining interim claims in days
	Interim claim threshold- dollars	\$500,000	Threshold defining interim claims in dollars
	Interim per diem amount	\$500	Per diem for pricing interim claims
	Pediatric mental health adjustor	2.25	Applied to pediatric mental health DRGs defined in Tab 4-DRG Table
7	Neonate adjustor	1.25	Applied to neonate DRGs defined in Tab 4-DRG Table
8	Pediatric adjustor (excludes ped MH, neonate, newborns)	1.50	Applied to ped misc & ped resp stays (excludes norm newborn); See Tab DRG Table
9	APR-DRG INFORMATION		
		OTHER	
)	APR-DRG description	PNEUMONIA	Look up from Tab 4-DRG Table
1	Casemix relative weightunadjusted	0.99470	Look up from Tab 4-DRG Table
2	Pediatric Medicaid Care Category	n/a	Look up pediatric or neonate MCC from DRG table or n/a
3	Pediatric or Neonate Policy adjustor used (if applicable)	1.00	Assign policy adjustor value depending on pediatric or neonate MCC
	Payment relative weight	0.99470	Casemix relative weight (E31) times policy adjustor (E33)
	National average length of stay for this APR-DRG	5.64	Look up from Tab 4-DRG Table
	WHAT IS THE DRG BASE PAYMENT?		· ·
2	DRG base payment	\$13,266.08	Payment relative weight (E34) times hospital-specific base price w/IME (E
_	CALCULATION OF PAYMENT AND REIMBURSEMENT AM		
	Other health coverage	\$0.00	E12
5	Patient share of cost	\$0.00	E13
6	Payment amount	\$13,266.08	If interim claim (E40>0), then interim claim (E40) amount as payment amount. Otherwise, subtract other health coverage (E64) and patient share
9	aymon amodit	\$15,200.00	cost (E65) from allowed amount (E62) to obtain payment amount.
-			Capital hospital-specific add-on payment (E16) for District hospitals due to
7	Capital Add-on amount	\$1,053.81	separate from DRG payment- not applicable for interim claims
_			
8	DME add-on amount	\$1,388.56	DME Hospital-specific add-on payment (E17) separate from DRG payment not applicable for interim claims
		\$15 700 AF	
	Reimbursed amount including add-ons /2014	\$15,708.45	E69=E66+E67+E68, unless interim claim, in which case E69=E40

In cases of difference, the claims processing system is correct. CALCULATOR VALUES ARE SUBJECT TO CHANGE BEFORE IMPLEMENTATION October 1, 2014.

2.1.2 Straight DRG with Mental Health Policy Adjustor

In this case, mental health and substance abuse DRGs are paid at a higher rate for beneficiaries below 21 years old and diagnosed with a mental health condition. The allowed amount is higher than if the diagnosis were for an adult over the age of 21.

- Input Patient age (cell E11): 15
- Input APR-DRG (cell E18): 759-2
- The pediatric mental health adjustor (cell E26) results in an increased payment relative weight (cell E31 is the unadjusted relative weight); from 0.69607 for an adult to 1.56616 (cell 34 is the adjusted relative weight) in the pediatric example (Section 2.1.2) cell E34.
- Output Payment amount (cell E66): \$20,887.47
- Output Reimbursed amount including add-ons (cell E69): \$23,329.84

Tabl	Table 2.1.2.1						
Inpu	Input for Straight DRG with Pediatric Mental Health Adjustor						
1	C D	E					
6	6 INFORMATION FROM THE HOSPITAL TO BE INPUT BY THE USER						
7	Total charges	\$50,000.00					
8	Hospital-specific cost-to-charge ratio	21.83%					
9	Length of stay	2					
10	Patient discharge status = 02, 05, 65 or 66? (transfer)	No					
11	Patient age (in years)	15					
12	Other health coverage	\$0.00					
13	Patient share of cost	\$0.00					
14	Is discharge status equal to 30?	No					
15	Hospital-specific DRG base rate, including IME	\$13,336.76					
16	Hospital-specific capital add-on payment	\$1,053.81					
17	Hospital-specific DME add-on payment	\$1,388.56					
18	APR-DRG	759-2					
66	Payment amount	\$20,887.47					
69	Reimbursed amount including add-ons	\$23,329.84					

2.1.3 Straight DRG with Mental Health Adjustor Example

	the structure of the	he DC general, acute care hospitals fee-for-service DRG payment method
that will be implemented October 1, 2014. Specialty ho Indicates information to be input by the user (cells E7-E1 estimate of final payment in Cells E66 and E69.		Unject to unique payment memods. Indicates payment policy parameters set by Medicaid (cells E20-E28). Check Tab 3-DRG Base Rate Add-ons for hospital-specific base rates and add-ons to use in calculator.
Information	Data	Comments or Formula
INFORMATION FROM THE HOSPITAL TO BE INPUT BY	THE USER	
Total charges	\$50,000.00	UB-04 Form Locator 47
Cost-to-charge (CCR) ratio (Hospital-specific)	21.83%	Used to estimate the hospital's cost of this stay
Length of stay		Used for transfer pricing adjustment
Discharge status = 02, 05, 63, 65, 66, 82, 85, 91, 93, 94	No	Used for transfer pricing adjustment
Patient age (in years)		Used for age adjustor
2 Other health coverage	\$0.00	UB-04 Form Locator 54 for payments by third parties
Patient share of cost	\$0.00	Includes spend-down or copayment
Is discharge status equal to 30?	No	Indicates an interim claim
DRG base rate (Hospital-specific including IME)	\$13,336.76	Used for DRG base payment; See Tab 3-DRG Base Rate Add-ons
		Capital payment applies to in-District hospitals; See Tab 3-DRG Base Rate
6 Capital add-on payment (Hospital-specific)	\$1,053.81	Add-ons
DME add-on payment (Hospital-specific)	\$1,388.56	DME applies to in-District hospitals; See Tab 3-DRG Base Rate Add-ons
APR-DRG	759-2	Assigned via separate APR-DRG grouping software
PAYMENT POLICY PARAMETERS SET BY MEDICAIDSU		
High-cost outlier threshold	\$65,000	Used for high-cost outlier adjustments
Low-cost outlier threshold	\$30,000	
		Used for low-cost outlier adjustments
2 Marginal cost percentage	80%	Used for high-cost outlier adjustments
Interim claim threshold- days	30	Threshold defining interim claims in days
Interim claim threshold- dollars	\$500,000	Threshold defining interim claims in dollars
Interim per diem amount	\$500	Per diem for pricing interim claims
Pediatric mental health adjustor	2.25	Applied to pediatric mental health DRGs defined in Tab 4-DRG Table
Neonate adjustor	1.25	Applied to neonate DRGs defined in Tab 4-DRG Table
Pediatric adjustor (excludes ped MH, neonate, newborns)	1.50	Applied to ped misc & ped resp stays (excludes norm newborn); See Tab 4 DRG Table
APR-DRG INFORMATION		
APR-DRG description	EATING DISORDERS	Look up from Tab 4-DRG Table
Casemix relative weightunadjusted	0.69607	Look up from Tab 4-DRG Table
		alth Look up pediatric or neonate MCC from DRG table or n/a
Pediatric or Neonate Policy adjustor used (if applicable)	2.25	Assign policy adjustor value depending on pediatric or neonate MCC
Payment relative weight	1.56616	Casemix relative weight (E31) times policy adjustor (E33)
National average length of stay for this APR-DRG	12.97	Look up from Tab 4-DRG Table
WHAT IS THE DRG BASE PAYMENT?	12.97	
WHAT IS THE DRG BASE PAYMENT?		
2 DRG base payment	\$20,887.47	Payment relative weight (E34) times hospital-specific base price w/IME (E
CALCULATION OF PAYMENT AND REIMBURSEMENT AN	IOUNT	
Other health coverage	\$0.00	E12
Patient share of cost	\$0.00	E13
Payment amount	\$20,887.47	If interim claim (E40>0), then interim claim (E40) amount as payment amount. Otherwise, subtract other health coverage (E64) and patient share cost (E65) from allowed amount (E62) to obtain payment amount.
Capital Add-on amount	\$1,053.81	Capital hospital-specific add-on payment (E16) for District hospitals due to separate from DRG payment- not applicable for interim claims
DME add-on amount	\$1,388.56	DME Hospital-specific add-on payment (E17) separate from DRG payment
DIVIE add-on amount		not applicable for interim claims
Reimbursed amount including add-ons	\$23,329.84	E69=E66+E67+E68, unless interim claim, in which case E69=E40

This calculator spreadsheet is intended to be helpful to users, but it cannot capture all the editing and pricing complexity of the Medicaid claims processing system In cases of difference, the claims processing system is correct.

CALCULATOR VALUES ARE SUBJECT TO CHANGE BEFORE IMPLEMENTATION October 1, 2014.

2.2. Acute Care Transfer

When a patient is transferred to another acute care setting (discharge status 02, 05, 63, 65, 66, 82, 85, 91, 93, or 94), the payment to the transferring hospital may, or may not, be reduced. For these stays, the transferring hospital will be paid the lesser of the DRG base payment or the transfer payment.

The transfer calculation is applied to the transferring hospital according to the following calculation using the national average lengths of stay (ALOS) available with the APR-DRG grouper (untrimmed arithmetic averages):

Transfer Payment= (Base DRG Amount/National ALOS) x (LOS +1)

If the transfer payment adjustment results in an amount greater than the DRG base amount without the adjustment, the transfer payment is disregarded. The hospital receiving the patient collects the full DRG payment (unless the referring hospital also transfers the patient).

- Input Patient discharge status = 02, 05, 63, 65, 66, 82, 85, 91, 93, or 94? (cell E10): Yes
- Input Patient age (cell E11): 25
- Input APR-DRG: 139-3
- The national average LOS for this APR-DRG is 5.64 days, but the patient was transferred after 2 days.
- When the user enters "Yes" for discharge status 02, 05, 63, 65, 66, 82, 85, 91, 93, or 94, cells E44-47 are updated with the transfer payment adjustment calculation.
- Output Payment amount (cell E66): \$7,056.42
- Output Reimbursed amount including add-ons (cell E69): \$9,498.79

Table	Table 2.2.1					
Input	Input for Acute Care Transfer					
1	C D	Е				
6	INFORMATION FROM THE HOSPITAL TO BE INPUT BY THE USER					
7	Total charges	\$50,000.00				
8	Hospital-specific cost-to-charge ratio	21.83%				
9	Length of stay	2				
10	Patient discharge status = 02, 05, 65 or 66? (transfer)	Yes				
11	Patient age (in years)	25				
12	Other health coverage	\$0.00				
13	Patient share of cost	\$0.00				
14	Is discharge status equal to 30?	No				
15	Hospital-specific DRG base rate, including IME	\$13,336.76				
16	Hospital-specific capital add-on payment	\$1,053.81				

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17	Hospital-specific DME add-on payment	\$1,388.56
18	APR DRG	139-3
66	Payment amount	\$7,056.42
69	Reimbursed amount including add-ons	\$9,498.79

2.2.1 Acute Care Transfer Example

	ation to be input by the user (cells E7-E18, payment in Cells E66 and E69.). Look for an	Indicates payment policy parameters set by Medicaid (cells E20-E28). Check Tab 3-DRG Base Rate Add-ons for hospital-specific base rates and add-ons to use in calculator.
5	Information	Data	Comments or Formula
	ROM THE HOSPITAL TO BE INPUT BY T		
Total charges		\$50,000.00	UB-04 Form Locator 47
	CR) ratio (Hospital-specific)	21.83%	Used to estimate the hospital's cost of this stay
Length of stay			Used for transfer pricing adjustment
	= 02, 05, 63, 65, 66, 82, 85, 91, 93, 94	Yes	Used for transfer pricing adjustment
1 Patient age (in ye		25	Used for age adjustor
2 Other health cover		\$0.00	UB-04 Form Locator 54 for payments by third parties
Batient share of c		\$0.00	Includes spend-down or copayment
14 Is discharge statu		No	Indicates an interim claim
5 DRG base rate (H	ospital-specific including IME)	\$13,336.76	Used for DRG base payment; See Tab 3-DRG Base Rate Add-ons
16 Capital add-on pag	ment (Hospital-specific)	\$1,053.81	Capital payment applies to in-District hospitals; See Tab 3-DRG Base Rate
17 DME odd on nown	ant (leanitel anasifa)	¢1 000 EC	Add-ons
APR-DRG	nent (Hospital-specific)	\$1,388.56 139-3	DME applies to in-District hospitals; See Tab 3-DRG Base Rate Add-ons Assigned via separate APR-DRG grouping software
-	MATION	139-3	Assigned via separate APR-DRG grouping soltware
29 APR-DRG INFOR	MATION		
80 APR-DRG descrip	tion	OTHER PNEUMONIA	Look up from Tab 4-DRG Table
31 Casemix relative v	veightunadiusted	0.99470	Look up from Tab 4-DRG Table
2 Pediatric Medicaid		n/a	Look up pediatric or neonate MCC from DRG table or n/a
	ate Policy adjustor used (if applicable)	1.00	Assign policy adjustor value depending on pediatric or neonate MCC
34 Payment relative v		0.99470	Casemix relative weight (E31) times policy adjustor (E33)
	ength of stay for this APR-DRG	5.64	Look up from Tab 4-DRG Table
	RG BASE PAYMENT?		
2 DRG base payme		\$13,266.08	Payment relative weight (E34) times hospital-specific base price w/IME (E1
	PAYMENT ADJUSTMENT MADE?		
	tment potentially applicable?	Yes	Look up E10
	r payment adjustment	\$7,056.42	IF E44="Yes", then base payment(E42)/nat. ALOS (E35) times LOS (E9)+ else "NA"
46 Is transfer paymer	nt adjustment < DRG base payment so far?	Yes	IF E45 ="N/A" then ,"N/A", else if (E45 <e42), "no"<="" "yes"="" else="" td="" then=""></e42),>
	fter transfer adjustment	\$7,056.42	IF E46= "Yes", then E45, else E42
	JNT AFTER TRANSFER AND OUTLIER AD	JUSTMENTS	
62 Allowed Amount		\$7,056.42	IF E50="Loss", then allowed amount + high side outlier payment (E47+E54 else low-sde outlier payment (E60)
3 CALCULATION C	F PAYMENT AND REIMBURSEMENT AMO	UNT	
64 Other health cover	rage	\$0.00	E12
65 Patient share of c	ost	\$0.00	E13
66 Payment amount		\$7,056.42	If interim claim (E40-50), then interim claim (E40) amount as payment amount. Otherwise, subtract other health coverage (E64) and patient share cost (E65) from allowed amount (E62) to obtain payment amount.
67 Capital Add-on an	nount	\$1,053.81	Capital hospital-specific add-on payment (E16) for District hospitals due to separate from DRG payment- not applicable for interim claims
68		\$1,388.56	DME Hospital-specific add-on payment (E17) separate from DRG payment-
DME add-on amo			not applicable for interim claims
69 Reimbursed amou 7/1/2014	int including add-ons	\$9,498.79	E69=E66+E67+E68, unless interim claim, in which case E69=E40

CALCULATOR VALUES ARE SUBJECT TO CHANGE BEFORE IMPLEMENTATION October 1, 2014.

2.3. High-Side Outlier Adjustment

This adjustment applies to stays that are exceptionally expensive for a hospital. Each stay is evaluated for whether it qualifies as a cost outlier stay. If so, the cost outlier payment is calculated. For high-side outliers, this increases payment.

- Input Total charges (cell E7): \$450,000.00
- Input Discharge status: No
- Because the estimated loss of this case (cell E52: \$84,968.92) exceeds the cost outlier threshold (cell E20: \$65,000), a cost adjustment is applicable.
- The threshold amount is subtracted from the estimated loss, and then multiplied by marginal cost percentage (cell E22: 80%). That amount is added to the previously allowed amount.
- See cells E52-54 for the high-side outlier adjustment calculation.
- DRG cost outlier payment increase (cell E54): \$15,975.14
- Output Payment amount (cell E66): \$29,241.22
- Output Reimbursed amount including add-ons (cell E69): \$31,683.59

Tab	Table 2.3.1					
Inpu	Input for High-Side Outlier Adjustment					
1	C D	E				
6	INFORMATION FROM THE HOSPITAL TO BE INPUT BY THE USER					
7	Total charges	\$450,000.00				
8	Hospital-specific cost-to-charge ratio	21.83%				
9	Length of stay	2				
10	Patient discharge status = 02, 65 or 66? (transfer)	No				
11	Patient age (in years)	25				
12	Other health coverage	\$0.00				
13	Patient share of cost	\$0.00				
14	Is discharge status equal to 30?	No				
15	Hospital-specific DRG base rate, including IME	\$13,336.76				
16	Hospital-specific capital add-on payment	\$1,053.81				
17	Hospital-specific DME add-on payment	\$1,388.56				
18	APR-DRG	139-3				
66	Payment amount	\$29,241.22				
69	Reimbursed amount including add-ons	\$31,683.59				

2.3.1 High-Side Outlier Adjustment Example

	that will be implemented October 1, 2014. Specialty hospital stays are subject to unique payment methods.				
	Indicates information to be input by the user (cells E7-E18). estimate of final payment in Cells E66 and E69.	Look for an	Indicates payment policy parameters set by Medicaid (cells E20-E28). Check Tab 3-DRG Base Rate Add-ons for hospital-specific base rates and add-ons to use in calculator.		
;	Information	Data	Comments or Formula		
_	INFORMATION FROM THE HOSPITAL TO BE INPUT BY TH				
	Total charges	\$450,000.00	UB-04 Form Locator 47		
	Cost-to-charge (CCR) ratio (Hospital-specific) Length of stay	21.83% 2	Used to estimate the hospital's cost of this stay		
	Discharge status = 02, 05, 63, 65, 66, 82, 85, 91, 93, 94	No	Used for transfer pricing adjustment Used for transfer pricing adjustment		
	Patient age (in years)	25	Used for age adjustor		
	Other health coverage	\$0.00	UB-04 Form Locator 54 for payments by third parties		
	Patient share of cost	\$0.00	Includes spend-down or copayment		
	Is discharge status equal to 30?	No	Indicates an interim claim		
5	DRG base rate (Hospital-specific including IME)	\$13,336.76	Used for DRG base payment; See Tab 3-DRG Base Rate Add-ons		
	Capital add-on payment (Hospital-specific)	\$1,053.81	Capital payment applies to in-District hospitals; See Tab 3-DRG Base Rate Add-ons		
8	DME add-on payment (Hospital-specific) APR-DRG	\$1,388.56 139-3	DME applies to in-District hospitals; See Tab 3-DRG Base Rate Add-ons Assigned via separate APR-DRG grouping software		
	PAYMENT POLICY PARAMETERS SET BY MEDICAIDSUB				
	High-cost outlier threshold	\$65,000	Used for high-cost outlier adjustments		
	Low-cost outlier threshold	\$30,000 80%	Used for low-cost outlier adjustments		
	Marginal cost percentage Interim claim threshold- days	80% 30	Used for high-cost outlier adjustments Threshold defining interim claims in days		
	Interim claim threshold- dollars	\$500.000	Threshold defining interim claims in days		
	Interim per diem amount	\$500	Per diem for pricing interim claims		
6	Pediatric mental health adjustor	2.25	Applied to pediatric mental health DRGs defined in Tab 4-DRG Table		
_	Neonate adjustor Pediatric adjustor (excludes ped MH, neonate, newborns)	1.25 1.50	Applied to neonate DRGs defined in Tab 4-DRG Table Applied to ped misc & ped resp stays (excludes norm newborn); See Tab 4		
	APR-DRG INFORMATION	1.50	DRG Table		
0	APR-DRG description	OTHER PNEUMONIA	Look up from Tab 4-DRG Table		
1	Casemix relative weightunadjusted	0.99470	Look up from Tab 4-DRG Table		
2	Pediatric Medicaid Care Category	n/a	Look up pediatric or neonate MCC from DRG table or n/a		
3	Pediatric or Neonate Policy adjustor used (if applicable)	1.00	Assign policy adjustor value depending on pediatric or neonate MCC		
	Payment relative weight	0.99470	Casemix relative weight (E31) times policy adjustor (E33)		
	National average length of stay for this APR-DRG	5.64	Look up from Tab 4-DRG Table		
	WHAT IS THE DRG BASE PAYMENT? DRG base payment	\$13,266.08	Payment relative weight (E34) times hospital-specific base price w/IME (E1		
	IS A COST OUTLIER ADJUSTMENT MADE?	φ13,200.00			
_	Estimated cost of this case	\$98,235.00	Est. cost = charges times CCR (E7 * E8)		
0	ls estimated cost > allowed amount	Loss	IF E49 > E47 then "Loss" else "Gain"		
1	High-Side Outlier Payment When Payment Is Much Low	ver than Cost			
2	Estimated loss on this case	\$84,968.92	IF E50 = "Loss", then est. cost minus allowed amount (E49-E47), else "N $_{\rm el}$		
3	Is estimated loss > outlier threshold	Yes	IF E50 = "Loss", then if loss > threshold (E52 > E20), then "Yes", else "No", else "N/A"		
4	DRG cost outlier payment increase	\$15,975.14	IF E53 = "Yes", then if loss is less than high-cost outlier threshold (E52 <e20), else="" greater="" high-cost="" is="" loss="" multiplic<br="" than="" then="" threshold="" zero,="">times merrical acct threshold (EE52 E00/E22), also 0.</e20),>		
1	ALLOWED AMOUNT AFTER TRANSFER AND OUTLIER ADJ	USTMENTS	times marginal cost threshold ((E52-E20)*E22), else 0		
2	Allowed Amount	\$29,241.22	IF E50="Loss", then allowed amount + high side outlier payment (E47+E54 else low-sde outlier payment (E60)		
3	CALCULATION OF PAYMENT AND REIMBURSEMENT AMO	UNT			
	Other health coverage	\$0.00	E12		
5	Patient share of cost	\$0.00	E13		
6	Payment amount	\$29,241.22	If interim claim (E40>0), then interim claim (E40) amount as payment amount. Otherwise, subtract other health coverage (E64) and patient share cost (E65) from allowed amount (E62) to obtain payment amount.		
7	Capital Add-on amount	\$1,053.81	Capital hospital-specific add-on payment (E16) for District hospitals due to separate from DRG payment- not applicable for interim claims		
8		\$1,388.56	DME Hospital-specific add-on payment (E17) separate from DRG payment-		
	DME add-on amount Reimbursed amount including add-ons	\$31,683.59	not applicable for interim claims E69=E66+E67+E68, unless interim claim, in which case E69=E40		
~					

CALCULATOR VALUES ARE SUBJECT TO CHANGE BEFORE IMPLEMENTATION October 1, 2014

2.4. Low-Side Outlier Adjustment

Just as outlier payments are intended to increase payment when a stay is extraordinarily and unpredictably expensive, the low-side outlier adjustment decreases funding when a stay is extraordinarily and unpredictably inexpensive. This adjustment applies when payment would be much greater than cost and the hospital stands to make a large gain. It reduces the payment amount allowed to providers.

These claims would be priced using the same algorithm as a transfer case (per diem based on claim length of stay compared to average length of stay for the DRG category). For a low-cost outlier, the adjustment calculation is based on the length of stay (LOS) for the hospital stay as compared to the national average length of stay (ALOS). The calculation is the same as the calculation for the transfer policy. This calculation results in the final DRG payment if it is less than the original DRG payment

The base payment is calculated by multiplying the base rate times the relative weight associated with the DRG. The national average length of stay is taken from a system table and used to calculate a transfer payment. Since this is less than the straight base payment, the transfer payment is paid subject to other add-ons and adjustments.

- Input Total charges (cell E7): \$125,000.00
- Input APR-DRG (cell E16): 001-4
- Estimated gain (cell E56: \$177,735.84) exceeds the low-cost outlier threshold (cell E21: \$30,000).
- Allowed amount before outlier adjustment (cell E47): \$205,023.34
- Output Payment amount (cell E66): \$19,482.74
- Output Reimbursed amount including add-ons (cell E69): \$21,925.11

Tab	Table 2.4.1						
Inpu	Input for Low-Side Outlier Adjustment						
1	C D	Е					
6	INFORMATION FROM THE HOSPITAL TO BE INPUT BY THE USER						
7	Total charges	\$125,000.00					
8	Hospital-specific cost-to-charge ratio	21.83%					
9	Length of stay	2					
10	Patient discharge status = 02, 05, 65 or 66? (transfer)	No					
11	Patient age (in years)	25					
12	Other health coverage	\$0.00					
13	Patient share of cost	\$0.00					
14	Is discharge status equal to 30?	No					
15	Hospital-specific DRG base rate, including IME	\$13,336.76					
16	Hospital-specific capital add-on payment	\$1,053.81					
17	Hospital-specific DME add-on payment	\$1,388.56					

DC DRG Project: DRG Calculator Instructions—July 30, 2014

Submitted to the District of Columbia Department of Health Care Finance

18	APR-DRG	001-4
66	Payment amount	\$19,482.74
69	Reimbursed amount including add-ons	\$21,925.11

2.4.1 Low-Side Outlier Adjustment Example

Inta will be implemented october 1, 2014. Specially hogshal atays are subject to unique payment in calls 640 examples of the payment in calls 640 examples. Indicate payment payment in calls 640 examples. Indicate payment payment in calls 640 examples. Indicate payment payment in calls 640 examples. Indicate payment payment in calls 640 examples. Indicate payment payment in calls 640 examples. Indicate payment payment in calls 640 examples. Indicate payment payment in calls 640 examples. Indicate payment payment in calls 640 examples. Indicate payment payment in calls 640 examples. Indicate payment payment in calls 640 examples. Indicate payment payment in calls 640 examples. Indicate payment payment in calls 640 examples. Indicates an information examples. Indicates an information examples. Indicates an information to be input to the payment. Indicates an information examples. Indicates an information examples. Indicates an information examples. Indicates an information to be input to the payment. Indicates an information examples. Indicates an information examples. Indicates an information examples. Indicates an information to be payment. Indicates an information examples. Indicates an information examples. Indicates an information examples. Indicates an information to be payment. Indicates an information examples. Indicates an information examples.	···· · ··· · · · · · · · · · · · · · ·	r				
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CARAR OF OTATIONAL THE CIVICA PARTICIPATION OF CONTACT	cases of difference, the claims processing system is correct.	ourmor capture a	and priority complexity of the medicald claims processing syste			

2.5. Interim Claim

When the beneficiary is still a patient and the actual length of stay is greater than 30 days or charges are greater than \$500,000, a hospital may choose to submit an interim claim. Submission of interim claims is always voluntary, never mandatory. In these situations, hospitals will be paid a per diem amount (cell E25: \$500.00). When the patient is discharged, the hospital voids the previous interim claims and submits one claim, admit through discharge showing all charges, diagnoses and procedures for the full admit-thrudischarge period.

- Input Total charges (cell E7): \$75,000.00
- Input Length of Stay (cell E9): 31
- Input Is discharge status equal to 30? (cell E14): "Yes"
- Input APR-DRG (cell E16): 089-4
- The interim per diem amount (cell E25: \$500.00) is multiplied by the actual length of stay (cell E9).
- That amount is the allowed payment to the provider.
- Output Payment amount (cell E66): \$15,500.00
- Output Reimbursement amount including add-ons (cell E69): \$15,500.00

Tab	Table 2.5.1					
Inpu	Input for Interim Claim					
1	C D	E				
6	INFORMATION FROM THE HOSPITAL TO BE INPUT BY THE USER					
7	Total charges	\$75,000.00				
8	Hospital-specific cost-to-charge ratio	23.81%				
9	Length of stay	31				
10	Patient discharge status = 02, 05, 65 or 66? (transfer)	No				
11	Patient age (in years)	25				
12	Other health coverage	\$0.00				
13	Patient share of cost	\$0.00				
14	Is discharge status equal to 30?	Yes				
15	Hospital-specific DRG base rate, including IME \$13,336.76					
16	Hospital-specific capital add-on payment \$1,053.81					
17	Hospital-specific DME add-on payment	\$1,388.56				
16	APR-DRG	089-4				
66	Payment amount	\$15,500.00				
69	Reimbursement amount including add-ons	\$15,500.00				

2.5.1 Interim Claim Example

DC Medicaid DRG Pricing Calculator				
Note: This calculator does not reflect final decisions on the structure of the DC general, acute care hospitals fee-for-service DRG payment method that will be implemented October 1, 2014. Specialty hospital stays are subject to unique payment methods.				
Indicates information to be input by the user (cells E7- estimate of final payment in Cells E66 and E69.	E18). Look for an	Indicates payment policy parameters set by Medicaid (cells E20-E28). Check Tab 3-DRG Base Rate Add-ons for hospital-specific base rates and add-ons to use in calculator.		
5 Information	Data	Comments or Formula		
6 INFORMATION FROM THE HOSPITAL TO BE INPUT E				
7 Total charges	\$75,000.00	UB-04 Form Locator 47		
8 Cost-to-charge (CCR) ratio (Hospital-specific)	21.83%	Used to estimate the hospital's cost of this stay		
9 Length of stay	31 Yes	Used for transfer pricing adjustment		
10 Discharge status = 02, 05, 63, 65, 66, 82, 85, 91, 93, 94	Yes 25	Used for transfer pricing adjustment		
11 Patient age (in years) 12 Other health coverage	25 \$0.00	Used for age adjustor UB-04 Form Locator 54 for payments by third parties		
13 Patient share of cost	\$0.00	Includes spend-down or copayment		
14 Is discharge status equal to 30?	Yes	Indicates an interim claim		
15 DRG base rate (Hospital-specific including IME)	\$13,336.76	Used for DRG base payment; See Tab 3-DRG Base Rate Add-ons		
16 Capital add-on payment (Hospital-specific)	\$1,053.81	Capital payment applies to in-District hospitals; See Tab 3-DRG Base Rate Add-ons		
17 DME add-on payment (Hospital-specific)	\$1,388.56	DME applies to in-District hospitals; See Tab 3-DRG Base Rate Add-ons		
17 DME add-on payment (Hospital-specific)	089-4	Assigned via separate APR-DRG grouping software		
19 PAYMENT POLICY PARAMETERS SET BY MEDICAID				
20 High-cost outlier threshold	\$65,000	Used for high-cost outlier adjustments		
21 Low-cost outlier threshold	\$30,000	Used for low-cost outlier adjustments		
22 Marginal cost percentage	80%	Used for high-cost outlier adjustments		
23 Interim claim threshold- days	30	Threshold defining interim claims in days		
24 Interim claim threshold- dollars	\$500,000	Threshold defining interim claims in dollars		
25 Interim per diem amount	\$500	Per diem for pricing interim claims		
26 Pediatric mental health adjustor	2.25	Applied to pediatric mental health DRGs defined in Tab 4-DRG Table		
27 Neonate adjustor	1.25	Applied to neonate DRGs defined in Tab 4-DRG Table		
Pediatric adjustor (excludes ped MH, neonate, newborns)	1.50	Applied to ped misc & ped resp stays (excludes norm newborn); See Tab 4 DRG Table		
29 APR-DRG INFORMATION				
30 APR-DRG description	MAJOR CRANIAL/FACIAL BONE	Look up from Tab 4-DRG Table		
31 Casemix relative weightunadjusted	5.76157	Look up from Tab 4-DRG Table		
32 Pediatric Medicaid Care Category		Look up pediatric or neonate MCC from DRG table or n/a		
33 Pediatric or Neonate Policy adjustor used (if applicable)	n/a 1.00	Assign policy adjustor value depending on pediatric or neonate MCC		
Payment relative weight	5.76157	Casemix relative weight (E31) times policy adjustor (E33)		
35 National average length of stay for this APR-DRG	16.33	Look up from Tab 4-DRG Table		
IS THIS AN INTERIM CLAIM?	10.55			
7 Is discharge status equal to 30?	Yes	Look up E14		
38 Is length of stay > interim claim threshold?	Yes	IF E37="Yes", then if (E9 > E23), "Yes", else "No", else "N/A"		
39 Are charges > interim claim threshold?	No	IF E37="Yes", then if (E7>E24), then "Yes", else "No", else "N/A"		
40 Skip to E69 for final interim claim payment amount	\$15,500	IF E38 or E39="Yes", (E9*E25), else 0		
WHAT IS THE DRG BASE PAYMENT?				
2 DRG base payment	\$76,840.68	Payment relative weight (E34) times hospital-specific base price w/IME (E1		
3 CALCULATION OF PAYMENT AND REIMBURSEMENT A	MOUNT			
64 Other health coverage	\$0.00	E12		
55 Patient share of cost	\$0.00	E13		
66 Payment amount	\$15,500.00	If interim claim (E40>0), then interim claim (E40) amount as payment amount. Otherwise, subtract other health coverage (E64) and patient share		
57 Capital Add-on amount	\$0.00	cost (E65) from allowed amount (E62) to obtain payment amount. Capital hospital-specific add-on payment (E16) for District hospitals due to separate from DRG payment- not applicable for interim claims		
20	¢0.00	DME Hospital-specific add-on payment (E17) separate from DRG payment-		
DME add-on amount	\$0.00	not applicable for interim claims		
89 Reimbursed amount including add-ons	\$15,500.00	E69=E66+E67+E68, unless interim claim, in which case E69=E40		
7/1/2014				
This calculator spreadsheet is intended to be helpful to users, In cases of difference, the claims processing system is correct		all the editing and pricing complexity of the Medicaid claims processing system		

CALCULATOR VALUES ARE SUBJECT TO CHANGE BEFORE IMPLEMENTATION October 1, 2014.

2.6. Conclusion

This concludes the specific examples for training on use of the DRG calculator. Please feel free to apply to other examples. If you have questions, please contact Dawn Weimar at dawn.weimar@xerox.com.