



Pricing Examples for APR-DRG Payment Method Implementation October 1, 2008

Effective with dates of admission October 1, 2008, the Montana Department of Public Health and Human Services (DPHHS) will move to a new method of paying for hospital inpatient services based on All Patient Refined Diagnosis Related Groups (APR-DRGs). Our goals are to implement a DRG grouper appropriate to Medicaid, reduce complexity, improve incentives, and reduce reliance on Medicare cost reports.

This document provides examples of how claims will be priced under the new payment method. An Excel spreadsheet that allows you to enter claim values and determine expected payment levels is available on our website at www.mtmedicaid.org. On the left side of the page, choose "Resources by Provider Type," then "Hospital (Inpatient)," then "New APR-DRG Payment Method" near the bottom of the page. You will also find a set of Frequently Asked Questions about the new method and an APR-DRG Table of Weights and Thresholds.

More than 90% of claims are expected to price as straight DRGs. In addition, the spreadsheet covers transfer adjustments, outlier stays and other special situations. Although the spreadsheet is intended to replicate pricing within the Montana Medicaid claims processing system, please note that in cases of difference the claims processing system will be taken as correct. In particular, the complexity of edits related to beneficiary eligibility, prior authorization, and covered services cannot be captured in a single spreadsheet.

August 11, 2008

	B	C	D	E
2	EXAMPLE 1 -- STRAIGHT DRG			
3	Indicates data to be input for the specific stay		Indicates payment policy parameters set by Medicaid	
4	INFORMATION	DATA	COMMENTS OR FORMULA	
5	Scenario	6-month-old with bronchiolitis		
6	ICD-9-CM Diagnosis	466.11, 382.9		
7	ICD-9-CM Procedures			
8	INPUT INFORMATION			
9	Patient discharge status = 02, 05, 43, 62, 63, 65, or 66	N	Used for transfer pricing adjustment	
10	Covered charges	\$2,200.00	Used for cost outlier calculation	
11	Length of stay	2	Used for transfer and prorated pricing adjustments	
12	Medicaid covered days	2	Used for prorated pricing adjustment	
13	Age < 18	Y	Used to increase payment for mental health stays	
14	Type of hospital	General hospital	Used to select DRG base price	
15	PAYMENT POLICY PARAMETERS			
16	DRG base price	\$4,129.00	Depends on type of hospital	
17	Per diem payment amount	\$400	Used in pricing interim claims	
18	Age adjustor for mental health stay, patient age < 18	1.51	Used in calculating gross DRG amount	
19	Cost-to-charge ratio	52%	Statewide percentage, not hospital-specific	
20	Marginal cost payment percentage	60%	Used in pricing outlier claims	
21	Cutback percent for OOS hospitals missing PA	50%	Used in pricing claims from out-of-state hospitals	
22	WHAT APR-DRG CODE DOES MEDICAID ASSIGN?			
23	DRG code	138-1	From separate APR-DRG grouping software	
24	DRG description	BRONCHIOLITIS & RSV PNEUMONIA	Look up Table of Weights and Thresholds	
25	IS IT AN INTERIM CLAIM?			
26	Frequency (third digit of bill type) = 2 or 3?	N		
27	Medicaid covered days > 29 days?	N	Look up C12	
28	Interim claim have prior authorization?	N		
29	Interim payment	\$0.00	If C26 = C27 = C28 = Y then C12 x C17	
30	WHAT IS THE GROSS DRG AMOUNT?			
31	DRG relative weight	0.4135	Look up Table of Weights and Thresholds	
32	Gross DRG amount	\$1,707.34	C16 x C31, rounded to 2 places	
33	Mental health DRG?	N	Look up Table of Weights and Thresholds	
34	Gross DRG amount after age adjustor	\$1,707.34	C18 x C32, rounded to 2 places	
35	IS A TRANSFER PAYMENT ADJUSTMENT MADE?			
36	National ALOS	2.32	Look up Table of Weights and Thresholds	
37	Transfer payment adjustment	N/A	If C9 = Y, then (C34/C36) * (C11 + 1), rounded to 2 places	
38	Is transfer payment adjustment < gross DRG amount?	N/A	If C37 < C34 then Y	
39	DRG payment	\$1,707.34	If C38 = Y, then C37, else C34	
40	IS A COST OUTLIER PAYMENT MADE?			
41	Estimated cost of this case	\$1,144.00	C10 x C19	
42	DRG threshold	\$6,863.72	Look up Table of Weights and Thresholds	
43	Cost outlier check amount	(\$5,719.72)	C41 - C42	
44	Is cost outlier check amount > 0?	N	If C43 > 0, then Y, else N	
45	Cost outlier payment	\$0.00	If C44 = Y, then C43 x C20	
46	DRG payment	\$1,707.34	C39 + C45	
47	IS AN ADJUSTMENT FOR PARTIAL ELIGIBILITY MADE?			
48	Are computed covered days < LOS?	N	If C12 < C11, then Y	
49	Prorated adjustment	N/A	If C48 = Y, then (C46/C36) x C12, rounded to 2 places	
50	Is prorated adjustment < DRG payment?	N/A	If C49 < C46, then Y	
51	DRG payment	\$1,707.34	If C50 = Y, then C49, else C46	
52	CALCULATION OF ALLOWED AMOUNT			
53	Routine DSH add-on (hospital-specific)			
54	Allowed amount	\$1,707.34	C51 + C53	
55	FOR AN OUT-OF-STATE STAY, IS PRIOR AUTHORIZATION MISSING?			
56	Out-of-state hospital missing required PA?			
57	Allowed amount	\$1,707.34	If C56 = Y, then C54 x C21, else C54	
58	CALCULATION OF REIMBURSEMENT AMOUNT			
59	Allowed amount	\$1,707.34	If C29 > 0, then C29, else C57	
60	Third party liability			
61	Co-payment (also known as cost sharing)			
62	Spend down (also known as incurment)			
63	Reimbursement amount	\$1,707.34	C59 - C60 - C61 - C62	

	B	C	D	E
2	EXAMPLE 2A -- STRAIGHT DRG (MENTAL HEALTH ADULT)			
3	Indicates data to be input for the specific stay		Indicates payment policy parameters set by Medicaid	
4	INFORMATION	DATA	COMMENTS OR FORMULA	
5	Scenario	16-year-old male with bipolar disorder		
6	ICD-9-CM Diagnosis	296.53		
7	ICD-9-CM Procedures			
8	INPUT INFORMATION			
9	Patient discharge status = 02, 05, 43, 62, 63, 65, or 66	N		Used for transfer pricing adjustment
10	Covered charges	\$10,000.00		Used for cost outlier calculation
11	Length of stay	4		Used for transfer and prorated pricing adjustments
12	Medicaid covered days	4		Used for prorated pricing adjustment
13	Age < 18	N		Used to increase payment for mental health stays
14	Type of hospital	General hospital		Used to select DRG base price
15	PAYMENT POLICY PARAMETERS			
16	DRG base price	\$4,129.00		Depends on type of hospital
17	Per diem payment amount	\$400		Used in pricing interim claims
18	Age adjustor for mental health stay, patient age < 18	1.51		Used in calculating gross DRG amount
19	Cost-to-charge ratio	52%		Statewide percentage, not hospital-specific
20	Marginal cost payment percentage	60%		Used in pricing outlier claims
21	Cutback percent for OOS hospitals missing PA	50%		Used in pricing claims from out-of-state hospitals
22	WHAT APR-DRG CODE DOES MEDICAID ASSIGN?			
23	DRG code	753-1		From separate APR-DRG grouping software
24	DRG description	BIPOLAR DISORDERS		Look up Table of Weights and Thresholds
25	IS IT AN INTERIM CLAIM?			
26	Frequency (third digit of bill type) = 2 or 3?	N		
27	Medicaid covered days > 29 days?	N		Look up C12
28	Interim claim have prior authorization?	N		
29	Interim payment	\$0.00		If C26 = C27 = C28 = Y then C12 x C17
30	WHAT IS THE GROSS DRG AMOUNT?			
31	DRG relative weight	0.6126		Look up Table of Weights and Thresholds
32	Gross DRG amount	\$2,529.43		C16 x C31, rounded to 2 places
33	Mental health DRG?	Y		Look up Table of Weights and Thresholds
34	Gross DRG amount after age adjustor	\$2,529.43		C18 x C32, rounded to 2 places
35	IS A TRANSFER PAYMENT ADJUSTMENT MADE?			
36	National ALOS	6.29		Look up Table of Weights and Thresholds
37	Transfer payment adjustment	N/A		If C9 = Y, then (C34/C36) * (C11 + 1), rounded to 2 places
38	Is transfer payment adjustment < gross DRG amount?	N/A		If C37 < C34 then Y
39	DRG payment	\$2,529.43		If C38 = Y, then C37, else C34
40	IS A COST OUTLIER PAYMENT MADE?			
41	Estimated cost of this case	\$5,200.00		C10 x C19
42	DRG threshold	\$10,168.77		Look up Table of Weights and Thresholds
43	Cost outlier check amount	(\$4,968.77)		C41 - C42
44	Is cost outlier check amount > 0?	N		If C43 > 0, then Y, else N
45	Cost outlier payment	\$0.00		If C44 = Y, then C43 x C20
46	DRG payment	\$2,529.43		C39 + C45
47	IS AN ADJUSTMENT FOR PARTIAL ELIGIBILITY MADE?			
48	Are computed covered days < LOS?	N		If C12 < C11, then Y
49	Prorated adjustment	N/A		If C48 = Y, then (C46/C36) x C12, rounded to 2 places
50	Is prorated adjustment < DRG payment?	N/A		If C49 < C46, then Y
51	DRG payment	\$2,529.43		If C50 = Y, then C49, else C46
52	CALCULATION OF ALLOWED AMOUNT			
53	Routine DSH add-on (hospital-specific)			
54	Allowed amount	\$2,529.43		C51 + C53
55	FOR AN OUT-OF-STATE STAY, IS PRIOR AUTHORIZATION MISSING?			
56	Out-of-state hospital missing required PA?			
57	Allowed amount	\$2,529.43		If C56 = Y, then C54 x C21, else C54
58	CALCULATION OF REIMBURSEMENT AMOUNT			
59	Allowed amount	\$2,529.43		If C29 > 0, then C29, else C57
60	Third party liability			
61	Co-payment (also known as cost sharing)			
62	Spend down (also known as incurment)			
63	Reimbursement amount	\$2,529.43		C59 - C60 - C61 - C62

	B	C	D	E
2	EXAMPLE 2B -- STRAIGHT DRG (MENTAL HEALTH PEDIATRIC)			
3	Indicates data to be input for the specific stay		Indicates payment policy parameters set by Medicaid	
4	INFORMATION	DATA	COMMENTS OR FORMULA	
5	Scenario	16-year-old male with bipolar disorder		
6	ICD-9-CM Diagnosis	296.53		
7	ICD-9-CM Procedures			
8	INPUT INFORMATION			
9	Patient discharge status = 02, 05, 43, 62, 63, 65, or 66	N		Used for transfer pricing adjustment
10	Covered charges	\$10,000.00		Used for cost outlier calculation
11	Length of stay	4		Used for transfer and prorated pricing adjustments
12	Medicaid covered days	4		Used for prorated pricing adjustment
13	Age < 18	Y		Used to increase payment for mental health stays
14	Type of hospital	General hospital		Used to select DRG base price
15	PAYMENT POLICY PARAMETERS			
16	DRG base price	\$4,129.00		Depends on type of hospital
17	Per diem payment amount	\$400		Used in pricing interim claims
18	Age adjustor for mental health stay, patient age < 18	1.51		Used in calculating gross DRG amount
19	Cost-to-charge ratio	52%		Statewide percentage, not hospital-specific
20	Marginal cost payment percentage	60%		Used in pricing outlier claims
21	Cutback percent for OOS hospitals missing PA	50%		Used in pricing claims from out-of-state hospitals
22	WHAT APR-DRG CODE DOES MEDICAID ASSIGN?			
23	DRG code	753-1		From separate APR-DRG grouping software
24	DRG description	BIPOLAR DISORDERS		Look up Table of Weights and Thresholds
25	IS IT AN INTERIM CLAIM?			
26	Frequency (third digit of bill type) = 2 or 3?	N		
27	Medicaid covered days > 29 days?	N		Look up C12
28	Interim claim have prior authorization?	N		
29	Interim payment	\$0.00		If C26 = C27 = C28 = Y then C12 x C17
30	WHAT IS THE GROSS DRG AMOUNT?			
31	DRG relative weight	0.6126		Look up Table of Weights and Thresholds
32	Gross DRG amount	\$2,529.43		C16 x C31, rounded to 2 places
33	Mental health DRG?	Y		Look up Table of Weights and Thresholds
34	Gross DRG amount after age adjustor	\$3,819.44		C18 x C32, rounded to 2 places
35	IS A TRANSFER PAYMENT ADJUSTMENT MADE?			
36	National ALOS	6.29		Look up Table of Weights and Thresholds
37	Transfer payment adjustment	N/A		If C9 = Y, then (C34/C36) * (C11 + 1), rounded to 2 places
38	Is transfer payment adjustment < gross DRG amount?	N/A		If C37 < C34 then Y
39	DRG payment	\$3,819.44		If C38 = Y, then C37, else C34
40	IS A COST OUTLIER PAYMENT MADE?			
41	Estimated cost of this case	\$5,200.00		C10 x C19
42	DRG threshold	\$10,168.77		Look up Table of Weights and Thresholds
43	Cost outlier check amount	(\$4,968.77)		C41 - C42
44	Is cost outlier check amount > 0?	N		If C43 > 0, then Y, else N
45	Cost outlier payment	\$0.00		If C44 = Y, then C43 x C20
46	DRG payment	\$3,819.44		C39 + C45
47	IS AN ADJUSTMENT FOR PARTIAL ELIGIBILITY MADE?			
48	Are computed covered days < LOS?	N		If C12 < C11, then Y
49	Prorated adjustment	N/A		If C48 = Y, then (C46/C36) x C12, rounded to 2 places
50	Is prorated adjustment < DRG payment?	N/A		If C49 < C46, then Y
51	DRG payment	\$3,819.44		If C50 = Y, then C49, else C46
52	CALCULATION OF ALLOWED AMOUNT			
53	Routine DSH add-on (hospital-specific)			
54	Allowed amount	\$3,819.44		C51 + C53
55	FOR AN OUT-OF-STATE STAY, IS PRIOR AUTHORIZATION MISSING?			
56	Out-of-state hospital missing required PA?			
57	Allowed amount	\$3,819.44		If C56 = Y, then C54 x C21, else C54
58	CALCULATION OF REIMBURSEMENT AMOUNT			
59	Allowed amount	\$3,819.44		If C29 > 0, then C29, else C57
60	Third party liability			
61	Co-payment (also known as cost sharing)			
62	Spend down (also known as incurment)			
63	Reimbursement amount	\$3,819.44		C59 - C60 - C61 - C62

	B	C	D	E
2	EXAMPLE 3 -- COST OUTLIER CASE			
3	Indicates data to be input for the specific stay		Indicates payment policy parameters set by Medicaid	
4	INFORMATION	DATA	COMMENTS OR FORMULA	
5	Scenario	Neonate with major complication		
6	ICD-9-CM Diagnosis	747.0, 765.02, 965.21, 769, 770.7		Also 774.2, 776.6, 775.89, 779.89
7	ICD-9-CM Procedures	38.85, 96.372, 99.15, 88.72, 99.04, 99.83		
8	INPUT INFORMATION			
9	Patient discharge status = 02, 05, 43, 62, 63, 65, or 66	N		Used for transfer pricing adjustment
10	Covered charges	\$849,858.00		Used for cost outlier calculation
11	Length of stay	90		Used for transfer and prorated pricing adjustments
12	Medicaid covered days	90		Used for prorated pricing adjustment
13	Age < 18	Y		Used to increase payment for mental health stays
14	Type of hospital	General hospital		Used to select DRG base price
15	PAYMENT POLICY PARAMETERS			
16	DRG base price	\$4,129.00		Depends on type of hospital
17	Per diem payment amount	\$400		Used in pricing interim claims
18	Age adjustor for mental health stay, patient age < 18	1.51		Used in calculating gross DRG amount
19	Cost-to-charge ratio	52%		Statewide percentage, not hospital-specific
20	Marginal cost payment percentage	60%		Used in pricing outlier claims
21	Cutback percent for OOS hospitals missing PA	50%		Used in pricing claims from out-of-state hospitals
22	WHAT APR-DRG CODE DOES MEDICAID ASSIGN?			
23	DRG code	588-4		From separate APR-DRG grouping software
24	DRG description	NEONATE BWT <1500G W MAJOR PROCEDURE		Look up Table of Weights and Thresholds
25	IS IT AN INTERIM CLAIM?			
26	Frequency (third digit of bill type) = 2 or 3?	N		
27	Medicaid covered days > 29 days?	Y		Look up C12
28	Interim claim have prior authorization?	N		
29	Interim payment	\$0.00		If C26 = C27 = C28 = Y then C12 x C17
30	WHAT IS THE GROSS DRG AMOUNT?			
31	DRG relative weight	41.6349		Look up Table of Weights and Thresholds
32	Gross DRG amount	\$171,910.50		C16 x C31, rounded to 2 places
33	Mental health DRG?	N		Look up Table of Weights and Thresholds
34	Gross DRG amount after age adjustor	\$171,910.50		C18 x C32, rounded to 2 places
35	IS A TRANSFER PAYMENT ADJUSTMENT MADE?			
36	National ALOS	99.23		Look up Table of Weights and Thresholds
37	Transfer payment adjustment	N/A		If C9 = Y, then (C34/C36) * (C11 + 1), rounded to 2 places
38	Is transfer payment adjustment < gross DRG amount?	N/A		If C37 < C34 then Y
39	DRG payment	\$171,910.50		If C38 = Y, then C37, else C34
40	IS A COST OUTLIER PAYMENT MADE?			
41	Estimated cost of this case	\$441,926.16		C10 x C19
42	DRG threshold	\$362,730.78		Look up Table of Weights and Thresholds
43	Cost outlier check amount	\$79,195.38		C41 - C42
44	Is cost outlier check amount > 0?	Y		If C43 > 0, then Y, else N
45	Cost outlier payment	\$47,517.23		If C44 = Y, then C43 x C20
46	DRG payment	\$219,427.73		C39 + C45
47	IS AN ADJUSTMENT FOR PARTIAL ELIGIBILITY MADE?			
48	Are computed covered days < LOS?	N		If C12 < C11, then Y
49	Prorated adjustment	N/A		If C48 = Y, then (C46/C36) x C12, rounded to 2 places
50	Is prorated adjustment < DRG payment?	N/A		If C49 < C46, then Y
51	DRG payment	\$219,427.73		If C50 = Y, then C49, else C46
52	CALCULATION OF ALLOWED AMOUNT			
53	Routine DSH add-on (hospital-specific)	\$0.00		
54	Allowed amount	\$219,427.73		C51 + C53
55	FOR AN OUT-OF-STATE STAY, IS PRIOR AUTHORIZATION MISSING?			
56	Out-of-state hospital missing required PA?	0		
57	Allowed amount	\$219,427.73		If C56 = Y, then C54 x C21, else C54
58	CALCULATION OF REIMBURSEMENT AMOUNT			
59	Allowed amount	\$219,427.73		If C29 > 0, then C29, else C57
60	Third party liability	\$0.00		
61	Co-payment (also known as cost sharing)	\$0.00		
62	Spend down (also known as incurment)	\$0.00		
63	Reimbursement amount	\$219,427.73		C59 - C60 - C61 - C62

	B	C	D	E
2	EXAMPLE 4 – TRANSFER CASE			
3	Indicates data to be input for the specific stay		Indicates payment policy parameters set by Medicaid	
4	INFORMATION	DATA	COMMENTS OR FORMULA	
5	Scenario	64-year-old female with heart failure		
6	ICD-9-CM Diagnosis	428.0, 410.41, 486, 493.21, 401.9	Also 250.00, 910.0, 458.29, 530.81	
7	ICD-9-CM Procedures			
8	INPUT INFORMATION			
9	Patient discharge status = 02, 05, 43, 62, 63, 65, or 66	Y	Used for transfer pricing adjustment	
10	Covered charges	\$10,000.00	Used for cost outlier calculation	
11	Length of stay	3	Used for transfer and prorated pricing adjustments	
12	Medicaid covered days	3	Used for prorated pricing adjustment	
13	Age < 18	N	Used to increase payment for mental health stays	
14	Type of hospital	General hospital	Used to select DRG base price	
15	PAYMENT POLICY PARAMETERS			
16	DRG base price	\$4,129.00	Depends on type of hospital	
17	Per diem payment amount	\$400	Used in pricing interim claims	
18	Age adjustor for mental health stay, patient age < 18	1.51	Used in calculating gross DRG amount	
19	Cost-to-charge ratio	52%	Statewide percentage, not hospital-specific	
20	Marginal cost payment percentage	60%	Used in pricing outlier claims	
21	Cutback percent for OOS hospitals missing PA	50%	Used in pricing claims from out-of-state hospitals	
22	WHAT APR-DRG CODE DOES MEDICAID ASSIGN?			
23	DRG code	194-4	From separate APR-DRG grouping software	
24	DRG description	HEART FAILURE	Look up Table of Weights and Thresholds	
25	IS IT AN INTERIM CLAIM?			
26	Frequency (third digit of bill type) = 2 or 3?	N		
27	Medicaid covered days > 29 days?	N	Look up C12	
28	Interim claim have prior authorization?	N		
29	Interim payment	\$0.00	If C26 = C27 = C28 = Y then C12 x C17	
30	WHAT IS THE GROSS DRG AMOUNT?			
31	DRG relative weight	3.5858	Look up Table of Weights and Thresholds	
32	Gross DRG amount	\$14,805.77	C16 x C31, rounded to 2 places	
33	Mental health DRG?	N	Look up Table of Weights and Thresholds	
34	Gross DRG amount after age adjustor	\$14,805.77	C18 x C32, rounded to 2 places	
35	IS A TRANSFER PAYMENT ADJUSTMENT MADE?			
36	National ALOS	10.66	Look up Table of Weights and Thresholds	
37	Transfer payment adjustment	\$5,555.64	If C9 = Y, then (C34/C36) * (C11 + 1), rounded to 2 places	
38	Is transfer payment adjustment < gross DRG amount?	Y	If C37 < C34 then Y	
39	DRG payment	\$5,555.64	If C38 = Y, then C37, else C34	
40	IS A COST OUTLIER PAYMENT MADE?			
41	Estimated cost of this case	\$5,200.00	C10 x C19	
42	DRG threshold	\$59,519.38	Look up Table of Weights and Thresholds	
43	Cost outlier check amount	(\$54,319.38)	C41 - C42	
44	Is cost outlier check amount > 0?	N	If C43 > 0, then Y, else N	
45	Cost outlier payment	\$0.00	If C44 = Y, then C43 x C20	
46	DRG payment	\$5,555.64	C39 + C45	
47	IS AN ADJUSTMENT FOR PARTIAL ELIGIBILITY MADE?			
48	Are computed covered days < LOS?	N	If C12 < C11, then Y	
49	Prorated adjustment	N/A	If C48 = Y, then (C46/C36) x C12, rounded to 2 places	
50	Is prorated adjustment < DRG payment?	N/A	If C49 < C46, then Y	
51	DRG payment	\$5,555.64	If C50 = Y, then C49, else C46	
52	CALCULATION OF ALLOWED AMOUNT			
53	Routine DSH add-on (hospital-specific)	\$0.00		
54	Allowed amount	\$5,555.64	C51 + C53	
55	FOR AN OUT-OF-STATE STAY, IS PRIOR AUTHORIZATION MISSING?			
56	Out-of-state hospital missing required PA?	0		
57	Allowed amount	\$5,555.64	If C56 = Y, then C54 x C21, else C54	
58	CALCULATION OF REIMBURSEMENT AMOUNT			
59	Allowed amount	\$5,555.64	If C29 > 0, then C29, else C57	
60	Third party liability	\$0.00		
61	Co-payment (also known as cost sharing)	\$0.00		
62	Spend down (also known as incurment)	\$0.00		
63	Reimbursement amount	\$5,555.64	C59 - C60 - C61 - C62	

	B	C	D	E
2	EXAMPLE 5 -- PATIENT WITH PARTIAL ELIGIBILITY			
3	Indicates data to be input for the specific stay		Indicates payment policy parameters set by Medicaid	
4	INFORMATION	DATA	COMMENTS OR FORMULA	
5	Scenario	47-year-old male with heart attack		
6	ICD-9-CM Diagnosis	410.41, 996.72, 511.9, 410.81, 401.9	Also 272.4, V45.82, V15.82	
7	ICD-9-CM Procedures	37.22, 88.53, 88.55, 99.20		
8	INPUT INFORMATION			
9	Patient discharge status = 02, 05, 43, 62, 63, 65, or 66	N	Used for transfer pricing adjustment	
10	Covered charges	\$20,000.00	Used for cost outlier calculation	
11	Length of stay	3	Used for transfer and prorated pricing adjustments	
12	Medicaid covered days	2	Used for prorated pricing adjustment	
13	Age < 18	N	Used to increase payment for mental health stays	
14	Type of hospital	General hospital	Used to select DRG base price	
15	PAYMENT POLICY PARAMETERS			
16	DRG base price	\$4,129.00	Depends on type of hospital	
17	Per diem payment amount	\$400	Used in pricing interim claims	
18	Age adjustor for mental health stay, patient age < 18	1.51	Used in calculating gross DRG amount	
19	Cost-to-charge ratio	52%	Statewide percentage, not hospital-specific	
20	Marginal cost payment percentage	60%	Used in pricing outlier claims	
21	Cutback percent for OOS hospitals missing PA	50%	Used in pricing claims from out-of-state hospitals	
22	WHAT APR-DRG CODE DOES MEDICAID ASSIGN?			
23	DRG code	190-2	From separate APR-DRG grouping software	
24	DRG description	ACUTE MYOCARDIAL INFARCTION	Look up Table of Weights and Thresholds	
25	IS IT AN INTERIM CLAIM?			
26	Frequency (third digit of bill type) = 2 or 3?	N		
27	Medicaid covered days > 29 days?	N	Look up C12	
28	Interim claim have prior authorization?	N		
29	Interim payment	\$0.00	If C26 = C27 = C28 = Y then C12 x C17	
30	WHAT IS THE GROSS DRG AMOUNT?			
31	DRG relative weight	1.1325	Look up Table of Weights and Thresholds	
32	Gross DRG amount	\$4,676.09	C16 x C31, rounded to 2 places	
33	Mental health DRG?	N	Look up Table of Weights and Thresholds	
34	Gross DRG amount after age adjustor	\$4,676.09	C18 x C32, rounded to 2 places	
35	IS A TRANSFER PAYMENT ADJUSTMENT MADE?			
36	National ALOS	3.56	Look up Table of Weights and Thresholds	
37	Transfer payment adjustment	N/A	If C9 = Y, then (C34/C36) * (C11 + 1), rounded to 2 places	
38	Is transfer payment adjustment < gross DRG amount?	N/A	If C37 < C34 then Y	
39	DRG payment	\$4,676.09	If C38 = Y, then C37, else C34	
40	IS A COST OUTLIER PAYMENT MADE?			
41	Estimated cost of this case	\$10,400.00	C10 x C19	
42	DRG threshold	\$18,797.62	Look up Table of Weights and Thresholds	
43	Cost outlier check amount	(\$8,397.62)	C41 - C42	
44	Is cost outlier check amount > 0?	N	If C43 > 0, then Y, else N	
45	Cost outlier payment	\$0.00	If C44 = Y, then C43 x C20	
46	DRG payment	\$4,676.09	C39 + C45	
47	IS AN ADJUSTMENT FOR PARTIAL ELIGIBILITY MADE?			
48	Are computed covered days < LOS?	Y	If C12 < C11, then Y	
49	Prorated adjustment	\$2,627.02	If C48 = Y, then (C46/C36) x C12, rounded to 2 places	
50	Is prorated adjustment < DRG payment?	Y	If C49 < C46, then Y	
51	DRG payment	\$2,627.02	If C50 = Y, then C49, else C46	
52	CALCULATION OF ALLOWED AMOUNT			
53	Routine DSH add-on (hospital-specific)	\$0.00		
54	Allowed amount	\$2,627.02	C51 + C53	
55	FOR AN OUT-OF-STATE STAY, IS PRIOR AUTHORIZATION MISSING?			
56	Out-of-state hospital missing required PA?	0		
57	Allowed amount	\$2,627.02	If C56 = Y, then C54 x C21, else C54	
58	CALCULATION OF REIMBURSEMENT AMOUNT			
59	Allowed amount	\$2,627.02	If C29 > 0, then C29, else C57	
60	Third party liability	\$0.00		
61	Co-payment (also known as cost sharing)	\$0.00		
62	Spend down (also known as incurment)	\$0.00		
63	Reimbursement amount	\$2,627.02	C59 - C60 - C61 - C62	

	B	C	D	E
2	EXAMPLE 6 -- TRANSFER ADJ, COST OUTLIER, PARTIAL ELIGIBILITY			
3	Indicates data to be input for the specific stay		Indicates payment policy parameters set by Medicaid	
4	INFORMATION	DATA	COMMENTS OR FORMULA	
5	Scenario	Neonate with major complication		
6	ICD-9-CM Diagnosis	747.0, 765.02, 965.21, 769, 770.7	Also 774.2, 776.6, 775.89, 779.89	
7	ICD-9-CM Procedures	38.85, 96.372, 99.15, 88.72, 99.04, 99.83		
8	INPUT INFORMATION			
9	Patient discharge status = 02, 05, 43, 62, 63, 65, or 66	Y	Used for transfer pricing adjustment	
10	Covered charges	\$849,858.00	Used for cost outlier calculation	
11	Length of stay	90	Used for transfer and prorated pricing adjustments	
12	Medicaid covered days	80	Used for prorated pricing adjustment	
13	Age < 18	Y	Used to increase payment for mental health stays	
14	Type of hospital	General hospital	Used to select DRG base price	
15	PAYMENT POLICY PARAMETERS			
16	DRG base price	\$4,129.00	Depends on type of hospital	
17	Per diem payment amount	\$400	Used in pricing interim claims	
18	Age adjustor for mental health stay, patient age < 18	1.51	Used in calculating gross DRG amount	
19	Cost-to-charge ratio	52%	Statewide percentage, not hospital-specific	
20	Marginal cost payment percentage	60%	Used in pricing outlier claims	
21	Cutback percent for OOS hospitals missing PA	50%	Used in pricing claims from out-of-state hospitals	
22	WHAT APR-DRG CODE DOES MEDICAID ASSIGN?			
23	DRG code	588-4	From separate APR-DRG grouping software	
24	DRG description	NEONATE BWT <1500G W MAJOR PROCEDURE	Look up Table of Weights and Thresholds	
25	IS IT AN INTERIM CLAIM?			
26	Frequency (third digit of bill type) = 2 or 3?	N		
27	Medicaid covered days > 29 days?	Y	Look up C12	
28	Interim claim have prior authorization?	N		
29	Interim payment	\$0.00	If C26 = C27 = C28 = Y then C12 x C17	
30	WHAT IS THE GROSS DRG AMOUNT?			
31	DRG relative weight	41.6349	Look up Table of Weights and Thresholds	
32	Gross DRG amount	\$171,910.50	C16 x C31, rounded to 2 places	
33	Mental health DRG?	N	Look up Table of Weights and Thresholds	
34	Gross DRG amount after age adjustor	\$171,910.50	C18 x C32, rounded to 2 places	
35	IS A TRANSFER PAYMENT ADJUSTMENT MADE?			
36	National ALOS	99.23	Look up Table of Weights and Thresholds	
37	Transfer payment adjustment	\$157,652.04	If C9 = Y, then (C34/C36) * (C11 + 1), rounded to 2 places	
38	Is transfer payment adjustment < gross DRG amount?	Y	If C37 < C34 then Y	
39	DRG payment	\$157,652.04	If C38 = Y, then C37, else C34	
40	IS A COST OUTLIER PAYMENT MADE?			
41	Estimated cost of this case	\$441,926.16	C10 x C19	
42	DRG threshold	\$362,730.78	Look up Table of Weights and Thresholds	
43	Cost outlier check amount	\$79,195.38	C41 - C42	
44	Is cost outlier check amount > 0?	Y	If C43 > 0, then Y, else N	
45	Cost outlier payment	\$47,517.23	If C44 = Y, then C43 x C20	
46	DRG payment	\$205,169.27	C39 + C45	
47	IS AN ADJUSTMENT FOR PARTIAL ELIGIBILITY MADE?			
48	Are computed covered days < LOS?	Y	If C12 < C11, then Y	
49	Prorated adjustment	\$165,408.80	If C48 = Y, then (C46/C36) x C12, rounded to 2 places	
50	Is prorated adjustment < DRG payment?	Y	If C49 < C46, then Y	
51	DRG payment	\$165,408.80	If C50 = Y, then C49, else C46	
52	CALCULATION OF ALLOWED AMOUNT			
53	Routine DSH add-on (hospital-specific)	\$0.00		
54	Allowed amount	\$165,408.80	C51 + C53	
55	FOR AN OUT-OF-STATE STAY, IS PRIOR AUTHORIZATION MISSING?			
56	Out-of-state hospital missing required PA?	0		
57	Allowed amount	\$165,408.80	If C56 = Y, then C54 x C21, else C54	
58	CALCULATION OF REIMBURSEMENT AMOUNT			
59	Allowed amount	\$165,408.80	If C29 > 0, then C29, else C57	
60	Third party liability	\$0.00		
61	Co-payment (also known as cost sharing)	\$0.00		
62	Spend down (also known as incurment)	\$0.00		
63	Reimbursement amount	\$165,408.80	C59 - C60 - C61 - C62	

	B	C	D	E
2	EXAMPLE 7 -- INTERIM CLAIM			
3	Indicates data to be input for the specific stay		Indicates payment policy parameters set by Medicaid	
4	INFORMATION	DATA	COMMENTS OR FORMULA	
5	Scenario	Neonate with birthweight 1100 g		
6	ICD-9-CM Diagnosis	V30.01, 765.14, 776.6, 770.81, 747.0		Also 774.2, 779.3, 276.9, 765.24
7	ICD-9-CM Procedures	96.72, 96.04, 88.72, 99.83		
8	INPUT INFORMATION			
9	Patient discharge status = 02, 05, 43, 62, 63, 65, or 66	N		Used for transfer pricing adjustment
10	Covered charges	\$60,000.00		Used for cost outlier calculation
11	Length of stay	31		Used for transfer and prorated pricing adjustments
12	Medicaid covered days	31		Used for prorated pricing adjustment
13	Age < 18	Y		Used to increase payment for mental health stays
14	Type of hospital	General hospital		Used to select DRG base price
15	PAYMENT POLICY PARAMETERS			
16	DRG base price	\$4,129.00		Depends on type of hospital
17	Per diem payment amount	\$400		Used in pricing interim claims
18	Age adjustor for mental health stay, patient age < 18	1.51		Used in calculating gross DRG amount
19	Cost-to-charge ratio	52%		Statewide percentage, not hospital-specific
20	Marginal cost payment percentage	60%		Used in pricing outlier claims
21	Cutback percent for OOS hospitals missing PA	50%		Used in pricing claims from out-of-state hospitals
22	WHAT APR-DRG CODE DOES MEDICAID ASSIGN?			
23	DRG code	190-2		From separate APR-DRG grouping software
24	DRG description	ACUTE MYOCARDIAL INFARCTION		Look up Table of Weights and Thresholds
25	IS IT AN INTERIM CLAIM?			
26	Frequency (third digit of bill type) = 2 or 3?	Y		
27	Medicaid covered days > 29 days?	Y		Look up C12
28	Interim claim have prior authorization?	Y		
29	Interim payment	\$12,400.00		If C26 = C27 = C28 = Y then C12 x C17
30	WHAT IS THE GROSS DRG AMOUNT?			
31	DRG relative weight	0.0000		Look up Table of Weights and Thresholds
32	Gross DRG amount	\$0.00		C16 x C31, rounded to 2 places
33	Mental health DRG?	N		Look up Table of Weights and Thresholds
34	Gross DRG amount after age adjustor	\$0.00		C18 x C32, rounded to 2 places
35	IS A TRANSFER PAYMENT ADJUSTMENT MADE?			
36	National ALOS	0		Look up Table of Weights and Thresholds
37	Transfer payment adjustment	N/A		If C9 = Y, then (C34/C36) * (C11 + 1), rounded to 2 places
38	Is transfer payment adjustment < gross DRG amount?	N/A		If C37 < C34 then Y
39	DRG payment	\$0.00		If C38 = Y, then C37, else C34
40	IS A COST OUTLIER PAYMENT MADE?			
41	Estimated cost of this case	\$0.00		C10 x C19
42	DRG threshold	\$0.00		Look up Table of Weights and Thresholds
43	Cost outlier check amount	\$0.00		C41 - C42
44	Is cost outlier check amount > 0?	N		If C43 > 0, then Y, else N
45	Cost outlier payment	\$0.00		If C44 = Y, then C43 x C20
46	DRG payment	\$0.00		C39 + C45
47	IS AN ADJUSTMENT FOR PARTIAL ELIGIBILITY MADE?			
48	Are computed covered days < LOS?	N		If C12 < C11, then Y
49	Prorated adjustment	N/A		If C48 = Y, then (C46/C36) x C12, rounded to 2 places
50	Is prorated adjustment < DRG payment?	N/A		If C49 < C46, then Y
51	DRG payment	\$0.00		If C50 = Y, then C49, else C46
52	CALCULATION OF ALLOWED AMOUNT			
53	Routine DSH add-on (hospital-specific)	\$0.00		
54	Allowed amount	\$0.00		C51 + C53
55	FOR AN OUT-OF-STATE STAY, IS PRIOR AUTHORIZATION MISSING?			
56	Out-of-state hospital missing required PA?	0		
57	Allowed amount	\$0.00		If C56 = Y, then C54 x C21, else C54
58	CALCULATION OF REIMBURSEMENT AMOUNT			
59	Allowed amount	\$12,400.00		If C29 > 0, then C29, else C57
60	Third party liability	\$0.00		
61	Co-payment (also known as cost sharing)	\$0.00		
62	Spend down (also known as incurment)	\$0.00		
63	Reimbursement amount	\$12,400.00		C59 - C60 - C61 - C62