

# ISSUE PAPER — DOCUMENTATION AND CODING IMPROVEMENTS (DCI) RESERVE REFUND

## State of Connecticut Hospital Payment Modernization

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### Overview

On January 1, 2015, the State of Connecticut Department of Social Services (DSS) implemented the all patient refined-diagnosis related grouper (APR-DRG) methodology for most inpatient hospital services as part of the hospital payment modernization initiative.

As described in the Documentation and Coding Improvements issue paper dated December 9, 2014, the APR-DRG base rates were adjusted for anticipated improvements in documentation and coding related to inpatient claims. The issue paper also describes how, after the first year of APR-DRG implementation, the statewide case mix index (CMI) for inpatient hospitals would be calculated using calendar year 2015 inpatient claims paid using the APR-DRG methodology for use in the calculation of any potential refund to the hospitals related to the DCI adjustment.

This issue paper describes the process and results for calculating the 2015 statewide CMI and DCI reserve refund amount.

### Data

The following dataset was used for the calculation of the 2015 statewide CMI:

- Inpatient claim type
- In-state providers
- Admit date between January 1, 2015 and December 31, 2015
- Paid date between January 1, 2015 and April 8, 2016
- Final adjusted claims only

Psychiatric (DRGs 740–776) and rehabilitation (DRG 860) claims were identified by assigned APR-DRG and removed from the dataset.

The dataset used for the 2015 CMI calculation was based on admit date because APR-DRG reimbursement is for hospital admissions occurring on or after January 1, 2015. Claims with an admission date prior to that date were excluded – even if the discharge date was in 2015. In order to ensure a full year of claims data, no limitations were applied to the discharge date.

## Calculation

The DCI reserve recovery percentage (DCI-RRP) is calculated based on the relativity of the 2015 statewide CMI to the 2012 statewide CMI of 0.7612. There is an allowance for estimated increases in real acuity of 4.55% and an assumed increase, related to the DCI reserve, of 5.0%.

The recovery percentage is determined as follows:

1. If 2015 statewide CMI is greater than or equal to 0.8356 ( $0.7612 \times (1+0.0455) \times (1+0.05)$ ), DCI-RRP = 0%.
2. If 2015 statewide CMI is less than or equal to 0.7958 ( $0.7612 \times (1+0.0455)$ ), DCI-RRP = 100%.
3. If 2015 statewide CMI is between 0.7958 and 0.8356, then a proportionate DCI-RRP will be calculated as:  $DCI-RRP = (0.8356 - \text{Statewide CMI}) / (0.8356 - 0.7958)$ .

This calculation is used to determine if reserve refund amounts will need to be calculated.

## Results

The statewide CMI for the 2015 Connecticut Medicaid claim set was determined to be 0.8797. Since the 2015 statewide CMI is greater than 0.8356, the DCI-RRP is 0% and a refund is not warranted.

The 2015 Connecticut Medicaid CMI exhibit is provided in the table below.

## Connecticut Medicaid DCI Review

Claims Period CY2015, based on First Date of Service, paid through April 8, 2016

Claims Notes: Psych / Rehab Claims Were Removed (APR-DRGs 740-1 - 776-4, APR-DRGs 860-1 - 860-4).

Denied claims, claims without a paid APR-DRG, and interim claims were removed. For adjusted claims the latest adjudicated claim was kept.

Medicare Number	Hospital Name	Total APR-DRG Claims	2015 CMI
<i>a</i>	<i>b</i>	<i>c</i>	<i>d</i>
070002	Saint Francis Hospital	6,294	0.9126
070003	Day Kimball Hospital	774	0.4837
070004	Sharon Hospital	200	0.4499
070005	Waterbury Hospital	2,797	0.6800
070006	Stamford Hospital	2,960	0.6868
070007	Lawrence & Memorial Hospital	2,545	0.7214
070008	Johnson Memorial Hospital	355	0.5213
070010	Bridgeport Hospital	5,650	0.7595
070011	Charlotte Hungerford Hospital	902	0.6758
070012	Rockville General Hospital	217	1.2676
070016	Saint Mary's Hospital	3,091	0.7816
070017	Midstate Medical Center	1,958	0.6734
070018	Greenwich Hospital	393	0.7514
070019	Milford Hospital	292	0.7711
070020	Middlesex Hospital	1,817	0.7257
070021	Windham Community Memorial Hospital	430	0.7804
070022	Yale-New Haven Hospital	18,135	1.0448
070024	William W. Backus Hospital	2,228	0.7656
070025	Hartford Hospital	7,216	1.0329
070027	Manchester Memorial Hospital	1,498	0.6490
070028	Saint Vincent's Medical Center	2,750	0.8407
070029	Bristol Hospital	1,157	0.6973
070031	Griffin Hospital	1,190	0.6063
070033	Danbury Hospital	3,150	0.6958
070034	Norwalk Hospital	2,227	0.6395
070035	Hospital of Central Connecticut	3,246	0.7258
070036	John Dempsey Hospital	1,826	1.0744
073300	Connecticut Children's Medical Center	3,390	1.5115
Statewide		78,688	0.8797

*a: Medicare Number*

*b: Hospital Name*

*c: Total APR-DRG Claims*

*d: 2015 CMI - Average DRG Weight corresponding to the assigned Paid APR-DRGs*