



STATE OF CONNECTICUT

DEPARTMENT OF SOCIAL SERVICES
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KATHLEEN M. BRENNAN
Deputy Commissioner

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Dear Hospital Representatives:

As you know, the Department implemented the all patient refined-diagnosis related grouper (APR-DRG) methodology for most inpatient hospital services on January 1, 2015. The base rates were adjusted for anticipated improvements in documentation and coding of inpatient claims as explained in the attached issue paper dated December 9, 2014. The issue paper stated that following the first year of implementation, if the estimated coding improvement (defined as observed CMI less a 4.55% allowance for real acuity increases) is less than 5%, the state would refund the difference up to the full reserve amount and if coding improves more than 5%, a reduction of subsequent base rates should be considered.

Now that the first year of implementation is complete, the CMI for calendar year 2015 has been calculated. A second issue paper (please see attached) entitled Documentation and Coding Improvements (DCI) Reserve Refund provides further detail of the process used to make the calculations. To summarize, the 2012 statewide CMI for the data set used to set the DRG base rates was 0.7612. If the 2015 statewide CMI is greater than 0.8356, no refund is warranted. The actual 2015 CMI was 0.8797 therefore there will be no refund to the hospitals.

Please refer to the issue papers for additional information. Both are posted on the DSS website at <http://www.ct.gov/dss/cwp/view.asp?a=4598&q=552406>.

If you have additional questions, please contact Christopher LaVigne, Director of Reimbursement and CON at Christopher.Lavigne@ct.gov or 860-424-5719.

Sincerely,

Kathleen Brennan
Deputy Commissioner

cc: Roderick Bremby, Commissioner
Kate McEvoy
Michael Gilbert