

**Connecticut Department of Social Services
 Example Revenue Neutrality Calculation
 Sample Hospital**

DRAFT: 10/9/2014

Hospital-Specific Revenue Neutral Target Payment Calculation

Source: 2012 Medicaid Reconciliation (unless noted otherwise)

Lower of:			
a) 2012 Reconciliation Target Amount		\$18,085,432	Page 7, line 42
b) IP Operating Costs (excluding capital, provider-based physicians and medical education)		\$25,836,331	Page 7, line 39
Lower of Pre APR-DRG Target or IP Operating Costs		\$18,085,432	
add: Capital-Related Costs	+	\$1,987,228	Page 7, lines 35 & 36
add: Heart and Liver Transplants	+	\$0	Page 8, lines 2a&b
add: Burn Units	+	\$0	Page 8, Line 2c
add: Medicaid Allowed Payments for Child BH Claims (paid but not included in reconciliation)	+	\$950,000	Child BH claim set from DSS/HP
subtract: Estimated Hospital Based Physician Portion for Child BH (\$22.66 per child BH day)	-	\$22,660	Days from child BH claim set from DSS/HP
Hospital Specific Revenue Neutral Target	=	\$21,000,000	

Calculation provided by Department of Social Services

All Child BH Inpatient Stays and Related Physician Visits
 Dates of Service from Jan - Jun 2014

Hospital Inpatient Stays	
Claims	Days
1,256	5,532

Physician Visits		
Claims	Paid	Paid per Day
3,339	\$125,376	\$22.66

Data Inputs

Hospital-Specific Revenue Neutral Target Payments	\$21,000,000
Hospital-Specific Number of Discharges	2,910
Documentation and Coding Improvements (DCI) Reserve %	5%
Hospital Specific Case Mix Index (CMI)	0.9233
Hospital-Specific Indirect Medical Education (IME) Factor	N/A
Hospital-Specific Calculated Outlier Payments	\$800,000
Hospital-Specific Number of Adult Behavioral Health Days (includes substance abuse)	4,500
Hospital-Specific Number of Child Behavioral Health Days (includes substance abuse)	1,000
Hospital-Specific Number of Child Behavioral Health Discharge Delay Days (includes substance abuse)	20
Hospital-Specific Number of Rehab Days	750
Hospital-Specific Adult Behavioral Health Per Diem Rate	\$1,050
Hospital-Specific Child Behavioral Health Per Diem Rate	\$1,050
Hospital-Specific Child Behavioral Health Per Diem Rate for Discharge Delay Days	\$893
Hospital-Specific Rehab Per Diem Rate	\$1,370

Note: Discharges, CMI and Number of BH and Rehab Days calculated from claim set.

Step 1a: Calculate Estimated Adult Behavioral Health Payments

Hospital-Specific Adult Behavioral Health Per Diem Rate		\$1,050
multiply: Hospital-Specific Number of Adult Behavioral Health Days	x	4,500
Hospital-Specific Adult Behavioral Health Payments	=	\$ 4,725,000

Step 1b: Calculate Estimated Child Behavioral Health Payments

Hospital-Specific Child Behavioral Health Per Diem Rate		\$1,050
multiply: Hospital-Specific Number of Child Behavioral Health Days	x	1,000
Hospital-Specific Child Behavioral Health Payments	=	\$ 1,050,000

Hospital-Specific Child Behavioral Health Per Diem Rate for Discharge Delay Days		\$893
multiply: Hospital-Specific Number of Child Behavioral Health Discharge Delay Days	x	20
Hospital-Specific Child Behavioral Health Payments (for Discharge Delay Days)	=	\$ 17,850

Total Estimated Child Behavioral Health Payments \$ 1,067,850

Step 2: Calculate Estimated Rehab Payments

Hospital-Specific Rehab Per Diem Rate		\$1,370
multiply: Hospital-Specific Number of Rehab Days	x	750
Hospital-Specific Rehab Payments	=	\$ 1,027,500

Step 3: Calculate Hospital-Specific DCI Reserve

Hospital-Specific Revenue Neutral Target Payments		\$21,000,000
subtract: Hospital-Specific Adult Behavioral Health Payments	-	\$4,725,000
subtract: Hospital-Specific Child Behavioral Health Payments	-	\$ 1,067,850
subtract: Hospital-Specific Rehab Payments	-	\$1,027,500
Hospital-Specific Revenue Neutral Target less Behavioral Health and Rehab	=	\$14,179,650
multiply: DCI Reserve %	x	5%
Hospital-Specific DCI Reserve	=	\$708,983

Step 4: Calculate Hospital-Specific APR-DRG Base Rate

Hospital-Specific Revenue Neutral Target Payments		\$21,000,000
subtract: Hospital-Specific Adult Behavioral Health Payments	-	\$4,725,000
subtract: Hospital-Specific Child Behavioral Health Payments	-	\$1,067,850
subtract: Hospital-Specific Rehab Payments	-	\$1,027,500
subtract: Hospital-Specific DCI Reserve	-	\$708,983
subtract: Hospital-Specific Calculated Outlier Payments	-	\$800,000
Hospital-Specific Inlier Portion Revenue Neutral Target Payments	=	\$12,670,668
divide by: Hospital-Specific CMI	/	0.9233
divide by: 1 + Hospital-Specific IME		N/A
divide by: Hospital-Specific Number of Discharges	/	2,910
Hospital-Specific APR-DRG Base Rate		\$4,716

Step 5: Revenue Neutral Target Check

Hospital-Specific Number of Discharges		2,910
multiply: Hospital-Specific APR-DRG Base Rate	x	\$4,716
multiply: Hospital-Specific CMI	x	0.9233
multiply: 1 + Hospital-Specific IME	x	N/A
Hospital-Specific Inlier Portion Revenue Neutral Target Payments	=	\$12,670,668
add: Hospital-Specific Calculated Outlier Payments	+	\$800,000
add: Hospital-Specific Adult Behavioral Health Payments	+	\$4,725,000
add: Hospital-Specific Child Behavioral Health Payments	+	\$1,067,850
add: Hospital-Specific Rehab Payments	+	\$1,027,500
Total Hospital-Specific Acute Care Payments	=	\$20,291,018
add: Hospital-Specific DCI Reserve	+	\$708,983
Hospital-Specific Revenue Neutral Target Payments	=	\$21,000,000