

Florida Agency for Health Care Administration

DRG Update for LIP Council

January 22, 2013

Presentation by MGT of America, Inc. and Navigant Consulting, Inc.



Calculation of Hospital Costs



CCRs Calculated for Latest Simulations



Date Range of DRG Simulation Dataset

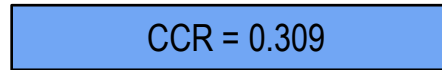
7/1/2010 6/30/2011



Example Hospital Cost Reports
(based on hospital fiscal year)

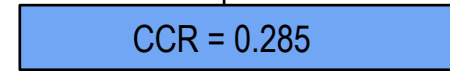
10/1/2009

9/30/2010



10/1/2010

9/30/2011



Claim 1: admission date 8/15/2010; CCR = 0.309

8/15/2010

Claim 2: admission date 2/10/2011; CCR = 0.285

2/10/2011

CCRs Calculated for Previous Simulations




FL Hosp Cost Calc Worksheets 2012-11-08.pdf - Adobe Reader

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17 / 346 81.7%

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Florida Agency For Health Care Administration
 Office of Medicaid Cost Reimbursement Planning and Finance
 Computation of Hospital Prospective Payment Rates
 For Rate Semester July 1, 2012 through June 30, 2013

100081 - 2012/07
1,275.04 / 98.39

Holmes Regional Medical Center

Type of Control: Non-Profit (Other) (3) County: Brevard (5)
 Fiscal Year: 10/1/2010-9/30/2011 Type of Action: Unaudited Cost Report [1]
 Hospital Classification: Special District: 7
 Rate Includes Buy Back

Type of Cost/Charges	Total		Medicaid		Statistics (E)
	Inpatient (A)	Outpatient (B)	Inpatient (C)	Outpatient (D)	
1. Ancillary	166,717,489	113,733,598	14,557,397	4,993,550	Total Bed Days 215,328
2. Routine	126,504,155		9,849,722		Total Inpatient Days 154,342
3. Special Care	26,394,425		1,633,996		Total Newborn Days 9,154
4. Newborn Routine	5,495,724		2,676,405		Medicaid Inpatient Days 13,148
5. Intern-Resident	0		0		Medicaid Newborn IP Days 1,602
6. Home Health					Medicare Inpatient Days 67,505
7. Malpractice					Prospective Inflation factor 1.0542596349
8. Adjustments	-4,200,086	-1,469,313	-370,999	-64,511	Medicaid Paid Claims 39,303
9. Total Cost	320,911,707	112,264,285	28,346,521	4,929,039	Property Rate Allowance 0.80
10. Charges	\$1,162,731,783	\$624,992,209	\$96,464,393	29,571,853	First Semester in effect: 2012/07
11. Fixed Costs	50,069,977.00		4,153,984.62		Last Rate Semester in Effect: 2012/07

Ceiling and Target Information						
	IP (F)	OP (F)		IP (G)	OP (G)	Inflation/FPLI Data (H)
1. Normalized Rate	1,855.33	141.87	County Ceiling Base	Exempt	Exempt	Semester DRI Index 2.0790
2. Base Rate Semester	2011/07	2011/07	Variable Cost Base	Exempt	Exempt	Cost Report DRI Index 1.972
3. Ultimate Base Rate Semester	1991/01	1993/01	State Ceiling	1,754.32	204.30	FPLI Year Used 2008
4. Rate of Increase (Year/Sem.)	1.020787	1.045902	County Ceiling	1,635.03	190.41	FPLI 0.9320

Rate Calculations		
Rates are based on Medicaid Costs		
	Inpatient	Outpatient
AA Total Medicaid Cost	28,346,521.28	4,929,038.84
AB Apportioned Medicaid Fixed Costs = Total Fixed Costs x (Medicaid Charges/Total Charges)	(-) 4,153,984.62	
AD Total Medicaid Variable Operating Cost = (AA-AB)	24,192,536.66	4,929,038.84

Cost Calculation Example



Goal is to determine hospital costs for the claims in the DRG simulation dataset (not total annual hospital cost).

Claim ID	Charges	Cost-to-Charge Ratio	Estimated Cost
1	\$17,500	0.247	\$4,323
2	\$130,231	0.247	\$32,167
3	\$48,749	0.247	\$12,041
Total	\$196,480		\$48,531

Casemix Adjustment of IGT Payments on Inpatient Claims



Casemix Adjusting Payments of IGT Funds - Example



- » Example provider receiving \$5M from IGT funds during the year
- » Example provider's overall casemix is 0.6
- » Example provider has 2,500 stays in a year

- » Average per discharge IGT add-on payment equals,
$$\$5\text{M} / 2,500 = \$2,000$$

- » For a claim with casemix equal to 0.75,
$$\begin{aligned} \text{Per-claim IGT Pymt} &= \$2,000 * (0.75 / 0.6) \\ &= \$2,500 \end{aligned}$$

- » Separate claim with casemix equal to 0.3,
$$\begin{aligned} \text{Per-claim IGT Pymt} &= \$2,000 * (0.3 / 0.6) \\ &= \$1,000 \end{aligned}$$