

## **Public Notice Health Services**

### ***Medicaid Reimbursement for Inpatient Hospital Services: Acute Care, Children's, Critical Access, Psychiatric, and Rehabilitation Hospitals State of Wisconsin Medicaid Payment Plan for Rate Year 2017***

The State of Wisconsin reimburses hospitals for inpatient services provided to Medical Assistance recipients under the authority of Title XIX of the Social Security Act and Chapter 49 of the Wisconsin Statutes. This program, administered by the State's Department of Health Services (the Department), is called Medical Assistance or Medicaid. In addition, Wisconsin has expanded this program to create the BadgerCare Plus program under the authority of Title XIX and Title XXI of the Social Security Act and Chapter 49 of the Wisconsin Statutes. Collectively, these programs are herein referred to as the Wisconsin Medicaid Program (WMP). Federal statutes and regulations require that a State Plan be developed that provides the methods and standards for reimbursement of covered services. Such a plan is currently in effect.

The WMP uses a reimbursement system for inpatient hospital services which is based on Diagnosis Related Groupings (DRGs) for acute care, children's, and critical access hospitals and on per diem rates for psychiatric and rehabilitation hospitals. The DRG system is a discrete, cost-specific reimbursement methodology that allows the Department to reimburse providers based on case mix. The rate-setting methodology for acute care and children's hospitals employs a provider-specific, DRG base rate. This rate includes an adjustment for differences in wage levels, and facilities with graduate medical education programs. In addition, a cost outlier payment is made when the cost of providing services exceeds a predetermined tripoint. The rate-setting methodology for critical access hospitals employs a provider-specific, cost-based DRG base rate. The rate-setting methodology for psychiatric and rehabilitation hospitals employs a provider-specific, cost-based per diem rate. Effective January 1, 2017, the Department is updating the inpatient hospital rates for rate year 2017 (January 1, 2017 – December 31, 2017).

The following changes will be contained in the January 1, 2017 inpatient hospital state plan amendment:

- Change in inpatient hospital reimbursement methodology from Medicare Severity DRG (MS-DRG) to All Patient Refined DRG (APR DRG).
- Updated Inpatient hospital rates and outlier payment tripoints for rate year 2017. Revised eligibility criteria for border status hospitals.

This notification is intended to provide notice of the type of changes that are included in the amendment. Interested parties should obtain a copy of the actual proposed plan amendment to comprehensively review the scope of all changes.

### **Proposed Change**

It is estimated that these changes will have no material impact on projected annual aggregate Medicaid expenditures in state fiscal year 2017. The Department maintains the same hospital budget approved by the Legislature.

The Department's proposal involves no change in the definition of those eligible to receive benefits under Medicaid, and the benefits available to eligible recipients remains the same. The effective date for these proposed changes will be January 1, 2017.

**Copies of the Proposed Change**

A copy of the proposed change may be obtained free of charge at your local county agency or by calling or writing as follows:

**Regular Mail**

Division of Health Care Access and Accountability  
P.O. Box 309  
Madison, WI 53701-0309

**State Contact**

Ben Nerad, Hospital Policy and Rate Setting Section Chief  
Bureau of Fiscal Management  
(608) 261-8397 (phone)  
(608) 266-1096 (fax)  
[Benjamin.Nerad@wisconsin.gov](mailto:Benjamin.Nerad@wisconsin.gov)

A copy of the proposed change is available for review at the main office of any county department of social services or human services.

**Written Comments**

Written comments are welcome. Written comments on the proposed change may be sent by fax, email, or regular mail per the above information. All written comments received will be reviewed, considered, and made available for public review between the hours of 7:45 a.m. and 4:30 p.m. daily in Room 350 of the State Office Building, 1 West Wilson Street, Madison, Wisconsin. Revisions may be made to the proposed change based on comments received.