

**Public Notice**  
**Department of Health Services**

***Medicaid Reimbursement for Inpatient and Outpatient Hospital Services Rate Year 2022***

The State of Wisconsin reimburses Medicaid-certified hospitals for services provided to eligible persons under the authority of Title XIX of the Federal Social Security Act and ss. 49.43 to 49.47, Wisconsin Statutes. This program, administered by the State's Department of Health Services, is called Medical Assistance (MA) or Medicaid. In addition, Wisconsin has expanded this program to create the BadgerCare Plus programs under the authority of Title XIX and Title XXI of the Social Security Act and s. 49.471 of the Wisconsin Statutes. Federal Statutes and regulations require that a state plan be developed that provides the methods and standards for setting payment rates for covered hospital services. A plan that describes the Wisconsin Medicaid payment system for hospitals is now in effect as approved by the Centers for Medicare and Medicaid Services (CMS).

The Department is proposing changes in the methods of payment to hospitals and, therefore, the plan describing the hospital reimbursement system. The changes proposed would be effective January 1, 2022. The estimated net increase in annual aggregate expenditures attributable to these changes is \$2,643,368 (\$998,664 GPR and \$1,644,704 FED).

The proposed changes are as follows:

1. Convert the inpatient Diagnosis Related Group (DRG) reimbursement methodology described under §6230 from a budget restricted payment rate model to an inflationary payment rate model.
2. Modify inpatient DRG reimbursement methodology incorporation of 3M weights under §6220 by adopting and scaling the national 3M weights to result in the same modeled aggregate case mix as the DRG weights for the prior rate year, consistent with the outpatient EAPG weight normalization approach under §4210.
3. Convert the outpatient Enhanced Ambulatory Patient Group (EAPG) reimbursement methodology described under §4200 from a budget restricted payment rate model to an inflationary payment rate model that incorporates Direct Graduate Medical Education (GME) costs.
4. Modify the outpatient EAPG reimbursement methodology for psychiatric hospitals under §4200 to convert to provider-specific rates, including the cost reports used.

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.

**Copies of Changes**

Copies of the available proposed changes and proposed rates may be obtained free of charge by writing:

Mail:  
Division of Medicaid Services  
Bureau of Rate Setting  
Attn: Hospital Inpatient and Outpatient Medicaid State Plan  
P.O. Box 7851  
Madison, WI 53701-7851

E-Mail:  
[Karina.virrueta1@dhs.wisconsin.gov](mailto:Karina.virrueta1@dhs.wisconsin.gov)  
Attn: Karina Virrueta Running,  
Hospital Policy and Rate Setting Section Manager

**Written Comments**

Written comments are welcome. Written comments on the proposed changes may be sent to the Division of Medicaid Services, at the above addresses.

The written comments will be available for public review between the hours of 7:45 a.m. and 4:30 p.m. daily in the State Office Building, 1 West Wilson Street, Madison, Wisconsin. Revisions may be made in the proposed change based on comments received.