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MEMORANDUM

Date: May 14, 2015

To: Maryland Hospitals' Chief Financial Officers
Maryland Hospitals' Case Mix Liaisons
Elizabeth McCullough, 3M Health Information Systems
Brian Petr, The St. Paul Group

From: Nduka Udom, Associate Director of Research and Methodology
Denise Johnson, Program Manager of Research and Methodology

Subject: HSCRC's Adoption of 3M National Grouper and Inpatient Case-mix Weights for RY2016

As market shift, demographic and other adjustments to hospitals global budgets require timely processing of both the inpatient and outpatient data submitted to the Commission by hospitals, it has become highly imperative that HSCRC staff streamline the time and volume of information being processed. The purpose of this memo is to inform Maryland hospitals and other interested parties of the staff decision to use 3M's National All Patient Refined DRGs (APR DRGs) inpatient grouper in lieu of the current modified Maryland groupers starting with July 2014 discharges. This change impacts only inpatient grouper as HSCRC have been using national Enhanced Ambulatory Patient Groups (EAPGs) for the outpatient data.

Unlike the Maryland grouper, the National grouper is more readily assessable to hospitals for it does not require vendor modifications to hospital submitted data in order to create inpatient involuntary psychiatric and rehabilitation APR DRGs. The turnaround time of receiving vendor reports improves.

Based on national grouper APR DRGS, HSCRC staff developed Maryland inpatient weights by combining inpatient cases with observation cases with 24 hours more length of stay. Attached table 1 included weights that will be used for rate year 2016 adjustments, using the Calendar Year 2014 discharges.

If you have any questions or concerns, please contact Nduka Udom, Associate Director of Research and Methodology on 410-764-2605 or Nduka.Udom@maryland.gov.