



INDUSTRY INSIGHT

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1995/1996 NEW YORK STATE CASE MIX CAP COMPUTATION

HSS, Inc. has discovered a number of errors and discrepancies in the 1995 and 1996 case mix cap computations distributed with the January 1998 New York State Medicaid rate series. HSS, Inc. has been in contact with the New York State Department of Health to discuss and resolve these findings.

HSS, Inc. has received word that the New York State Department of Health has decided to “unfinalize” or roll back the 1995 non-Medicare case mix cap computation instituted in the January 1998 Medicaid rates. A revised calculation will be issued with the July 1998 Medicaid rate series. In addition, the 1996 case mix cap computation scheduled to be made final in the July 1998 rate series will be deferred until release of the January 1999 rates. An electronic transmittal discussing these points was sent to all New York hospitals on April 22, 1998 from John W. Gahan, Jr., Assistant Director of the Bureau of Primary & Acute Care Reimbursement, New York State Department of Health.

The errors and discrepancies in the 1995 and 1996 calculations may have a significant impact on New York hospitals' liability under the new rates. Both the 1992-to-1995 and 1992-to-1996 statewide change is misstated. Further, the portion of the change attributed to coding optimization or “DRG Creep” on a hospital-specific basis may be significantly in error. For many hospitals, the correction of the errors will reduce their DRG Creep liability, which will in turn probably increase the overall statewide “real” assessment. The present magnitude of retrospective adjustments, for both 1995 and 1996, is likely to change when the July rates are issued. This fact should be considered during rate negotiations.

The discrepancies found in the January rates include but are not limited to the following:

- ◆ Inconsistent use of DRG Groupers
- ◆ Inaccurate code mapping from 1992 to current year
- ◆ Inconsistency between Grouper version and weight tables
- ◆ Alterations to specific DRG Creep logic

HSS will continue to monitor this issue and will issue another Insight as information warrants. Questions regarding this issue should be forwarded to our Client Services Department via the Internet at support@hss-info.com or at 1-800-999-DRGS (3747).