**Idaho Department of Health and Welfare**

**DRG Payment Methodology for Inpatient Hospital Services**

**Frequently Asked Questions**

This Frequently Asked Questions (FAQ) document provides information about the Idaho Department of Health and Welfare’s (DHW) October 1, 2024, update to the inpatient hospital payment methodology based on the Solventum All Patient Refined Diagnosis Related Groups (APR-DRG) Software. This FAQ addresses the components of the DRG system at a high level and is not intended to answer questions about all circumstances. A DRG calculator provides estimated payments based on provider and claim inputs and is available on the DHW website. For any additional questions, email the Medicaid Reimbursement Team at [MedicaidReimTeam@dhw.idaho.gov](mailto:MedicaidReimTeam@dhw.idaho.gov) or call at 208-364-1817.

1. **What changes will be made in the October 1, 2024 update?**

While the overall structure of the DRG methodology will remain intact, the October 1, 2024, update will include changes to key components and values:

* Update to Version 41 of the Solventum All Patient Refined Diagnosis Related Groups (APR-DRG) grouper and relative weights (see Question 5)
* Updated weight recentering factor (see Question 17)
* Updated graduate medical education add-on (see Question 27)
* Recalibrated Service Category policy adjustors (see Question 19)
* Ended transitional base rates and recalibrated hospital-type policy adjustors (see Question 20)
* Institutions of Mental Disease are subject to DRG payments (see Question 6)
* Inpatient behavioral health is excluded from DRG payments (see Question 8)

1. **What are Diagnosis Related Groups (DRGs)? What is the goal of DRG payment?**

DRGs are a classification system that assigns inpatient hospital stays into distinct groups based on clinical and patient characteristics. In a DRG system, inpatient stays are assigned to a DRG according to diagnoses, procedures performed, and other factors that reflect clinically cohesive groupings of inpatient hospital stays utilizing similar hospital resources. Each DRG receives a relative weight value based on resource utilization relative to all other DRGs. A prospective payment rate is established for each unit of DRG weight for reimbursement purposes. Essentially, facilities that treat patients with greater acuity receive higher levels of reimbursement correlating to higher resource intensity of the patient.

Idaho has several goals in its DRG methodology:

* Incentivizing efficiency and treatment of high-acuity patients
* Transparency and predictability in payments
* Fairness across providers
* Protecting access for Medicaid beneficiaries

1. **What are Solventum All Patient Refined Diagnosis Related Groups (APR-DRGs)?**

Solventum (formerly 3M Health Information Systems) APR DRGs are a type of DRG system developed and maintained by Solventum and is the predominant DRG system used by Medicaid programs. Other DRG systems include MS- and Tri-Care DRGs. Idaho DHW and Providers chose to use Solventum APR DRGs because of their suitability for Medicaid populations, more sophisticated severity measurement, and significantly more DRGs for newborns, obstetrics, and mental health cases.

1. **When was the DRG system implemented? When will it be updated?**

The DRG payment system was implemented on July 1, 2021, for inpatient claims with discharges on or after that date. The system was updated on October 1, 2022, with changes taking effect for inpatient stays with discharges on or after that date. The latest system update is effective October 1, 2024.

1. **Which Solventum APR DRG version will be used?**

DHW will update the Solventum APR DRG grouper software and relative weights version to version 41 (published on October 1, 2023), on O\ ctober 1, 2024. Version 41 comprises 1, 338 Solventum APR DRGs (334 base Solventum APR DRGs with 4 severities of illness each, plus two error/ungroupable Solventum APR DRGs).

1. **Which hospitals are included/excluded in the DRG payment system?**

Hospitals subject to DRG payment include all general acute care hospitals, psychiatric hospitals (including Institutions of Mental Disease [IMDs]), rehabilitation hospitals, long-term acute care hospitals, and all out-of-state (OOS) hospitals except out-of-state Critical Access Hospitals (CAHs) qualifying as a border CAH. Hospitals excluded from the DRG payment method are in-state CAHs, designated out-of-state border CAHs, and state-owned hospitals.

1. **How will the hospital know it is included in the DRG payment system?**

In addition to the hospital type or hospital specialty listed above, all hospitals subject to DRG payments have an additional terms document, State of Idaho Medicaid Provider Agreement Additional Terms – Reimbursement for Hospital Services, outlining the DRG terms and conditions. Every hospital subject to DRG, including new hospitals, shall sign the additional terms document. Any hospital that does not have the additional terms document signed and on file will have a hold put on its record and payment shall be held until all terms and conditions are met.

The additional terms document serves as additional terms and conditions for hospitals, it is not meant to encompass all Solventum APR DRG information. Please use other materials, like the provider handbook, the DRG calculator, and Medicaid FAQs or updates, for information related to APR DRG payments, methodologies, etc.

1. **Which services are included in the DRG payment system? Are any services excluded?**

The DRG payment methodology applies to all inpatient hospital services provided by hospitals subject to DRG payment. Claims with a behavioral health admitting or primary diagnosis are excluded from DRG payment. The other exclusion from the DRG payment is for Medicare crossover stays (dually eligible beneficiaries) where Medicare is the primary payer and Medicaid is the secondary payer.

1. **Will inpatient behavioral health/psychiatric services be included in the DRG methodology?**

While inpatient behavioral health/psychiatric services are included in the DRG methodology (Solventum APR DRGs 750-776), claims with an admitting or primary behavioral health diagnosis will no longer be paid by DRG as of October 1, 2024.

1. **Does the DRG system apply to reimbursement for physician services?**

No. DRG payments apply only to the facility portion of reimbursement. All physician services should continue to be billed as professional claims (i.e., CMS-1500).

1. **Will hospitals be required to change their coding and billing practices?**

No. Assignment of the Solventum APR DRG and payment calculations are based on information already on the inpatient hospital claim (UB-04). Hospitals should ensure that coding is complete and accurate.

1. **Do hospitals have to submit the Solventum APR DRG on their inpatient claims?**

No. The Solventum APR DRG software uses information included on inpatient claims to assign the Solventum APR DRG to claims.

1. **What are Solventum APR DRG relative weights? How are they calculated?**

Solventum APR DRG relative weights represent the typical resource use and cost of each Solventum APR DRG and are used to calculate DRG payments (see Question 14). Solventum calculated Solventum APR DRG V.41 relative weights using two years (2019 and 2020) of all-payer data from the Healthcare Cost and Utilization Project compiled by the Agency for Healthcare Research and Quality.

The average relative weight, or case mix, of every Solventum APR DRG version is 1.00. Therefore, a Solventum APR DRG with a relative weight of 0.50 reflects relative resource use that is half of the average inpatient stay and adjusts payments accordingly. Conversely, a Solventum APR DRG with a relative weight of 2.00 reflects a case mix that is twice that of the average.

The example below shows the Solventum APR DRG relative weights for each of the four severity levels of Solventum APR DRG 190 (Acute Myocardial Infarction). Note that this example is illustrative only and does not reflect any relative weight adjustments made in accordance with DHW policy decisions. For severity of illness (SOI) 1, the relative weight is 0.7617, indicating resource use 24% less than average. SOI 4, with a relative weight of 1.6827, has resource use about 68% greater than average.

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| --- | --- | --- |
| **Solventum APR DRG Relative Weights (V.41)** | | |
| **Solventum APR DRG** | **Description** | **Relative Weight** |
| 190-1 | ACUTE MYOCARDIAL INFARCTION | 0.7617 |
| 190-2 | ACUTE MYOCARDIAL INFARCTION | 0.8238 |
| 190-3 | ACUTE MYOCARDIAL INFARCTION | 1.0727 |
| 190-4 | ACUTE MYOCARDIAL INFARCTION | 1.6827 |

1. **How are payments calculated?**

Base payments are calculated as:

***Solventum APR DRG Relative Weight x Base Rate = Base Payment***

The example below shows how the calculation is applied with different Solventum APR DRG assignments. Note that this example is illustrative only and does not reflect any weight adjustments made in accordance with DHW policy decisions. Solventum APR DRG 190-1 has a relative weight of 0.7617 and 190-4 has a relative weight of 1.6827. The illustrative base rate in this example is $10,000.

***Solventum APR DRG 190-1: 0.7617 x $10,000 = $7,617***

***Solventum APR DRG 190-4: 1.6827 x $10,000 = $16,827***

Base rates in State Fiscal Year (SFY) 2025 effective October 1, 2024, through June 30, 2025, are unique to each hospital (see Question 22). Other DHW policies have an impact on payment. Policy adjustors based on age and Service Category act as multipliers to the relative weight or base rate (see Question 18). Other policies that affect payment are outlier payments (see Question 24), transfer adjustment (see Question 25), and charge limit (see Question 26).

1. **What was the process for determining the policies and rates for update on October 1, 2024?**

DHW and Providers made decisions about policies and rates based on modelling that used claims data from SFY 2023. The models used 30,515 inpatient claims for Idaho Medicaid beneficiaries at Idaho and out-of-state hospitals. The dataset excluded Medicaid beneficiaries dually eligible for Medicare, claims with various errors, and claims that were assigned to error/ungroupable Solventum APR DRGs 955 and 956.

All 30,515 SFY 2023 claims were priced using current SFY 2024 policies and values to provide a budget neutral payment target for modelling. Essentially, the target is what these claims would have paid if they had occurred in SFY 2024.

Cost was estimated for all 30,515 claims in the dataset using a revenue code crosswalk that maps claim detail line items to centers on a hospital’s Medicare cost report (or the average cost-to-charge ratio for claims at facilities with no cost report available). Costs for out-of-state hospitals were then multiplied by 87% to provide the aggregate budget target required by HB 351.

1. **What are Service Categories? How are they classified and used?**

Service Categories classify Solventum APR DRGs into clinically-related groups as defined by DHW. Each of the 1,330 Solventum APR DRGs is assigned to 1 of 9 Service Categories. This classification allows for utilization and payment measurement and comparisons across different types of service. These classifications also serve as the basis for Service Category policy adjustors. The table below shows the Solventum APR DRGs included in each Service Category.

|  |  |
| --- | --- |
| **Service Category Solventum APR DRG Ranges for SFY 2025** | |
| **Service Category** | **Solventum APR DRGs Range** |
| Transplant | 001-002, 006, 440 |
| Med/Surg | 004-005, 007-008, 020-023, 026-040, 042-098, 111-115, 130-134, 137-145, 193, 197, 199, 204, 220-234, 241-280, 282-342, 344-381, 383-427, 441-443, 445-447, 462-484, 501-519, 531-532, 650-681, 692, 710-740, 792-850, 861-862, 890-952 |
| Oncology | 041, 110, 136, 240, 281, 343, 382, 461, 500, 530, 690-691, 694-696 |
| Cardiovascular | 009, 024, 120-121, 135, 160-192, 194-196, 198, 200, 203, 205-207, 444 |
| Obstetrics | 539-566 |
| Normal newborn | 626 (SOI 1-2), 640 (SOI 1-3) |
| Neonate | 580-625, 626 (SOI 3-4), 630-639, 640 (SOI 4), 863 |
| MH/SA\* | 750-776 |
| Rehab | 860 |

\*Mental Health/Substance Abuse

1. **What does recentering of relative weights mean? Does this affect total payment?**

Recentering refers to applying a multiplying factor that brings the average case mix of a given dataset to 1.00. This allows for easier year-to-year comparisons and mitigates base rate swings when there is a grouper update.

The average Solventum APR DRG V.41 case mix of the SFY 2023 Idaho Medicaid dataset was 0.8820. A recentering factor of 1.1337 is applied to the relative weight of every Solventum APR DRG to bring the average case mix to 1.00. There is no impact to payment because the factor is applied equally to all claims. Without it, the base rate would have been raised by the same factor. Essentially, every claim would have the same payment with or without the recentering factor applied.

1. **What are policy adjustors, and how are they applied?**

Policy adjustors act as multipliers in payment calculations. They are used to increase or decrease calculated payments based on varying criteria. DHW will apply three types of policy adjustors to all claims: Service Category (based on Solventum APR DRG assignment), Age (based on patient age and Solventum APR DRG assignment), and Hospital (based on National Provider Identifier [NPI]). Payment calculations for all claims include all three policy adjustors. In some cases, the policy adjustor is set to 1.00 and does not affect payment.

1. **How does the Service Category policy adjustor work?**

The Service Category policy adjustor is multiplied by the recentered Solventum APR DRG relative weight for each Solventum APR DRG. This multiplied value is the relative weight that is loaded into the Medicaid Enterprise System (MES). All Service Category policy adjustors for SFY 2025 were set with a target payment-to-cost ratio of 90-100%.

The values for SFY 2025 are shown in the table below:

|  |  |  |
| --- | --- | --- |
| **Service Category Policy Adjustor Values** | | |
| **Service Category** | **SFY 2024** | **SFY 2025** |
| Transplant | 1.45 | 1.37 |
| Med/Surg | 1.00 | 1.00 |
| Oncology | 1.35 | 1.25 |
| Cardiovascular | 1.00 | 1.00 |
| Obstetrics | 1.35 | 1.25 |
| Normal newborn | 1.55 | 1.61 |
| Neonate | 1.00 | 1.46 |
| MH/SA | 1.60 | 1.00 |
| Rehab | 1.55 | 1.64 |

The formula to calculate the Solventum APR DRG weight that is loaded into the MMIS is:

***Solventum National HSRV Relative Weight x Recentering Factor x Service Category Policy Adjustor = Weight for Payment Calculation***

Examples of this formula below are applied to Solventum APR DRGs 190-1 (ACUTE MYOCARDIAL INFARCTION; Cardiovascular Service Category) and 626-1 (NEONATE BIRTH WEIGHT 2000-2499 GRAMS, NORMAL NEWBORN OR NEONATE WITH OTHER PROBLEM, Normal newborn Service Category):

***Solventum APR DRG 190-1: 0.7617 x 1.1337 x 1.00 = 0.8635***

***Solventum APR DRG 626-1: 0.1490 x 1.337 x 1.61 = 0.2720***

1. **How does the Hospital policy adjustor work?**

The hospital-type policy adjustor applies to rehabilitation and long-term acute care (LTAC) hospitals in Idaho. The transitional hospital adjustor is discontinued.

The formula to calculate the hospital base rate that is loaded into the MMIS is:

***Idaho/OOS Base Rate x Hospital Policy Adjustor = Adjusted Base Rate for Payment Calculation***

The hospital values for SFY 2025 are shown below:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Hospital DRG Base Rates for SFY 2025** | | | | | |
| **Hospital Name** | **Medicare ID** | **Statewide / OOS Base Rate** | **Hosp. Type** | **Hospital-Type Policy Adjustor** | **Adjusted Base Rate** |
| 130002 | St Luke’s Magic Valley RMC | $ 11,207.00 | - | 1.00 | $ 11,197.00 |
| 130003 | St Joseph RMC | $ 11,207.00 | - | 1.00 | $ 11,197.00 |
| 130006 | St Luke’s RMC | $ 11,207.00 | - | 1.00 | $ 11,197.00 |
| 130007 | St Alphonsus RMC | $ 11,207.00 | - | 1.00 | $ 11,197.00 |
| 130013 | St Alphonsus Med Ctr Nampa | $ 11,207.00 | - | 1.00 | $ 11,197.00 |
| 130014 | West Valley Medical Center | $ 11,207.00 | - | 1.00 | $ 11,197.00 |
| 130018 | Eastern Idaho RMC | $ 11,207.00 | - | 1.00 | $ 11,197.00 |
| 130025 | Madison Memorial Hospital | $ 11,207.00 | . | 1.00 | $ 11,197.00 |
| 130028 | Portneuf Medical Center | $ 11,207.00 | - | 1.00 | $ 11,197.00 |
| 130002 | St Luke’s Magic Valley RMC | $ 11,207.00 | - | 1.00 | $ 11,197.00 |
| 130003 | St Joseph RMC | $ 11,207.00 | - | 1.00 | $ 11,197.00 |
| 130006 | St Luke’s RMC | $ 11,207.00 | - | 1.00 | $ 11,197.00 |
| 130063 | Treasure Valley Hospital | $ 11,207.00 | - | 1.00 | $ 11,197.00 |
| 130065 | Mountain View Hospital | $ 11,207.00 | - | 1.00 | $ 11,197.00 |
| 130066 | Northwest Specialty Hospital | $ 11,207.00 | - | 1.00 | $ 11,197.00 |
| 130067 | Mountain River Birthing | $ 11,207.00 | - | 1.00 | $ 11,197.00 |
| 130071 | St Luke’s Nampa Medical | $ 11,207.00 | - | 1.00 | $ 11,197.00 |
| 130074 | Idaho Falls Community Hospital | $ 11,207.00 | - | 1.00 | $ 11,197.00 |
| 133028 | Saint Alphonsus Rehab | $ 11,207.00 | Rehab | 2.65 | $ 29,698.55 |
| 132001 | Northern Idaho Advanced Care | $ 11,207.00 | LTAC | 2.65 | $ 29,698.55 |
| 132002 | Vibra Hospital of Boise | $ 11,207.00 | LTAC | 2.65 | $ 29,698.55 |
| 133027 | Rehab Hospital of the Northwest | $ 11,207.00 | Rehab | 2.65 | $ 29, 698.55 |
| 134009 | Lifeways Hospital | $ 11,207.00 | - | 1.00 | $ 11,197.00 |
|  | Out of State | $ 13,010.00 |  | 1.00 | $ 13,000.00 |

1. **How are Designated Border Hospitals identified?**

With the transition to DRGs complete, there is no longer any effective difference between Designated Border Hospitals and other out-of-state hospitals. No hospitals – in or out of state – have transitional base rates in SFY 2025. The hospital-type policy adjustor is currently only applicable to Idaho hospitals.

Designated Border Critical Access Hospitals continue to be exempt from DRG payments.

1. **How are base rates set?**

Base rates to calculate DRG payments were set to meet the requirements of 2020 Idaho Legislature [House Bill 351](https://legislature.idaho.gov/sessioninfo/billbookmark/?yr=2020&bn=H0351), achieve specific budget targets, and accomplish the following financial impact goals:

* Budget neutrality compared to the SFY 2023 dataset
* Payments to OOS hospitals in aggregate at an estimated 87% of costs

To achieve these goals in conjunction with other components of the DRG system, the SFY 2025 base rates prior policy adjustors are $11,207 for Idaho hospitals and $13,010 for out-of-state hospitals.

1. **What are outlier payments, and how are they applied?**

The outlier policy is intended to increase reimbursement for extraordinarily expensive inpatient claims. Outlier payments are added to the DRG payment. Outlier payment calculations are driven by several variables:

* Estimated cost of the claim
* Cost outlier threshold ($25,000 for all claims) – this is a value to determine if a claim is eligible for outlier payment
* Outlier Payment Percentage (60% for all claims) – this is a value used to calculate the amount of the outlier payment

The outlier calculations follow a specific order as follows:

**Estimate Cost**

***Charges x Hospital-Specific CCR (Idaho average for OOS)***

**Estimate Gain/Loss**

***Estimated Cost – Base DRG Payment (after transfer adjustment if applicable)***

**Determine Eligibility for Outlier Payment**

***If Estimated Loss exceeds outlier threshold ($25,000), claim qualifies for outlier payment***

**Calculate Outlier Payment**

***(Estimated loss – outlier threshold [$25,000]) x Outlier payment percentage (60%)***

1. **If a patient is transferred, does a hospital receive the full DRG payment?**

Transfer payment adjustments occur when a patient is transferred to another hospital and the actual length of stay is less than the national average length of stay as calculated by Solventum in Solventum APR DRG V.41. The prorated transfer payment adjustment is based on the percentage of days the patient was in the hospital compared to the Solventum average. In cases where a patient is transferred, the transferring hospital may receive a transfer adjustment, and the receiving hospital would receive full DRG payment (unless the patient is transferred again). Claims that receive a transfer adjustment are not eligible to receive outlier payments.

Solventum APR DRGs 580 and 581 are excluded from the transfer adjustment policy, as these Solventum APR DRGs are specifically for neonates that are transferred (the transfer is already considered in the relative weight.)

Transfer cases are identified by the following discharge status code on the claim:

|  |  |  |
| --- | --- | --- |
| **Discharge Status Codes for Transfer Adjustment in SFY 2025** | | |
| **Code** | **Transfer** | **Description** |
| 02 | T | Discharged/transferred to short-term general hospital for inpatient care |
| 05 | T | Discharged/transferred to a designated cancer center or children's hospital |
| 62 | T | Discharged/transferred to an inpatient rehabilitation facility including distinct part units of a hospital |
| 63 | T | Discharged/transferred to a long term care hospital |
| 65 | T | Discharged/transferred to a psychiatric hospital or psychiatric distinct part unit of a hospital |
| 66 | T | Discharged/transferred to a Critical Access Hospital (CAH) |
| 82 | T | Discharged/transferred to a short term general hospital for inpatient care with a planned acute care hospital inpatient readmission |
| 85 | T | Discharged/transferred to a designated cancer center or children's hospital with a planned acute care hospital inpatient readmission |
| 90 | T | Discharged/transferred to an inpatient rehabilitation facility (IRF) including rehabilitation distinct part units of a hospital with a planned acute care hospital inpatient readmission |
| 91 | T | Discharged/transferred to a Medicare certified long term care hospital (LTCH) with a planned acute care hospital inpatient readmission |
| 93 | T | Discharged/transferred to a psychiatric distinct part unit of a hospital with a planned acute care hospital inpatient readmission |
| 94 | T | Discharged/transferred to a critical access hospital (CAH) with a planned acute care hospital inpatient readmission |

To qualify for the transfer adjustment, the discharge status code must be one of the codes on the table above, the Solventum APR DRG assignment must not be 580 or 581, and the actual length of stay must be at least one day less than the national average length of stay. If these criteria are met, then the calculation below is applied:

***([Hospital-Specific Base Rate x Age Adjustor x Recentered and Adjusted Relative Weight] / Average Length of Stay) x (Actual Length of Stay + 1)***

1. **Will reimbursement be limited to billed charges?**

Yes. The DRG payment amount for all claims shall not exceed the claim’s charges. In cases where charges are less than the calculated DRG payment amount, the allowed amount will be equal to the claim’s charges.

1. **What if a patient is eligible for Medicaid for only a portion of an inpatient stay?**

DHW will only reimburse hospitals for inpatient services rendered on Medicaid-covered days. That is, if a patient gains or loses Medicaid eligibility during an inpatient stay, DHW will pay only for those days during which the patient is covered by Medicaid. In these instances, hospitals must split bill and submit to DHW a claim that spans only the Medicaid-covered days and does not include non-covered days. If non-covered days are included, the claim will deny.

1. **How will Graduate Medical Education (GME) be paid?**

Graduate Medical Education (GME) is reimbursed using a hospital-specific percentage add-on. The add-on functions similar to a policy adjustor. The total DRG payment after all payment calculations have been made is multiplied by a hospital-specific percentage. This allows GME payments to be easily separated from DRG payments for reporting purposes. The GME payment formula is as follows:

***DRG Payment after Charge Cap x Hospital-Specific Percentage***

The GME add-on percentages were calculated to equal the GME payments hospitals received following their FYE 2022 cost reports on a per diem basis, as applied to their claims volume in the SFY 2023 dataset. That is, the GME payments for FYE 2022 were divided by the number of inpatient days on the FYE 2022 cost reports. This per diem amount was multiplied by the claims volume in the SFY 2023 dataset.

1. **How will readmissions be reimbursed?**

Claims for readmissions will be processed and paid as unique and distinct inpatient stays in SFY 2025. A new Solventum APR DRG may be assigned, and payment will be calculated independently of the initial admission.

1. **Will there be an outpatient bundling window similar to Medicare?**

Hospitals are currently required to bill any emergency room (ER) and observation services that occur on the same day as an inpatient admission on the inpatient claim. Other types of outpatient services and ER/observation services prior to the day of an inpatient admission are separately reimbursed on outpatient claims. This policy will continue in in SFY 2025. Same-day ER/observation services included on the inpatient claim will be processed through the Solventum APR DRG grouper and will be considered in the Solventum APR DRG assignment.

A change to an outpatient bundling policy more similar to Medicare is possible in future years.

1. **Will administrative days be granted and paid separately under the new methodology?**

Policies concerning administrative days (sometimes referred to as awaiting placement days) are outside the scope of DRG methodology and are not affected by it.

1. **Will the SFY 2025 DRG update change authorization requirements?**

No. Concurrent and continued stay review authorization requirements are no longer be required for providers reimbursed under the DRG methodology as they were under cost settlement reimbursement. The concurrent and continued stay reviews were replaced with retrospective DRG audits starting July 1, 2021. There is no change to this policy in SFY 2025.

1. **How often will updates occur to the DRG system? What will be included in updates?**

DHW has not decided on the schedule of future updates to the DRG system at this time. Future updates may include but are not limited to the DRG grouper and relative weights, policy adjustors, base rates, and outlier policies and values.

1. **When will Solventum APR DRG grouper updates occur?**

Solventum publishes a new grouper version annually on October 1 to coincide with the annual release of International Classification of Diseases, Tenth Revision (ICD-10-CM) diagnosis and procedure codes. Each grouper version incorporates ICD-10 coding changes effective October 1, and some versions contain other changes, such as refinements to the Solventum APR DRG assignment logic or the population of Solventum APR DRGs. Therefore, it’s necessary to annually install a Mapper on October 1 that maps new ICD-10 codes to the previous Solventum APR DRG version. An update to Solventum APR DRG Version 42 has not been determined at this time.

1. **Do hospitals need to purchase Solventum APR DRG software?**

No. Solventum APR DRG assignments and payment calculations are derived for information on inpatient UB-04 claims. Hospitals do not need to code the Solventum APR DRG assignment on the claim. Hospitals may choose to purchase Solventum APR DRG software in order to estimate what their payments will be.

1. **Is the present-on-admission (POA) indicator to be used?**

Yes. Hospitals should submit valid values for POA indicators.

1. **How is payment affected if a health-care acquired condition (HCAC) is included on a claim?**

Payment for HCACs is prohibited under federal law. HCACs will be identified using the Solventum HAC utility. The Solventum APR DRG software will regroup claims with the HCAC removed. If a different Solventum APR DRG or SOI is assigned, payment is recalculated based on the new Solventum APR DRG assignment.