



STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES

Med-QUEST Division
Health Care Services Branch
P.O. Box 700190
Kapolei, Hawaii 96709-0190

November 5, 2021

MEMORANDUM

MEMO NO.
QI-2116A
CCS-2106A
FFS 21-06A

TO: QUEST Integration (QI) Health Plans
Community Care Services (CCS) Health Plan
Hospital Providers
Fee-For-Service Providers

FROM: Judy Mohr Peterson, PhD *JMP*
Med-QUEST Division Administrator

SUBJECT: IMPLEMENTATION OF ALL PATIENTS REFINED DIAGNOSIS RELATED GROUPS
(APR DRG)

This memorandum is an update to memorandum QI-2116, CCS-2106, FFS 21-06
"IMPLEMENTATION OF ALL PATIENT REFINED DIAGNOSIS RELATED GROUPS (APR DRG).

Updated Information

- Med-QUEST Division (MQD) has received Centers for Medicare & Medicaid Services (CMS) approval to implement to APR DRG as a directed payment (e.g. required reimbursement/payment for health plans to hospitals).
- An amended Public Notice for State Plan Amendment (SPA) 21-0011 with a release date of September 10, 2021 is posted on the MQD website.
- Pending approval of the SPA, Medicaid admissions dates beginning on July 1, 2022 will be reimbursed using the APR DRG payment algorithm (moved from January 1, 2022).
- The MQD contract with 3M™ APR DRG has been executed
- Health Plans have received training on the Hawai'i DRG Calculator tool

- APR DRG business processing rules/requirements have been published
- An APR DRG SharePoint site is available to Health Plans for information sharing purposes
- MQD is in discussion with Health Plans on APR DRG certification standards. It is important that Health Plans and MQD consistently apply the same processing rules for APR DRG. The certification standards will ensure that processing rules are applied uniformly across the different organizations. MQD has been meeting with Health Plan representatives to discuss the certification process, and has used feedback gathered during these meetings to better align the process with the certification goals.

Upcoming Implementation Activities and Expected Timeframes

Upcoming activities will focus on ensuring that health plan implementation of the APR DRG system is consistent with MQD's fee-for-service implementation, and that hospitals are given appropriate billing guidance for the APR DRG system.

- On-going meetings with the health plans have resulted in a rethinking of the certification process. The stated goal of the process is: "Through the uniform and correct application of MQD business rules (i.e., requirements), ensure DRG grouping and DRG pricing calculations by health plans are consistent with MQD calculations." This is still the goal although the certification process has become more tailored for each health plan.
 - MQD will distribute a draft Test Plan format for health plans to review
 - Health Plans will complete the Test Plan for MQD review and approval by December 1, 2021
 - Health Plans will submit rationale for failed test for MQD review by May 1, 2022
 - Health Plans will submit final Test Plan results for MQD review by June 1, 2022
 - MQD will certify and sign off on Health Plan test results by June 18, 2022
- MQD will train hospitals on the Hawai'i DRG Calculator tool. This Excel-based tool calculates the allowed amount under the FFS APR DRG payment methodology for a single inpatient claim, based on user inputs. Note this tool requires the APR DRG patient classification as an input, and does not "group" the claim (users must obtain the claim APR DRG separately using 3M™ software). MQD will provide an overview and necessary training on the appropriate use of this tool, and it is anticipated that this tool will be used as a check on processing rule changes.
- Complete hospital billing guidance in support of APR DRG processing will be released by January 31, 2022, and be made available to hospitals and health plans.

Please contact Mr. Eric Nouchi at enouchi@dhs.hawaii.gov with any questions or concerns.