

**State of Wyoming
Inpatient Hospital Level of Care Rebasing**

Table 2: Comparison of the Current LOC System and Rebased LOC Rate Methodology

Program Features	Current LOC	Rebased LOC
Base Year	Current LOC base rates calculated using: <ul style="list-style-type: none"> • Wyoming Medicaid inpatient hospital claims data from July 1, 1994 through December 31, 1996 • Most recently audited Medicare cost report with provider fiscal year end on or before August 31, 1994 through December 31, 1996 	Rebased LOC base rates calculated using: <ul style="list-style-type: none"> • Wyoming Medicaid inpatient hospital claims data paid in State Fiscal Years (SFYs) 2006 and 2007 • Participating provider Medicare cost report data from provider fiscal years 2005 and 2006
Base Rates	<ul style="list-style-type: none"> • Hospital-specific and statewide per discharge rates 	Per diem rates (rehabilitation levels of care) and per discharge rates (all other levels of care): <ul style="list-style-type: none"> • Hospital-specific • Peer group aggregate (participating providers without hospital-specific rates) • Statewide aggregate (non-participating providers)
Peer Groups	<ul style="list-style-type: none"> • Hospital-specific and statewide 	<ul style="list-style-type: none"> • Teaching hospitals • Critical Access Hospitals • Hospitals with 90 staffed beds or less • Hospitals with more than 90 staffed beds • Hospitals that provide psychiatric services

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Program Features	Current LOC	Rebased LOC
Ceiling Rates	<p>The ceiling rate for hospital-specific LOCs equals:</p> <ul style="list-style-type: none"> • 150% of the LOC median cost per discharge for participating children’s hospitals • 110% of the LOC median cost per discharge for all other participating providers <p>The ceiling rate for statewide LOCs equals the statewide mean cost per discharge for each LOC.</p>	<p>The per discharge ceiling rate for each LOC and peer group equals:</p> <ul style="list-style-type: none"> • 150% of the peer group median cost per discharge for NICU Level III discharges • 110% of the peer group median cost per discharge for all other levels of care (excludes rehab per diems)
Participating Providers	<ul style="list-style-type: none"> • In-state hospitals 	<ul style="list-style-type: none"> • In-state hospitals that submitted a claim in the base period
	<ul style="list-style-type: none"> • Out-of-state hospitals with payments greater than or equal to \$250,000 for claims paid from July 1, 1994 through December 31, 1996. 	<ul style="list-style-type: none"> • Out-of-state hospitals with Medicaid payments (inflated to SFY 2009) greater than or equal to \$400,000 for claims paid in SFYs 2006 and 2007.
	<ul style="list-style-type: none"> • Rehabilitation and psychiatric facilities that received payment for claims during the period from July 1, 1994 through December 31, 1996. 	<ul style="list-style-type: none"> • Rehabilitation and psychiatric facilities that are active Wyoming Medicaid providers and received Medicaid payments for claims during SFYs 2006 or 2007.

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Capital Payment Rate <i>(Participating Providers only)</i>	\$352.67 per discharge (Statewide median capital cost per discharge) *Implemented using a three year phase-in approach.	<ul style="list-style-type: none"> • \$277.87 per discharge (Statewide median capital cost per discharge*) • \$73.12 per diem (Statewide median capital cost per discharge divided by the average length of stay across all inpatient hospital claims*) • Capital per diem payments are made for transfer claims and rehabilitation claims, and the total capital payment cannot exceed the capital per discharge rate of \$277.87. • Capital payments are not made for one-day stays. <p><i>*Note: The calculation of the capital payment rate excludes one-day stays.</i></p>
Direct Medical Education Payment Rates <i>(Participating Providers only)</i>	Hospital-specific per discharge rate [LOC base rate X (Medical education costs/Operating costs)]	<ul style="list-style-type: none"> • No medical education payment • Medical education costs are considered non-allowable and were not included in the rate development or budget impact analysis.

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Program Features	Current LOC	Rebased LOC
Transfer Rate/One-day stay Payment Rates	<p>Hospital-specific and statewide LOC per diem rate [LOC base rate/Geometric mean length of stay]</p> <p><i>*Note: Transfers for participating hospitals receive a capital payment when the transfer payment equals the LOC payment, but one-day stays do not receive capital payments.</i></p>	<ul style="list-style-type: none"> • Hospital-specific per diem rates • Peer group per diem rates (participating providers) • Statewide LOC per diem rates (non-participating providers) <p>[LOC base rate/Geometric mean length of stay]</p> <p><i>*Note: Transfer cases are paid a per diem rate not to exceed the LOC payment. Transfers for participating hospitals receive a capital per diem payment not to exceed the capital per discharge payment, but one-day stays do not receive capital payments.</i></p>
Incentive Payments	<ul style="list-style-type: none"> • If a claim is paid through a level of care capped by the statewide ceiling using the hospital’s mean cost per discharge and the hospital’s mean cost per discharge is less than the statewide cost per discharge, the claim is eligible for an incentive payment. • The incentive payment equals 25% of the difference between the statewide mean cost per discharge and the hospital-specific mean cost per discharge for the LOC. 	<ul style="list-style-type: none"> • Hospitals with an average cost per discharge that is below the ceiling receive an additional “incentive” payment to continue to hold down their costs. • For all services except rehabilitation, the incentive payment equals 15% of the difference between 110% of the peer group median cost per discharge and the hospital-specific average cost per discharge for the LOC.

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Program Features	Current LOC	Rebased LOC
Cost-to-Charge Ratios <i>(Used to calculate allowable costs)</i>	Hospital-specific and statewide for each LOC <i>*Note: Hospital-specific CCRs > 1.0 are capped at the statewide LOC CCR.</i>	<ul style="list-style-type: none"> • Hospital-specific CCRs • Peer group CCRs (participating providers) • Statewide LOC CCRs (non-participating providers) <i>*Note: Hospital-specific CCRs > 1.0 are capped at the statewide LOC CCR.</i>
Outlier Policy	<ul style="list-style-type: none"> • <i>Threshold:</i> <ul style="list-style-type: none"> ➢ Children’s Hospitals: Two times the level of care payment ➢ All Other Hospitals: Three times the level of care payment • <i>Payment:</i> 75% of the difference between allowable costs and the outlier threshold. 	<ul style="list-style-type: none"> • <i>Threshold:</i> Two times the level of care payment • <i>Payment:</i> 75% of the difference between allowable costs and the outlier threshold.
Specialty Services		
<ul style="list-style-type: none"> • <i>Transplants</i> 	Contracted Per Discharge Rate	Contracted Per Discharge Rate
<ul style="list-style-type: none"> • <i>Extended Psychiatric (Discontinued)</i> 	Contracted Per Diem Rate	N/A (Combined with psychiatric LOC services)

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Program Features	Current LOC	Rebased LOC
<i>LOC Rates</i>		
<ul style="list-style-type: none"> Rehabilitation with and without ventilator (Updated LOC) 	<ul style="list-style-type: none"> Specialty Rehabilitation (LOC 15) pays a contracted per diem rate Rehabilitation LOC (LOC 25) pays the lower of: <ul style="list-style-type: none"> Hospital-specific median cost per discharge 150% of the median cost per discharge for children’s hospitals 110% of the median cost per discharge for all other participating providers 	<ul style="list-style-type: none"> Hospital average cost per diem for non-ventilator services Add-on of \$143 per day when ventilator ICD-9 procedure code is present on the claim <p><i>*Note: Includes specialty rehabilitation services and LOC rehabilitation services.</i></p>
<ul style="list-style-type: none"> Maternity/Surgical 	Lower of: <ul style="list-style-type: none"> Hospital-specific average cost per discharge Statewide average cost per discharge 	Lower of: <ul style="list-style-type: none"> 110% of the peer group median cost per discharge (ceiling) Hospital average cost per discharge
<ul style="list-style-type: none"> Maternity/Medical 	Lower of: <ul style="list-style-type: none"> Hospital-specific mean cost per discharge Statewide mean cost per discharge 	Lower of: <ul style="list-style-type: none"> 110% of the peer group median cost per discharge (ceiling) Hospital average cost per discharge

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<ul style="list-style-type: none"> • <i>NICU (New LOC)</i> <ul style="list-style-type: none"> ➤ <i>Level I & II NICU Hospitals</i> ➤ <i>Level III NICU Hospitals</i> 	N/A	<p>For participating children’s hospitals, the lower of:</p> <ul style="list-style-type: none"> • 150% of the peer group median cost per discharge (ceiling) • Hospital average cost per discharge <p>For all other providers, the lower of:</p> <ul style="list-style-type: none"> • 110% of the peer group median cost per discharge (ceiling) • Hospital average cost per discharge
<ul style="list-style-type: none"> • <i>ICU/CCU/Burn</i> 	<p>Lower of:</p> <ul style="list-style-type: none"> • Hospital-specific median cost per discharge • 150% of the median cost per discharge for children’s hospitals • 110% of the median cost per discharge for all other participating providers 	<p>Lower of:</p> <ul style="list-style-type: none"> • 110% of the peer group median cost per discharge (ceiling) • Hospital average cost per discharge
<ul style="list-style-type: none"> • <i>Surgery</i> 	<p>Lower of:</p> <ul style="list-style-type: none"> • Hospital-specific median cost per discharge • 150% of the median cost per discharge for children’s hospitals • 110% of the median cost per discharge for all other participating providers 	<p>Lower of:</p> <ul style="list-style-type: none"> • 110% of the peer group median cost per discharge (ceiling) • Hospital average cost per discharge

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<ul style="list-style-type: none"> • <i>Psychiatric (Updated LOC)</i> 	Lower of: <ul style="list-style-type: none"> • Hospital-specific median cost per discharge • 150% of the median cost per discharge for children’s hospitals • 110% of the median cost per discharge for all other participating providers 	Lower of: <ul style="list-style-type: none"> • 110% of the peer group median cost per discharge (ceiling) • Hospital average cost per discharge <i>*Note: Includes extended psychiatric services and LOC psychiatric services.</i>
<ul style="list-style-type: none"> • <i>Newborn Nursery (Updated LOC)</i> 	Rates for the Normal Newborn and Newborn Readmissions LOCs based on the lower of: <ul style="list-style-type: none"> • Hospital-specific mean cost per discharge • Statewide mean cost per discharge 	Lower of: <ul style="list-style-type: none"> • 110% of the peer group median cost per discharge (ceiling) • Hospital average cost per discharge
<ul style="list-style-type: none"> • <i>Routine</i> 	Lower of: <ul style="list-style-type: none"> • Hospital-specific mean cost per discharge • Statewide mean cost per discharge 	Lower of: <ul style="list-style-type: none"> • 110% of the peer group median cost per discharge (ceiling) • Hospital average cost per discharge