

Continuum of Options for a “Similar” Inpatient DRG-Based Payment Method Among Rhode Island’s Non-Medicare Payers Framework for Discussion

Scope of Services	Grouper Selection and Payment Factors	Statewide Rate Review/Setting				
		None	<OR>	State will:		
		Competitive Bidding	Established by Payer	Review & Approve	Establish Rates	
<p>Most inpatient services paid on DRG-based method; <u>exceptions</u> (e.g., psychiatric, NICU) at payer discretion</p> <p style="text-align: center;">OR</p> <p>Most inpatient services paid on DRG-based method; <u>exceptions</u> (e.g., psychiatric, NICU) same for all payers, established by State</p> <p style="text-align: center;">OR</p> <p>All inpatients paid on DRG-based method</p>	Any Grouper(s) at Payer Discretion	_____ &/or _____ or _____				
	Single Grouper State Selected	Payer Discretion OR Established by State	<i>For base rate and outlier add-on</i>			
	<ul style="list-style-type: none"> • DRG weights _____ or _____ • Policy weights _____ or _____ • Outliers (weights) _____ or _____ Plus optional: <ul style="list-style-type: none"> • Policy add-ons For example: <ul style="list-style-type: none"> Quality Community service Teaching & research Other 	Payer Discretion OR Established by State <u>Min. Set</u> OR <u>All</u>	_____ &/or _____ or _____ or _____ <div style="border: 1px dashed black; padding: 5px; display: inline-block; margin: 5px;"> Same for each hospital or Different among hospitals </div>			
		_____ or _____ or _____		<i>For policy add-on amount(s)</i>		

$$\text{\$Payment for Inpatient Stay} = \text{\$Base Rate} \times (\text{DRG weight} \times \text{Policy adjuster weight}) + \text{\$Outlier payment} + \text{\$Policy add-on(s)}$$

- The “Grouper” defines the set of DRGs for inpatient stays.
- Outlier payments and policy add-ons may, optionally, be calibrated to the DRG weight.