MHDO Hospital Inpatient Data DRG Policy

September 27, 2017

# Overview

MHDO assigns the DRG using the 3M Grouper software (CGS). Currently, two different sets of DRG codes and Major Diagnostic Categories (MDC) codes are created: one based on the All Patients Refined Diagnosis Related Groups (APR-DRG) and the other on the Medicare Severity-Diagnosis Related Groups (MS-DRG). The MDHO had previously also distributed two older versions of DRGs (AP-DRGS and CMS-DRGs) which have since been depreciated by their maintainers.

Both the APR-DRG and the MS-DRG are revised annually. For the last several years the annual updates are released in October of each year and are for records with discharge dates on or after this date.

MHDO’s practice has been to use a single version of the DRG for the entire calendar year. So, for instance, hospital encounters from calendar year 2015 were calculated using v32 of the APR-DRG and MS-DRG which was effective for discharge dates between 10/1/2014 and 9/30/2015. This was done largely due to timing, since at the time of data processing the updated CGS software with v33 of the DRGs was not yet available. This approach allowed for earlier release of the data.

# MHDO’s Proposal

After investigation, MHDO has concluded that calculating the Q4 DRGs in this way contributed to a spike in unassigned cases during the 2016 processing. This may be due to there being a higher volume of new codes being added under ICD-10 than historically were added under ICD-9. Given this finding, the MHDO proposes to calculate DRGs using the effective date range associated with each version. This will yield DRG values that are consistent with the CMS payment rules in effect at the time of service.

The DRG version used will be determined by the discharge date on the encounter record following the table below. Note each version starts in the 4th quarter of one year and extends through the end of the 3rd quarter of the subsequent year. This means that in each year's hospital encounter data, we will have two different versions of the DRGs—one for Q1-Q3 and the subsequent version for Q4.

**Example:**

|  |  |  |
| --- | --- | --- |
| Calendar Year | DRG Version | Date Range |
| 2013 | v30 | 1/1/2013 - 9/30/2013 |
| v31 | 10/1/2013 - 12/31/2013 |
| 2014 | v31 | 1/1/2014 - 9/30/2014 |
| v32 | 10/1/2014 - 12/31/2014 |
| 2015 | v32 | 1/1/2015 - 9/30/2015 |
| v33 | 10/1/2015 - 12/31/2015 |
| 2016 | v33 | 1/1/2016 - 9/30/2016 |
| v34 | 10/1/2016 - 12/31/2016 |
| 2017 | v34 | 1/1/2017 - 9/30/2017 |
| v35 | 10/1/2017 - 12/31/2017 |

# Hospital Data Release Schedule

|  |  |
| --- | --- |
| Data Period | Release Date |
| Q1 207 Inpatient | TBD |
| Q2 2017 Inpatient | November 30, 2017 |
| Q3 2017 Inpatient | February 28, 2018 |
| Q4 2017 Inpatient | May 30, 2018 |
| Q1 – Q4 2017 Outpatient | June 2018 |

**Note:**  this schedule is subject to change based on the release of the annual software update.