

## **Diagnosis-Related Groups: Contract and Health Facility Planning Areas Changes**

### **Reminder**

Effective for admissions on or after July 1, 2013, reimbursement for private inpatient general acute care hospitals will be based on a Diagnosis-Related Group (DRG) payment methodology. The specific DRG algorithm is All Patient Refined (APR) Diagnosis-Related Groups. This is a change from the current methodology of per diem rates for contract hospitals or cost reimbursement for non-contract hospitals.

### **Upcoming Changes**

The transition to DRG reimbursement will result in the following changes:

- Selective Provider Contracting Program (SPCP) restrictions will no longer be in effect for admissions on or after July 1, 2013.
- Hospitals will no longer be designated as contract or non-contract facilities.
- The closed Health Facility Planning Area (HFPA) designation will no longer be applicable. Previously, only contract hospitals within a closed HFPA could provide services to Medi-Cal recipients, except in emergencies or as provided for under *Welfare and Institutions Code*, Section 14087.
- All HFPAs will be considered open areas. This means all hospitals may serve Medi-Cal recipients for both emergency and elective services, subject to approved *Treatment Authorization Requests* (TARs).

### **DRG Web Page**

Providers may visit the [Diagnosis Related Group Hospital Inpatient Payment Methodology](#) web page on the Department of Health Care Services (DHCS) website for information about DRG implementation. The DHCS Medi-Cal [Newsroom](#) will also be updated regularly with bulletins about DRG implementation.