

## **DRG Transitional Base and Statewide Rates**

The Department of Health Care Services' (DHCS) reimbursements for inpatient general acute care hospitals (facilities) are based on the diagnosis-related group (DRG) reimbursement methodology for private hospitals since July 1, 2013, and for non-designated public hospitals since January 1, 2014.

### **Transitional Base Rates**

After July 1, 2013, if two or more DRG facilities participate in a merger, as provided in *California Code of Regulations* (CCR), Title 22, Section 51000.6, each of the merged facilities shall retain their respective DRG base rates used for the July 1, 2013 to June 30, 2017 transitional rates originally established by DHCS for each facility. The merger has no effect on each facility's DRG rate after the July 1, 2013 implementation, as it was not a factor in the establishment of DRG transitional rates. The transitional rates will remain in place until the conclusion of the transition period on June 30, 2017 (see *Welfare and Institutions Code* [W&I Code], §14105.28).

In addition, no acquisition, change of ownership (as defined in CCR, Title 22, Section 51000.6), change of control interest, asset purchase, merger, consolidation, reorganization or any other type of transaction affecting the owner or operator of a DRG facility shall modify the transitional rate for the DRG facility.

This provider bulletin is published under the authority specified in paragraph (2) of subdivision (f) of Section 14105.28 of the W&I Code, which provides in part:

"Notwithstanding the rulemaking provisions of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, or any other provision of law, the department may implement and administer this section by means of provider bulletins, all-county letters, manuals, or other similar instructions, without taking regulatory action." This provider bulletin governs should there be a conflict between this provider bulletin and any previous Department published provider bulletins relating to W&I Code Section 14105.28.