

Diagnosis-Related Group Payment Methodology to Implement in 2013

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 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.

The new payment methodology will apply to general acute care hospitals, except for the following:

- Psychiatric hospitals
- Public hospitals (designated and non-designated)
- Rehabilitation services (including drug and alcohol)

These facilities and services are not reimbursable using the DRG methodology, except for non-designated public hospitals if their pending new payment methodology is not approved.

The Department of Health Care Services (DHCS) has created a new Medi-Cal [Diagnosis Related Group Hospital Inpatient Payment Methodology](#) web page on the DHCS website to provide hospitals with information about DRG implementation. The web page contains useful information for providers seeking to learn more about the DRG project. DHCS strongly encourages interested parties to visit the DRG web page on an ongoing basis. The web page will be updated as the DRG project progresses.

DHCS requests as part of development of hospital-specific information for DRG payment, including transitional base prices, that all affected hospitals email an authorized point of contact (POC) to the DRG mailbox at DRG@dhcs.ca.gov. The information should include the hospital's name, National Provider Identifier (NPI) and the POC's name, title, email address and telephone number. DHCS will use this contact information for future direct contact that includes hospital-specific data.