

**ADDENDUM FOR PROPOSED STATE PLAN AMENDMENT
(SPA) 25-0022 TO UPDATE THE MEDI-CAL REIMBURSEMENT
METHODOLOGY FOR STATE FISCAL YEAR (SFY) 2025-26
DIAGNOSIS RELATED GROUP (DRG) PAYMENTS**

This is an Addendum to the SPA 25-0022 Public Notice, published on June 25, 2025.

May it be known that the following changes have been made to the original Public Notice:

SPA 25-0022 will also update the parameters of the DRG reimbursement methodology for SFY 2025-26 DRG payments and implement both annual changes to cost-to-charge ratios (CCR) and federal wage area definitions. These modifications include:

- Updating the Solventum All-Patient Refined Diagnosis Related Groups (APR-DRG) grouping software to Version 42.0
- Updating the Solventum software version of the Healthcare Acquired Conditions utility to Version 42.1.
- Increasing the statewide APR-DRG Base Price from \$8,380 to \$8,783 (4.81 percent).
- Increasing the Remote Rural APR-DRG Base Price from \$21,340 to \$24,860 (16.49 percent).
- Increasing the MCC Obstetric policy adjustor value for SOI 1 - 3 from 1.06 to 1.10.
- Increasing the MCC Miscellaneous Pediatric policy adjustor value for SOI 1 - 3 from 1.25 to 1.35.
- Increasing the MCC Normal Newborn policy adjustor value for SOI 1 - 3 from 1.00 to 1.10.
- Increasing the MCC Respiratory Pediatric policy adjustor value for SOI 1 - 3 from 1.25 to 1.35.
- Increasing the MCC Obstetric policy adjustor value for SOI 4 from 1.10 to 1.15.

- Reducing the MCC Respiratory Pediatric policy adjustor value for SOI 4 from 1.80 to 1.75.
- Increasing the MCC Normal Newborn policy adjustor value for SOI 4 from 1.00 to 1.10.
- Reducing the MCC Neonate Designated policy adjustor value for SOI 4 from 2.30 to 2.10.
- Reducing the MCC Neonate Standard policy adjustor value for SOI 4 from 1.80 to 1.60.
- Making required changes to the California and border hospital wage area index values, as provided by the Centers for Medicare and Medicaid Services (CMS) and adjusted by the California Wage Area Neutrality Adjustment, which decreased from 0.8477 to 0.9002.

The effective date of the proposed SPA remains July 1, 2025.

No other terms or conditions listed in the original public notice have changed.