

Illinois Department of Healthcare and Family Services

Hospital Rate Reform Initiative

Technical Advisory Group

March 27, 2013



NAVIGANT

Meeting Agenda



Agenda

Rate Reform Timeline

Description of Revised Baseline Models

Revised Inpatient Baseline Models

Revised Outpatient Baseline Models

Next Steps

Questions and Discussion

Rate Reform Timeline



Revised Baseline Models





Revised Baseline Model assumptions

- » Based on input from the various members of the hospital TAG, HFS has determined that the evaluation of inpatient and outpatient models should move forward concurrently, so that the combined payment impacts for both inpatient and outpatient services can be considered.
- » Also based on stakeholder input, HFS is analyzing the impact of including GRF static supplemental payments and MPA/MHVA payments in the new claim-based payment system funding pools.



Revised Baseline Model assumptions (continued)

- » Revised preliminary models are “baseline” without policy adjusters for discussion purposes only, and should not be considered HFS’ recommended approach.
- » These baseline models should be considered only as a starting point for discussions related to establishing appropriate funding levels (within budget neutrality parameters) by provider, provider type, service line or other relevant factors.



Revised Baseline Model assumptions (continued)

- » For both inpatient and outpatient, HFS has prepared 2 baseline model versions without policy adjusters:
 - › Model A: GRF static supplemental payments and MPA/MHVA payments included in the new DRG/EAPG system funding pool; assessment payments excluded.
 - › Model B: MPA/MHVA payments included in the new DRG/EAPG system funding pool; GRF static supplemental payments and assessment payments excluded.

- » Payments have not been allocated between inpatient and outpatient in revised baseline models.



Revised Baseline Model assumptions (continued)

- » Revised baseline models show projected payment impact before and after SMART Act reductions.
 - › New system DRG/EAPG funding pools for each category of service are based on current system payments before SMART Act reductions.
 - › New system estimated payments under baseline models result in more funds being subject to the SMART Act reductions than in the current system.



Revised Baseline Model assumptions (continued)

- » Revised baseline models show projected payment impact with and without “Year 1” transitional adjustments:
 - › Under the Year 1 transition, the modeled payment change for each provider, by Category of Service, is limited to a five percent gain or loss.
 - › Model A Year 1 transitional DRG/EAPG payments have been reduced by GRF static supplemental payments under the assumption that supplemental payments will remain separate from claim-based payments in the first year.

Revised Inpatient Baseline Models





Revised Inpatient Baseline Model Assumptions

- » No policy adjusters or provider adjustments (except for wage index adjustments to rates)
- » Specialty services payment based on flat per diem rate, adjusted by wage index
- » Modeled rates are designed to make each category of service budget neutral to target expenditures for Model A and Model B
 - › COS 20 – Acute
 - › COS 21 – Psychiatric
 - › COS 22 – Rehabilitation
 - › COS 20 – LTAC



Revised Inpatient Model Adjustments

- » TPL Claims: Based on provider feedback, HFS has identified non-representative (or outlier) TPL payment amounts reported in the claims data. Removed 2 claims totaling \$14 million.
- » Identification and removal of these claims raises additional questions:
 - › Should all claims with TPL amounts equal to or exceeding the Medicaid allowed amount be removed from our modeling analysis?
 - › If not, should the payment amount in the claim record be adjusted to reflect the Medicaid allowed amount?



Revised Inpatient Model Adjustments (Continued)

- » Allocated payments from maternity claims to zero-paid normal newborn claims (current system only – not for revised APR-DRG system):
 - › Determined the normal newborn payment add-on embedded in each maternity claim based on the ratio of 0.2012 to the total maternity CMS-DRG relative weight.
 - › Determined by hospital the average normal newborn add-on payment per maternity claim and assigned the amount to each zero-paid normal newborn claim.
 - › Determined the aggregate payments allocated to normal newborn claims and reduced maternity payments by the same amount.
 - › Resulting allocations were budget neutral for each provider.



Revised Inpatient Model Adjustments (Continued)

- » Transplants claims: To be consistent with the current system, separate APR-DRG payments were modeled for the pre-transplant service, the transplant operation and the post-transplant service (previous inpatient models merged these into one DRG payment).

Revised Outpatient Baseline Models





Revised Outpatient Baseline Model Assumptions

- » No policy adjusters or provider adjustments (except for wage index adjustments to rates)
- » Includes all institutional services billed from hospitals, and excludes NIPS and ASTC and dialysis center claims
- » Model uses EAPG default settings
- » Modeled rates are designed to make each category of service budget neutral to target expenditures for Model A and Model B
 - › COS 24 and 25 – Acute
 - › COS 27 and 28 – Psychiatric
 - › COS 29 – Rehabilitation

Next Steps





For Next TAG Meeting

- » Update inpatient and outpatient models for 2011 paid claims data
 - › Update inpatient model to v.30 APR-DRG and new national weights
 - › Address question related to TPL claims
 - › Address change in payment method for Rehabilitation “APL 6” claims
 - › Prepare both inpatient and outpatient models with the same modeling parameters used with the 2009 data
 - › Budget neutrality pool will be “reset” using 2011 claims payments (including MPA/MHVA amounts), along with the 2011 GRF Static Payments (adjusted for Smart Act changes)



Questions to be Considered:

1. Which model should the Department continue to focus on – A or B?
2. Should some inpatient funding be reallocated to outpatient services? If so, how should amounts to be reallocated be determined?
3. Should the Department consider service-related policy adjusters? If so, for what services?
 - Perinatal?
 - Trauma?
 - Other?



Questions to be Considered (Continued):

4. Should the Department consider provider-related policy adjusters?
 - Safety Net?
 - Trauma?
 - Children's?
 - Teaching?
 - Other?



Questions to be Considered (Continued):

5. Would it be appropriate to continue some form of lump sum supplemental payments (see 4. above)?
6. Would it be appropriate to consider some level of assessment proceeds as payments to target specific services or providers?

Questions and Discussion



Hospital Reimbursement Reform Implementation Plan

The following outlines the timelines and significant operational phases (Shadow Pricing and MMIS Testing) relative to the implementation of Hospital reimbursement reform by April 1, 2014.

I. Timeline

April 1, 2013 to June 30, 2013: Bi-weekly TAG meetings to finalize model for both inpatient and outpatient methodology.

July 1, 2013: Methodology finalized and rules begin to be drafted. Begin shadow pricing of claims.

July 1, 2013 to September 30, 2013: Department provides individual hospitals with twelve months of shadow pricing of adjudicated claims (10/1/12 to 9/30/13)

September 1, 2013: Proposed rules filed with JCAR

October 1, 2013 to March 31, 2014: Programming and testing of new payment model

December 31, 2013: Complete JCAR approval

April 1, 2014: GO LIVE!

II. Claim Shadow Pricing

Claim shadow pricing is intended to “shadow” claims paid under the current hospital rate system by re-pricing them under the new methodology allowing the hospitals and the department to do a comparative analysis of current rate logic to the proposed rate logic. The claims shadowing will be done by Navigant Consulting using the PC version of the APR DRG software and will mimic the logic as if it were programmed in the MMIS. The department will supply those hospitals that request it claim level detail of their hospital payments in an excel spreadsheet that are priced under the new methodology. The data will be 12 months of adjudicated claims data from October 1, 2012 to September 30, 2013. This phase allows hospitals to review their claims data to validate the fiscal impact of the new rate logic

III. MMIS Testing

MMIS Testing involves programming the new rates and methodology into the test system of the MMIS. A new MMIS system will not replace the old system, but instead the new pricing logic will be programmed in the test system of the MMIS. This internal testing phase will ensure the claims that are priced through the test system “match” the pricing in the PC version that was built by Navigant. In the test system of the MMIS, OIS will program the new hospital rate logic and submit a subset of hospital test claims to process against the new logic. The results will be reviewed by the department to make sure what is programmed in the MMIS is accurate and balances to the PC version.

Once MMIS testing is complete, the program will move to the live version of the MMIS and hospital claims will be paid under the new rate methodology effective April 1, 2014.

State of Illinois Department of Healthcare and Family Services
Hospital Rate Reform Initiative
Handout 1: 3/27/2013 Baseline Model A –
Supplemental and MPA/MHVA Payments Included in DRG/EAPG Pool
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Outpatient Model

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Combined Inpatient and Outpatient Model

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State of Illinois Department of Healthcare and Family Services
 Hospital Rate Reform Initiative
 Preliminary Inpatient Fiscal Simulation Model Results Using SFY 2009 Claims

3/27/2013 Baseline Model A

Supplemental and MPA/MHVA Payments Included in DRG Pool

Model Components

Design Component	Description
Acute Services (COS 20)	
Claims data	SFY 2009 Illinois Medicaid inpatient FFS acute claims data with COS 20 from in-state and selected out-of-state hospitals. Excludes Medicare dual eligibles, Cook County/University of Illinois claims, claims with ungroupable APR-DRG assignments, outlier TPL claims, and LTAC provider claims.
DRG classification version	3M APR-DRG version 29.
Proposed DRG system target expenditures	New APR-DRG system funding pool based on SFY 2009 acute claim reported payments net of DSH and supplemental payments without the 3.5% SMART Act payment reduction.
DRG base rates	Based on statewide standardized amount of \$5,893.95, with labor portion adjusted by FFY 2012 Medicare IPPS wage index (with reclassifications). Statewide standardized amount set such that statewide aggregate simulated total claim payments are budget neutral to target expenditures without the 3.5% SMART Act payment reduction.
DRG relative weights	Based on 3M's version 29 APR-DRG national weights, adjusted (divided) by a factor of 0.704827 to scale the weights to an average Illinois case mix of 1.0 for acute (COS 20) services.
DRG base payments	Calculated by multiplying the DRG base rate by the DRG relative weight with the 3.5% SMART Act payment reduction.
Outlier payments	Calculated using following: <ul style="list-style-type: none"> - Claim outlier threshold equal to base DRG payment plus fixed loss threshold (Medicare FFY 2012 \$22,385 fixed loss threshold) - Claim outlier costs calculated by multiplying claim charges by FFY 2009 Medicare IPPS outlier CCRs, inflated from SFY 2009 to SFY 2013 by 10.3% based on changes in CMS input price index levels. - Claim outlier payment calculated based on 80% of outlier costs exceeding outlier threshold with the 3.5% SMART Act payment reduction.
Transfer payments	Based on the Medicare IPPS pro-rated standard transfer methodology for discharge status of 02, excluding APR-DRGs 580 and 581 (neonates died or transferred). Transfer payment equal to DRG base payment divided by the DRG average length of stay, multiplied by one plus the claim length of stay (up to the full DRG base payment).
Policy adjusters	None.
Supplemental Payments	Based on SFY 2011 GRF static supplemental payments with 3.5% SMART Act payment reduction, excluding the discontinued EAM payment. Static payments allocated to acute based on charges.

State of Illinois Department of Healthcare and Family Services
 Hospital Rate Reform Initiative
 Preliminary Inpatient Fiscal Simulation Model Results Using SFY 2009 Claims

3/27/2013 Baseline Model A

Supplemental and MPA/MHVA Payments Included in DRG Pool

Model Components

Design Component	Description
Psychiatric Services (COS 21)	
Claims data	SFY 2009 Illinois Medicaid inpatient FFS psych claims data with COS 21 from in-state and selected out-of-state hospitals. Excludes Medicare dual eligibles, Cook County/University of Illinois claims, and claims with ungroupable APR-DRG assignments.
DRG classification version	3M APR-DRG version 29.
Proposed system target expenditures	Based on SFY 2009 psych claim reported payments net of DSH and supplemental payments without the 3.5% SMART Act payment reduction.
Per diem rates	Based on statewide standardized per diem rate of \$681.47, with labor portion adjusted by FFY 2012 Medicare IPF-PPS wage index. Statewide standardized amount set such that statewide aggregate simulated total claim payments are budget neutral to target expenditures without the 3.5% SMART Act payment reduction.
DRG relative weights	No relative weight adjustment.
Per diem payments	Calculated by multiplying the per diem rate by patient days with the 3.5% SMART Act payment reduction.
Outlier payments	N/A
Transfer payments	N/A
Policy adjusters	None.
Supplemental Payments	Based on SFY 2011 GRF static supplemental payments with 3.5% SMART Act payment reduction, excluding the discontinued EAM payment. Static payments allocated to psych based on charges.

State of Illinois Department of Healthcare and Family Services
 Hospital Rate Reform Initiative
 Preliminary Inpatient Fiscal Simulation Model Results Using SFY 2009 Claims

3/27/2013 Baseline Model A

Supplemental and MPA/MHVA Payments Included in DRG Pool

Model Components

Design Component	Description
Rehabilitation Services (COS 22)	
Claims data	SFY 2009 Illinois Medicaid inpatient FFS rehab claims data with COS 22 from in-state and selected out-of-state hospitals. Excludes Medicare dual eligibles, Cook County/University of Illinois claims, and claims with ungroupable APR-DRG assignments.
DRG classification version	3M APR-DRG version 29.
Proposed system target expenditures	Based on SFY 2009 rehab claim reported payments net of DSH and supplemental payments without 3.5% payment reduction without the 3.5% SMART Act payment reduction.
Per diem rates	Based on statewide standardized per diem rate of \$1,030.85, with labor portion adjusted by FFY 2012 Medicare IRF-PPS wage index. Statewide standardized amount set such that statewide aggregate simulated total claim payments are budget neutral to target expenditures without the 3.5% SMART Act payment reduction.
DRG relative weights	No relative weight adjustment.
Per diem payments	Calculated by multiplying the per diem rate by patient days with the 3.5% SMART Act payment reduction.
Outlier payments	N/A
Transfer payments	N/A
Policy adjusters	None.
Supplemental Payments	Based on SFY 2011 GRF static supplemental payments with 3.5% SMART Act payment reduction, excluding the discontinued EAM payment. Static payments allocated to rehab based on charges.

State of Illinois Department of Healthcare and Family Services
 Hospital Rate Reform Initiative
 Preliminary Inpatient Fiscal Simulation Model Results Using SFY 2009 Claims

3/27/2013 Baseline Model A

Supplemental and MPA/MHVA Payments Included in DRG Pool

Model Components

Design Component	Description
LTAC Services (COS 20)	
Claims data	SFY 2009 Illinois Medicaid inpatient FFS LTAC claims data with COS 20 from in-state LTAC hospitals. Excludes Medicare dual eligibles, Cook County/University of Illinois claims, and claims with ungroupable APR-DRG assignments.
DRG classification version	3M APR-DRG version 29.
Proposed system target expenditures	Based on SFY 2009 LTAC claim reported payments net of DSH, simulated and LTAC add-ons and supplemental payments without the 3.5% SMART Act payment reduction. Holy Family current system payments simulated based on its SFY 2011 per diem rate, since its SFY 2009 claim reported payments were based on the DRG methodology.
Per diem rates	Based on statewide standardized per diem rate of \$1,101.21, with labor portion adjusted by FFY 2012 Medicare LTCH-PPS wage index. Statewide standardized amount set such that statewide aggregate simulated total claim payments are budget neutral to target expenditures without the 3.5% SMART Act payment reduction.
DRG relative weights	No relative weight adjustment.
Per diem payments	Calculated by multiplying the per diem rate by patient days with the 3.5% SMART Act payment reduction.
Outlier payments	N/A
Transfer payments	N/A
Policy adjusters	None
Supplemental Payments	Based on SFY 2011 GRF static supplemental payments with 3.5% SMART Act payment reduction, excluding the discontinued EAM payment. Static payments allocated to LTAC based on charges.

State of Illinois Department of Healthcare and Family Services
 Hospital Rate Reform Initiative
 Preliminary Inpatient Fiscal Simulation Model Results Using SFY 2009 Claims
Category of Service Summary

3/27/2013 Baseline Model A

Supplemental and MPA/MHVA Payments Included in DRG Pool
 Payments Without SMART Act Reductions Before Transition

Category of Service	Current System Payments - Without SMART Act Reductions						Revised System Payments - Without SMART Act Reductions				
	SFY 2009 Claims	SFY 2009 Claim Based Payments - Net of Outliers	SFY 2009 Claim Based Payments - Outliers Portion	SFY 2009 Claim Based Payments - Total	SFY 2011 Supplemental Payments	Combined Supplemental and Claim Payments	Revised System DRG / Per Diem Payments	Revised System Outlier Payments	Total Claim-Based Payments Under Revised System	Estimated Payment Change	Estimated Payment Change Percentage
	A	B	C	D=B+C	E	F=D+E	G	H	I=G+H	J=I-F	K=J/F
General Acute Hospitals (COS 20)	339,071	1,396,658,429	471,412,083	1,868,070,511	331,425,187	2,199,495,698	2,002,635,958	196,849,270	2,199,485,228	(10,470)	0.0%
Psychiatric Providers / Units (COS 21)											
Freestanding Psychiatric Providers	8,654	98,035,398	5,056	98,040,454	2,160,754	100,201,207	88,673,320	-	88,673,320	(11,527,888)	-11.5%
Psychiatric Units	33,328	125,717,226	7,861	125,725,087	23,066,955	148,792,042	160,319,031	-	160,319,031	11,526,989	7.7%
Psychiatric Total	41,982	223,752,624	12,917	223,765,540	25,227,709	248,993,250	248,992,351	-	248,992,351	(899)	0.0%
Rehabilitation Providers / Units (COS 22)											
Freestanding Rehabilitation Providers	1,236	19,050,325	69,504	19,119,828	12,767,367	31,887,195	26,033,324	-	26,033,324	(5,853,871)	-18.4%
Rehabilitation Units	1,653	15,842,210	96,822	15,939,032	3,386,908	19,325,940	25,180,317	-	25,180,317	5,854,377	30.3%
Rehabilitation Total	2,889	34,892,534	166,326	35,058,860	16,154,275	51,213,135	51,213,641	-	51,213,641	506	0.0%
LTAC Providers (COS 20)	1,707	66,345,083	788,325	67,133,408	1,516,297	68,649,705	68,648,834	-	68,648,834	(871)	0.0%
Inpatient Total	385,649	1,721,648,670	472,379,650	2,194,028,320	374,323,468	2,568,351,788	2,371,490,784	196,849,270	2,568,340,054	(11,734)	0.0%

State of Illinois Department of Healthcare and Family Services
Hospital Rate Reform Initiative
Preliminary Inpatient Fiscal Simulation Model Results Using SFY 2009 Claims
Category of Service Summary

3/27/2013 Baseline Model A
Supplemental and MPA/MHVA Payments Included in DRG Pool
Payments With SMART Act Reductions Before Transition

Category of Service	Current System Payments - With SMART Act Reductions						Revised System Payments - With SMART Act Reductions				
	SFY 2009 Claims	SFY 2009 Claim Based Payments - Net of Outliers	SFY 2009 Claim Based Payments - Outliers Portion	SFY 2009 Claim Based Payments - Total	SFY 2011 Supplemental Payments	Combined Supplemental and Claim Payments	Revised System DRG / Per Diem Payments	Revised System Outlier Payments	Total Claim-Based Payments Under Revised System	Estimated Payment Change	Estimated Payment Change Percentage
	A	B	C	D=B+C	E	F=D+E	G	H	I=G+H	J=I-F	K=J/F
General Acute Hospitals (COS 20)	339,071	1,360,300,668	456,944,328	1,817,244,996	325,955,431	2,143,200,428	1,948,241,216	191,639,379	2,139,880,595	(3,319,833)	-0.2%
Psychiatric Providers / Units (COS 21)											
Freestanding Psychiatric Providers	8,654	94,604,160	4,879	94,609,039	2,085,128	96,694,166	85,569,753	-	85,569,753	(11,124,414)	-11.5%
Psychiatric Units	33,328	123,884,595	7,861	123,892,455	22,927,655	146,820,110	157,620,585	-	157,620,585	10,800,475	7.4%
Psychiatric Total	41,982	218,488,754	12,740	218,501,494	25,012,782	243,514,276	243,190,338	-	243,190,338	(323,939)	-0.1%
Rehabilitation Providers / Units (COS 22)											
Freestanding Rehabilitation Providers	1,236	18,383,565	67,071	18,450,636	12,320,509	30,771,145	25,122,158	-	25,122,158	(5,648,987)	-18.4%
Rehabilitation Units	1,653	15,409,358	94,989	15,504,347	3,335,928	18,840,275	24,429,829	-	24,429,829	5,589,554	29.7%
Rehabilitation Total	2,889	33,792,923	162,060	33,954,983	15,656,438	49,611,420	49,551,987	-	49,551,987	(59,433)	-0.1%
LTAC Providers (COS 20)	1,707	64,023,005	760,734	64,783,739	1,463,227	66,246,966	66,246,124	-	66,246,124	(841)	0.0%
Inpatient Total	385,649	1,676,605,350	457,879,861	2,134,485,212	368,087,878	2,502,573,090	2,307,229,665	191,639,379	2,498,869,044	(3,704,046)	-0.1%

State of Illinois Department of Healthcare and Family Services
 Hospital Rate Reform Initiative
 Preliminary Inpatient Fiscal Simulation Model Results Using SFY 2009 Claims

3/27/2013 Baseline Model A

Supplemental and MPA/MHVA Payments Included in DRG Pool
 Payments With SMART Act Reductions Before Transition

Medicaid Service Line Summary

Medicaid Service Line	Current System Payments - With SMART Act Reductions							Revised System Payments - With SMART Act Reductions					
	SFY 2009 Claims A	APR- DRG Case Mix (Acute COS 20 Only) B	SFY 2009 Claim Based Payments - Net of Outliers C	SFY 2009 Claim Based Payments - Outliers Portion D	SFY 2009 Claim Based Payments - Total E=C+D	SFY 2011 Supplemental Payments F	Combined Supplemental and Claim Payments G=E+F	Service Policy Adjuster H	Revised System DRG / Per Diem Payments I	Revised System Outlier Payments J	Total Claim- Based Payments Under Revised System K=I+J	Estimated Payment Change L=K-G	Estimated Payment Change Percentage M=L/G
<i>Acute Services (COS 20):</i>													
Neonate	9,812	3.800	187,939,455	74,419,356	262,358,811	31,459,868	293,818,679	1.00	208,649,643	43,973,302	252,622,945	(41,195,733)	-14.0%
Normal newborn ⁽¹⁾	71,214	0.173	87,962,121	994,021	88,956,141	12,452,051	101,408,193	1.00	70,488,159	2,987,572	73,475,731	(27,932,461)	-27.5%
Obstetrics ⁽¹⁾	90,732	0.573	213,382,524	6,892,494	220,275,018	46,172,822	266,447,840	1.00	297,348,682	1,685,516	299,034,197	32,586,358	12.2%
Other pediatric services	40,065	1.203	264,216,318	45,369,231	309,585,549	60,186,557	369,772,106	1.00	275,831,844	68,134,930	343,966,774	(25,805,332)	-7.0%
Other adult services	127,248	1.504	606,800,251	329,269,226	936,069,478	175,684,133	1,111,753,610	1.00	1,095,922,888	74,858,059	1,170,780,947	59,027,337	5.3%
Inpatient Acute Total	339,071	1.006	1,360,300,668	456,944,328	1,817,244,996	325,955,431	2,143,200,428		1,948,241,216	191,639,379	2,139,880,595	(3,319,833)	-0.2%
<i>Psychiatric Services (COS 21):</i>													
Pediatric services	14,215	N/A	120,442,124	12,740	120,454,863	4,647,468	125,102,331	1.00	116,897,869	-	116,897,869	(8,204,462)	-6.6%
Adult services	27,767	N/A	98,046,631	-	98,046,631	20,365,315	118,411,946	1.00	126,292,469	-	126,292,469	7,880,523	6.7%
Inpatient Acute Total	41,982	N/A	218,488,754	12,740	218,501,494	25,012,782	243,514,276		243,190,338	-	243,190,338	(323,939)	-0.1%
<i>Rehabilitation Services (COS 22):</i>													
Pediatric services	305	N/A	6,845,385	121,732	6,967,117	3,379,703	10,346,820	1.00	7,654,497	-	7,654,497	(2,692,322)	-26.0%
Adult services	2,584	N/A	26,947,538	40,328	26,987,865	12,276,735	39,264,600	1.00	41,897,489	-	41,897,489	2,632,889	6.7%
Inpatient Acute Total	2,889	N/A	33,792,923	162,060	33,954,983	15,656,438	49,611,420		49,551,987	-	49,551,987	(59,433)	-0.1%
<i>LTAC Services Total (COS 20):</i>													
Pediatric services	6	N/A	189,147	95,388	284,535	60,640	345,175	1.00	191,584	-	191,584	(153,591)	-44.5%
Adult services	1,701	N/A	63,833,858	665,346	64,499,204	1,402,587	65,901,791	1.00	66,054,540	-	66,054,540	152,749	0.2%
Inpatient Acute Total	1,707	N/A	64,023,005	760,734	64,783,739	1,463,227	66,246,966		66,246,124	-	66,246,124	(841)	0.0%
Inpatient Acute Total	385,649	1.006	1,676,605,350	457,879,861	2,134,485,212	368,087,878	2,502,573,090		2,307,229,665	191,639,379	2,498,869,044	(3,704,046)	-0.1%

Note: (1) The Department has historically not paid normal newborn claims because of limitations related to MMIS claims processing. To recognize the payment associated with those normal newborn claims, OB DRG claims relative weights were increased by .2012 on a per claim basis under the legacy system. Current system payments in this analysis include an allocation of the OB payment add-on to normal newborn claims.

State of Illinois Department of Healthcare and Family Services
 Hospital Rate Reform Initiative
 Preliminary **Inpatient** Fiscal Simulation Model Results Using SFY 2009 Claims
Medicaid Service Line Detail - Acute COS 20

3/27/2013 Baseline Model A
 Supplemental and MPA/MHVA Payments Included in DRG Pool
 Payments With SMART Act Reductions Before Transition

Medicaid Service Line - Acute COS 20 Only	Current System Payments - With SMART Act Reductions							Revised System Payments - With SMART Act Reductions						
	APR- DRG Case Mix (Acute COS 20 Only)	SFY 2009 Claim Based Payments - Net of Outliers	SFY 2009 Claim Based Payments - Outliers Portion	SFY 2009 Claim Based Payments - Total	SFY 2011 Supplemental Payments	Combined Supplemental and Claim Payments	Service Policy Adjuster	Revised System DRG / Per Diem Payments	Revised System Outlier Payments	Total Claim- Based Payments Under Revised System	Estimated Payment Change	Estimated Payment Change Percentage		
	A	B	C	D	E=C+D	F	G=E+F	H	I	J	K=I+J	L=K-G	M=L/G	
<i>Newborn/OB Services:</i>														
Obstetrics	(1)	90,732	0.573	213,382,524	6,892,494	220,275,018	46,172,822	266,447,840	1.00	297,348,682	1,685,516	299,034,197	32,586,358	12.2%
Normal newborn	(1)	71,214	0.173	87,962,121	994,021	88,956,141	12,452,051	101,408,193	1.00	70,488,159	2,987,572	73,475,731	(27,932,461)	-27.5%
Neonate		9,812	3.800	187,939,455	74,419,356	262,358,811	31,459,868	293,818,679	1.00	208,649,643	43,973,302	252,622,945	(41,195,733)	-14.0%
Inpatient Acute Total		171,758	0.591	489,284,099	82,305,871	571,589,970	90,084,741	661,674,711		576,486,484	48,646,390	625,132,874	(36,541,837)	-5.5%
<i>Other Pediatric Services:</i>														
Trauma		743	2.494	5,739,599	1,748,472	7,488,071	1,875,984	9,364,055	1.00	10,523,669	889,302	11,412,972	2,048,917	21.9%
Burns		251	2.200	2,421,513	315,076	2,736,589	409,569	3,146,158	1.00	3,144,141	102,173	3,246,314	100,155	3.2%
HIV		10	1.455	72,463	-	72,463	14,668	87,131	1.00	84,841	-	84,841	(2,290)	-2.6%
Rehab		2	2.840	190,993	12,370	203,363	17,727	221,090	1.00	30,374	88,244	118,618	(102,472)	-46.3%
Substance Abuse		71	0.584	357,851	7,521	365,371	93,295	458,666	1.00	236,493	15,894	252,387	(206,279)	-45.0%
Mental Health		48	1.029	666,035	44,211	710,246	442,629	1,152,875	1.00	279,218	176,646	455,863	(697,011)	-60.5%
Aftercare		187	3.811	5,094,139	1,682,070	6,776,209	714,408	7,490,617	1.00	4,009,362	2,603,407	6,612,770	(877,847)	-11.7%
Misc Pediatric		26,471	1.271	173,972,124	31,363,686	205,335,811	42,449,503	247,785,313	1.00	192,775,108	47,942,822	240,717,930	(7,067,383)	-2.9%
Transplant		62	19.068	14,756,875	306,761	15,063,636	1,362,882	16,426,518	1.00	6,965,114	1,986,105	8,951,219	(7,475,299)	-45.5%
Resp Pediatric		12,220	0.828	60,944,726	9,889,065	70,833,790	12,805,892	83,639,683	1.00	57,783,524	14,330,337	72,113,860	(11,525,823)	-13.8%
Inpatient Acute Total		40,065	1.203	264,216,318	45,369,231	309,585,549	60,186,557	369,772,106		275,831,844	68,134,930	343,966,774	(25,805,332)	-7.0%
<i>Other Adult Services:</i>														
Misc Adult		54,250	1.705	270,415,843	177,010,616	447,426,459	80,185,795	527,612,254	1.00	528,203,262	42,021,154	570,224,416	42,612,162	8.1%
Gastroent Adult		19,630	1.429	85,373,389	40,386,021	125,759,410	23,676,271	149,435,682	1.00	160,101,309	9,547,382	169,648,691	20,213,010	13.5%
Resp Adult		15,717	1.413	76,294,190	27,346,990	103,641,180	21,979,307	125,620,487	1.00	126,675,079	5,730,363	132,405,442	6,784,955	5.4%
HIV		963	2.329	5,596,053	2,692,188	8,288,241	2,435,343	10,723,584	1.00	13,053,558	745,122	13,798,680	3,075,096	28.7%
Substance Abuse		16,591	0.454	33,308,301	694,200	34,002,502	10,761,724	44,764,225	1.00	45,215,913	124,539	45,340,452	576,227	1.3%
Mental Health		230	0.827	343,651	45	343,696	131,914	475,610	1.00	1,079,749	-	1,079,749	604,139	127.0%
Aftercare		52	2.236	308,649	107,860	416,508	86,163	502,671	1.00	662,135	17,033	679,168	176,496	35.1%
Burns		73	4.945	677,065	1,378,698	2,055,762	387,432	2,443,194	1.00	2,023,202	311,106	2,334,308	(108,887)	-4.5%
Circulatory Adult		18,193	1.699	95,730,889	64,469,862	160,200,751	30,002,355	190,203,106	1.00	177,255,978	10,859,407	188,115,385	(2,087,720)	-1.1%
Trauma		1,381	3.011	11,459,161	14,559,449	26,018,609	4,286,482	30,305,091	1.00	23,671,334	4,256,994	27,928,328	(2,376,763)	-7.8%
Transplant		168	18.529	27,293,061	623,298	27,916,359	1,751,347	29,667,707	1.00	17,981,369	1,244,959	19,226,328	(10,441,378)	-35.2%
Inpatient Acute Total		127,248	1.504	606,800,251	329,269,226	936,069,478	175,684,133	1,111,753,610		1,095,922,888	74,858,059	1,170,780,947	59,027,337	5.3%
Inpatient Acute Total		339,071	1.006	1,360,300,668	456,944,328	1,817,244,996	325,955,431	2,143,200,428		1,948,241,216	191,639,379	2,139,880,595	(3,319,833)	-0.2%

Note: (1) The Department has historically not paid normal newborn claims because of limitations related to MMIS claims processing. To recognize the payment associated with those normal newborn claims, OB DRG claims relative weights were increased by .2012 on a per claim basis under the legacy system. Current system payments in this analysis include an allocation of the OB payment add-on to normal newborn claims.

State of Illinois Department of Healthcare and Family Services
Hospital Rate Reform Initiative
Preliminary Outpatient Fiscal Simulation Model Results Using SFY 2009 Claims

3/27/2013 Baseline Model A
Supplementals Included in EAPG Pool

Model Components

Design Component	Description
Acute Services (COS 24 and 25)	
Claims data	SFY 2009 Illinois Medicaid outpatient hospital FFS acute claims data with COS 24 and 25 from in-state and selected out-of-state hospitals. Excludes Medicare dual eligibles, Cook County/University of Illinois claims, non-institutional claims, and ASC claims.
EAPG classification version	3M EAPG version 3.7.
Proposed EAPG system target expenditures	New EAPG system funding pool based on SFY 2009 acute claim reported payments net of DSH and supplemental payments without the 3.5% SMART Act payment reduction.
EAPG conversion factors	Based on statewide standardized amount of \$261.06, with labor portion adjusted by CY 2012 Medicare OPPS wage index (with reclassifications). Statewide standardized amount set such that statewide aggregate simulated total claim payments are budget neutral to target expenditures without the 3.5% SMART Act payment reduction.
EAPG relative weights	Based on 3M's version 3.7 EAPG national weights, adjusted (divided) by a factor of 0.880051 to scale the weights to an average Illinois case mix of 1.0.
EAPG base payments	Calculated by multiplying the EAPG conversion factor by the EAPG relative weight and the discount factor with the 3.5% SMART Act payment reduction.
Procedure consolidation	Simulated EAPG payment for procedures that are classified as the same or clinically-related to the main significant procedure, based on default EAPG settings, are consolidated (zero-paid).
Ancillary packaging	Simulated EAPG payment for routine ancillary services that are classified as packaged, based on the default EAPG list plus class I and minor chemotherapy and pharmacotherapy (based on 3M recommendation) are packaged (zero-paid).
Discounting	Simulated EAPG payment for services selected for terminated procedure discounting, multiple procedure discounting and repeat ancillary discounting, based on default EAPG settings, is reduced by 50 percent. Simulated EAPG payment for services selected for bilateral procedure discounting, based on default EAPG settings, is multiplied by 150 percent.
Outlier payments	None.
Policy adjusters	None.
Supplemental Payments	Based on SFY 2011 GRF static supplemental payments with 3.5% SMART Act payment reduction. Static payments allocated to acute based on charges.

State of Illinois Department of Healthcare and Family Services
Hospital Rate Reform Initiative
Preliminary Outpatient Fiscal Simulation Model Results Using SFY 2009 Claims

3/27/2013 Baseline Model A
Supplementals Included in EAPG Pool

Model Components

Design Component	Description
Psychiatric Services (COS 27 and 28)	
Claims data	SFY 2009 Illinois Medicaid outpatient hospital FFS psychiatric claims data with COS 27 and 28 from in-state and selected out-of-state hospitals. Excludes Medicare dual eligibles, Cook County/University of Illinois claims, non-institutional claims, and ASC claims.
EAPG classification version	3M EAPG version 3.7.
Proposed EAPG system target expenditures	New EAPG system funding pool based on SFY 2009 psychiatric claim reported payments net of DSH and supplemental payments without the 3.5% SMART Act payment reduction.
EAPG conversion factors	Based on statewide standardized amount of \$188.40, with labor portion adjusted by CY 2012 Medicare OPPI wage index (with reclassifications). Statewide standardized amount set such that statewide aggregate simulated total claim payments are budget neutral to target expenditures without the 3.5% SMART Act payment reduction.
EAPG relative weights	Based on 3M's version 3.7 EAPG national weights, adjusted (divided) by a factor of 0.880051 to scale the weights to an average Illinois case mix of 1.0.
EAPG base payments	Calculated by multiplying the EAPG conversion factor by the EAPG relative weight and the discount factor with the 3.5% SMART Act payment reduction.
Procedure consolidation	Simulated EAPG payment for procedures that are classified as the same or clinically-related to the main significant procedure, based on default EAPG settings, are consolidated (zero-paid).
Ancillary packaging	Simulated EAPG payment for routine ancillary services that are classified as packaged, based on the default EAPG list plus class I and minor chemotherapy and pharmacotherapy (based on 3M recommendation) are packaged (zero-paid).
Discounting	Simulated EAPG payment for services selected for terminated procedure discounting, multiple procedure discounting and repeat ancillary discounting, based on default EAPG settings, is reduced by 50 percent. Simulated EAPG payment for services selected for bilateral procedure discounting, based on default EAPG settings, is multiplied by 150 percent.
Outlier payments	None.
Policy adjusters	None.
Supplemental Payments	Based on SFY 2011 GRF static supplemental payments with 3.5% SMART Act payment reduction. Static payments allocated to psychiatric based on charges.

State of Illinois Department of Healthcare and Family Services
 Hospital Rate Reform Initiative
 Preliminary Outpatient Fiscal Simulation Model Results Using SFY 2009 Claims

3/27/2013 Baseline Model A
Supplementals Included in EAPG Pool

Model Components

Design Component	Description
Rehabilitation Services (COS 29)	
Claims data	SFY 2009 Illinois Medicaid outpatient hospital FFS rehabilitation claims data with COS 29 from in-state and selected out-of-state hospitals. Excludes Medicare dual eligibles, Cook County/University of Illinois claims, non-institutional claims, and ASC claims.
EAPG classification version	3M EAPG version 3.7.
Proposed EAPG system target expenditures	New EAPG system funding pool based on SFY 2009 rehabilitation claim reported payments net of DSH and supplemental payments without the 3.5% SMART Act payment reduction.
EAPG conversion factors	Based on statewide standardized amount of \$168.06, with labor portion adjusted by CY 2012 Medicare OPPS wage index (with reclassifications). Statewide standardized amount set such that statewide aggregate simulated total claim payments are budget neutral to target expenditures without the 3.5% SMART Act payment reduction.
EAPG relative weights	Based on 3M's version 3.7 EAPG national weights, adjusted (divided) by a factor of 0.880051 to scale the weights to an average Illinois case mix of 1.0.
EAPG base payments	Calculated by multiplying the EAPG conversion factor by the EAPG relative weight and the discount factor with the 3.5% SMART Act payment reduction.
Procedure consolidation	Simulated EAPG payment for procedures that are classified as the same or clinically-related to the main significant procedure, based on default EAPG settings, are consolidated (zero-paid).
Ancillary packaging	Simulated EAPG payment for routine ancillary services that are classified as packaged, based on the default EAPG list plus class I and minor chemotherapy and pharmacotherapy (based on 3M recommendation) are packaged (zero-paid).
Discounting	Simulated EAPG payment for services selected for terminated procedure discounting, multiple procedure discounting and repeat ancillary discounting, based on default EAPG settings, is reduced by 50 percent. Simulated EAPG payment for services selected for bilateral procedure discounting, based on default EAPG settings, is multiplied by 150 percent.
Outlier payments	None.
Policy adjusters	None.
Supplemental Payments	Based on SFY 2011 GRF static supplemental payments with 3.5% SMART Act payment reduction. Static payments allocated to rehabilitation based on charges.

State of Illinois Department of Healthcare and Family Services
 Hospital Rate Reform Initiative
 Preliminary Outpatient Fiscal Simulation Model Results Using SFY 2009 Claims
Category of Service Summary

3/27/2013 Baseline Model A
 Supplementals Included in EAPG Pool
 Payments Without SMART Act Reductions Before Transition

Category of Service	Current System - Without SMART Act Reductions				Revised System Before Transition - Without SMART Act Reductions		
	SFY 2009 Claims A	SFY 2009 Claim Based Payments B	SFY 2011 Supplemental Payments C	Current System Combined Claim and Supplemental Payments D=B+C	Revised EAPG System Payments E	Estimated Payment Change F=E-D	Estimated Payment Change Percentage G=F/D
General Acute Hospitals (COS 24 and 25)	2,116,296	478,400,148	49,043,471	527,443,619	527,444,943	1,324	0.0%
Psychiatric Providers / Units (COS 27 and 28)	111,463	13,064,719	365,315	13,430,034	13,430,319	285	0.0%
Rehabilitation Providers / Units (COS 29)	20,582	5,386,160	6,783	5,392,943	5,393,077	134	0.0%
Outpatient Total	2,248,341	496,851,027	49,415,569	546,266,596	546,268,340	1,744	0.0%

State of Illinois Department of Healthcare and Family Services
 Hospital Rate Reform Initiative
 Preliminary Outpatient Fiscal Simulation Model Results Using SFY 2009 Claims
Category of Service Summary

3/27/2013 Baseline Model A
 Supplementals Included in EAPG Pool
 Payments With SMART Act Reductions Before Transition

Category of Service	Current System - With SMART Act Reductions				Revised System Before Transition - With SMART Act Reductions		
	SFY 2009 Claims A	SFY 2009 Claim Based Payments B	SFY 2011 Supplemental Payments C	Current System Combined Claim and Supplemental Payments D=B+C	Revised EAPG System Payments E	Estimated Payment Change F=E-D	Estimated Payment Change Percentage G=F/D
General Acute Hospitals (COS 24 and 25)	2,116,296	465,063,651	48,342,935	513,406,585	512,885,884	(520,702)	-0.1%
Psychiatric Providers / Units (COS 27 and 28)	111,463	12,796,472	364,499	13,160,971	13,142,891	(18,080)	-0.1%
Rehabilitation Providers / Units (COS 29)	20,582	5,217,974	6,545	5,224,519	5,224,267	(252)	0.0%
Outpatient Total	2,248,341	483,078,096	48,713,980	531,792,075	531,253,042	(539,034)	-0.1%

State of Illinois HFS
Hospital Rate Reform Initiative
Combined Inpatient and Outpatient
Provider Type Summary

3/27/2013 Baseline Model A

*Supplemental and MPA/MHVA Payments Included in DRG/EAPG Pool
Payments With SMART Act Reductions Before Transition*

Provider Type	Inpatient					
	Current System - With SMART Act Reductions			Revised System Before Transition - With SMART Act Reductions		
	SFY 2009 Claim Based Payments	SFY 2011 Supplemental Payments	Current System Combined Claim and Supplemental Payments	Revised System Claim Payments	Estimated Payment Change	Estimated Payment Change Percentage
A	B	C=A+B	D	E=D-C	F=E/C	
General Acute Providers - Safety Net	362,080,027	158,239,975	520,320,002	453,634,588	(66,685,415)	-12.8%
General Acute Providers - Other	1,337,973,403	147,781,390	1,485,754,793	1,603,842,354	118,087,562	7.9%
Freestanding Children's Providers	118,910,193	34,523,897	153,434,090	109,192,780	(44,241,310)	-28.8%
Freestanding Psychiatric Providers	94,609,039	2,085,128	96,694,166	85,569,753	(11,124,414)	-11.5%
Freestanding Rehabilitation Providers	18,450,636	12,320,509	30,771,145	25,122,158	(5,648,987)	-18.4%
LTAC Providers	68,780,752	1,466,217	70,246,970	70,433,797	186,828	0.3%
Critical Access Hospitals	11,807,545	3,399,696	15,207,242	20,622,474	5,415,232	35.6%
Out-of-State Providers	121,873,616	8,271,066	130,144,682	130,451,140	306,458	0.2%
Total	2,134,485,212	368,087,878	2,502,573,090	2,498,869,044	(3,704,046)	-0.1%

State of Illinois HFS
Hospital Rate Reform Initiative
Combined Inpatient and Outpatient
Provider Type Summary

3/27/2013 Baseline Model A

*Supplemental and MPA/MHVA Payments Included in DRG/EAPG Pool
Payments With SMART Act Reductions Before Transition*

Provider Type	Outpatient					
	Current System - With SMART Act Reductions			Revised System Before Transition - With SMART Act Reductions		
	SFY 2009 Claim Based Payments	SFY 2011 Supplemental Payments	Current System Combined Claim and Supplemental Payments	Revised System Claim Payments	Estimated Payment Change	Estimated Payment Change Percentage
G	H	I=G+H	J	K=J-I	L=K/I	
General Acute Providers - Safety Net	61,689,602	9,456,611	71,146,213	70,357,894	(788,319)	-1.1%
General Acute Providers - Other	359,593,810	16,969,541	376,563,352	391,332,494	14,769,142	3.9%
Freestanding Children's Providers	12,384,173	13,497,214	25,881,387	14,816,913	(11,064,474)	-42.8%
Freestanding Psychiatric Providers	3,151,440	-	3,151,440	3,315,335	163,895	5.2%
Freestanding Rehabilitation Providers	2,432,488	-	2,432,488	2,498,330	65,843	2.7%
LTAC Providers	539,915	-	539,915	628,570	88,655	16.4%
Critical Access Hospitals	29,264,930	6,416,338	35,681,268	32,085,023	(3,596,245)	-10.1%
Out-of-State Providers	14,021,738	2,374,275	16,396,013	16,218,483	(177,530)	-1.1%
Total	483,078,096	48,713,980	531,792,075	531,253,042	(539,034)	-0.1%

State of Illinois HFS
Hospital Rate Reform Initiative
Combined Inpatient and Outpatient
Provider Type Summary

3/27/2013 Baseline Model A

*Supplemental and MPA/MHVA Payments Included in DRG/EAPG Pool
Payments With SMART Act Reductions Before Transition*

Provider Type	Combined Inpatient and Outpatient					
	Current System - With SMART Act Reductions			Revised System Before Transition - With SMART Act Reductions		
	SFY 2009 Claim Based Payments M=A+G	SFY 2011 Supplemental Payments N=B+H	Current System Combined Claim and Supplemental Payments O=M+N	Revised System Claim Payments P=D+J	Estimated Payment Change Q=P-O	Estimated Payment Change Percentage R=Q/O
General Acute Providers - Safety Net	423,769,629	167,696,586	591,466,215	523,992,481	(67,473,734)	-11.4%
General Acute Providers - Other	1,697,567,214	164,750,931	1,862,318,145	1,995,174,848	132,856,703	7.1%
Freestanding Children's Providers	131,294,367	48,021,111	179,315,477	124,009,693	(55,305,784)	-30.8%
Freestanding Psychiatric Providers	97,760,478	2,085,128	99,845,606	88,885,088	(10,960,518)	-11.0%
Freestanding Rehabilitation Providers	20,883,123	12,320,509	33,203,633	27,620,488	(5,583,144)	-16.8%
LTAC Providers	69,320,667	1,466,217	70,786,885	71,062,367	275,482	0.4%
Critical Access Hospitals	41,072,475	9,816,034	50,888,510	52,707,497	1,818,988	3.6%
Out-of-State Providers	135,895,354	10,645,341	146,540,695	146,669,623	128,928	0.1%
Total	2,617,563,307	416,801,858	3,034,365,165	3,030,122,085	(4,243,080)	-0.1%

State of Illinois HFS
Hospital Rate Reform Initiative
Combined Inpatient and Outpatient
Provider Type Summary

3/27/2013 Baseline Model A

*Supplemental and MPA/MHVA Payments Included in DRG/EAPG Pool
 Payments With SMART Act Reductions After Transition*

Provider Type	Inpatient						
	Current System - With SMART Act Reductions			Revised System in Year 1 Transition - With SMART Act Reductions			
	SFY 2009 Claim Based Payments	SFY 2011 Supplemental Payments	Current System Combined Claim and Supplemental Payments	Revised System Claim Payments With Transitional Limits	Revised Transitional Payments Less Supplementals	Estimated Payment Change	Estimated Payment Change Percentage
A	B	C=A+B	D	E=D-B	F=D-C	G=F/C	
General Acute Providers - Safety Net	362,080,027	158,239,975	520,320,002	512,444,619	354,204,643	(7,875,383)	-1.5%
General Acute Providers - Other	1,337,973,403	147,781,390	1,485,754,793	1,504,680,030	1,356,898,640	18,925,237	1.3%
Freestanding Children's Providers	118,910,193	34,523,897	153,434,090	146,441,933	111,918,036	(6,992,157)	-4.6%
Freestanding Psychiatric Providers	94,609,039	2,085,128	96,694,166	93,430,870	91,345,742	(3,263,297)	-3.4%
Freestanding Rehabilitation Providers	18,450,636	12,320,509	30,771,145	29,989,625	17,669,116	(781,520)	-2.5%
LTAC Providers	68,780,752	1,466,217	70,246,970	70,435,734	68,969,516	188,764	0.3%
Critical Access Hospitals	11,807,545	3,399,696	15,207,242	15,783,760	12,384,064	576,518	3.8%
Out-of-State Providers	121,873,616	8,271,066	130,144,682	128,954,496	120,683,430	(1,190,186)	-0.9%
Total	2,134,485,212	368,087,878	2,502,573,090	2,502,161,065	2,134,073,187	(412,025)	0.0%

State of Illinois HFS
Hospital Rate Reform Initiative
Combined Inpatient and Outpatient
Provider Type Summary

3/27/2013 Baseline Model A

*Supplemental and MPA/MHVA Payments Included in DRG/EAPG Pool
 Payments With SMART Act Reductions After Transition*

Provider Type	Outpatient						
	Current System - With SMART Act Reductions			Revised System in Year 1 Transition - With SMART Act Reductions			
	SFY 2009 Claim Based Payments	SFY 2011 Supplemental Payments	Current System Combined Claim and Supplemental Payments	Revised System Claim Payments With Transitional Limits	Revised Transitional Payments Less Supplementals	Estimated Payment Change	Estimated Payment Change Percentage
H	I	J=H+I	K	L=K-I	M=K-J	N=M/J	
General Acute Providers - Safety Net	61,689,602	9,456,611	71,146,213	71,539,556	62,082,945	393,343	0.6%
General Acute Providers - Other	359,593,810	16,969,541	376,563,352	378,722,377	361,752,836	2,159,025	0.6%
Freestanding Children's Providers	12,384,173	13,497,214	25,881,387	24,411,425	10,914,211	(1,469,962)	-5.7%
Freestanding Psychiatric Providers	3,151,440	-	3,151,440	3,159,780	3,159,780	8,341	0.3%
Freestanding Rehabilitation Providers	2,432,488	-	2,432,488	2,464,179	2,464,179	31,691	1.3%
LTAC Providers	539,915	-	539,915	540,664	540,664	749	0.1%
Critical Access Hospitals	29,264,930	6,416,338	35,681,268	34,743,246	28,326,908	(938,022)	-2.6%
Out-of-State Providers	14,021,738	2,374,275	16,396,013	16,113,420	13,739,145	(282,593)	-1.7%
Total	483,078,096	48,713,980	531,792,075	531,694,647	482,980,668	(97,428)	0.0%

State of Illinois HFS
Hospital Rate Reform Initiative
Combined Inpatient and Outpatient
Provider Type Summary

3/27/2013 Baseline Model A

*Supplemental and MPA/MHVA Payments Included in DRG/EAPG Pool
 Payments With SMART Act Reductions After Transition*

Provider Type	Combined Inpatient and Outpatient						
	Current System - With SMART Act Reductions			Revised System in Year 1 Transition - With SMART Act Reductions			
	SFY 2009 Claim Based Payments	SFY 2011 Supplemental Payments	Current System Combined Claim and Supplemental Payments	Revised System Claim Payments With Transitional Limits	Revised Transitional Payments Less Supplementals	Estimated Payment Change	Estimated Payment Change Percentage
			Q=O+P	R=D+K	S=R-P	T=R-Q	U=T/Q
General Acute Providers - Safety Net	423,769,629	167,696,586	591,466,215	583,984,175	416,287,588	(7,482,041)	-1.3%
General Acute Providers - Other	1,697,567,214	164,750,931	1,862,318,145	1,883,402,407	1,718,651,476	21,084,262	1.1%
Freestanding Children's Providers	131,294,367	48,021,111	179,315,477	170,853,358	122,832,248	(8,462,119)	-4.7%
Freestanding Psychiatric Providers	97,760,478	2,085,128	99,845,606	96,590,650	94,505,522	(3,254,956)	-3.3%
Freestanding Rehabilitation Providers	20,883,123	12,320,509	33,203,633	32,453,803	20,133,294	(749,829)	-2.3%
LTAC Providers	69,320,667	1,466,217	70,786,885	70,976,397	69,510,180	189,513	0.3%
Critical Access Hospitals	41,072,475	9,816,034	50,888,510	50,527,006	40,710,972	(361,503)	-0.7%
Out-of-State Providers	135,895,354	10,645,341	146,540,695	145,067,916	134,422,575	(1,472,779)	-1.0%
Total	2,617,563,307	416,801,858	3,034,365,165	3,033,855,713	2,617,053,855	(509,453)	0.0%

State of Illinois HFS
 Hospital Rate Reform Initiative
 Combined Inpatient and Outpatient
Provider Type Summary

3/27/2013 Baseline Model A

Supplemental and MPA/MHVA Payments Included in DRG/EAPG Pool
 Payments With SMART Act Reductions Before Transition

Provider Type	Inpatient					
	Current System - With SMART Act Reductions			Revised System Before Transition - With SMART Act Reductions		
	Current System			Revised System Claim Payments	Estimated Payment Change	Estimated Payment Change Percentage
	SFY 2009 Claim Based Payments	SFY 2011 Supplemental Payments	Current System Combined Claim and Supplemental Payments			
A	B	C=A+B	D	E=D-C	F=E/C	
<i>Perinatal Level:</i>						
Level III	903,194,044	160,919,835	1,064,113,879	1,009,499,224	(54,614,654)	-5.1%
Level II+	298,232,020	47,089,460	345,321,480	377,284,286	31,962,805	9.3%
Level II	505,701,437	106,420,310	612,121,747	634,747,608	22,625,860	3.7%
Level I	6,840,714	2,456,173	9,296,887	12,087,014	2,790,127	30.0%
Non-perinatal	420,516,997	51,202,100	471,719,097	465,250,912	(6,468,185)	-1.4%
Total	2,134,485,212	368,087,878	2,502,573,090	2,498,869,044	(3,704,046)	-0.1%
<i>Trauma Level:</i>						
Level I	763,201,323	149,210,688	912,412,010	850,801,096	(61,610,915)	-6.8%
Level II	384,341,366	16,485,984	400,827,350	450,178,034	49,350,684	12.3%
Non-trauma	986,942,524	202,391,206	1,189,333,730	1,197,889,914	8,556,185	0.7%
Total	2,134,485,212	368,087,878	2,502,573,090	2,498,869,044	(3,704,046)	-0.1%
<i>Teaching Hospitals:</i>						
Major Teaching	845,890,971	172,959,687	1,018,850,658	989,412,814	(29,437,844)	-2.9%
Other Teaching	507,583,236	112,544,842	620,128,079	610,292,327	(9,835,752)	-1.6%
Non-Teaching	781,011,005	82,583,349	863,594,353	899,163,903	35,569,549	4.1%
Total	2,134,485,212	368,087,878	2,502,573,090	2,498,869,044	(3,704,046)	-0.1%

**State of Illinois HFS
Hospital Rate Reform Initiative
Combined Inpatient and Outpatient
Provider Type Summary**

3/27/2013 Baseline Model A

*Supplemental and MPA/MHVA Payments Included in DRG/EAPG Pool
Payments With SMART Act Reductions Before Transition*

Provider Type	Outpatient					
	Current System - With SMART Act Reductions			Revised System Before Transition - With SMART Act Reductions		
	SFY 2009 Claim Based Payments G	SFY 2011 Supplemental Payments H	Current System Combined Claim and Supplemental Payments I=G+H	Revised System Claim Payments J	Estimated Payment Change K=J-I	Estimated Payment Change Percentage L=K/I
<i>Perinatal Level:</i>						
Level III	140,202,701	20,865,063	161,067,764	153,550,719	(7,517,045)	-4.7%
Level II+	80,423,943	5,576,133	86,000,076	89,734,174	3,734,098	4.3%
Level II	189,232,072	6,665,015	195,897,088	203,703,700	7,806,613	4.0%
Level I	11,349,369	1,280,414	12,629,783	11,571,366	(1,058,417)	-8.4%
Non-perinatal	61,870,010	14,327,354	76,197,365	72,693,082	(3,504,283)	-4.6%
Total	483,078,096	48,713,980	531,792,075	531,253,042	(539,034)	-0.1%
<i>Trauma Level:</i>						
Level I	117,895,976	15,345,139	133,241,115	130,335,371	(2,905,744)	-2.2%
Level II	125,562,368	10,610,018	136,172,386	139,679,915	3,507,529	2.6%
Non-trauma	239,619,752	22,758,823	262,378,575	261,237,756	(1,140,819)	-0.4%
Total	483,078,096	48,713,980	531,792,075	531,253,042	(539,034)	-0.1%
<i>Teaching Hospitals:</i>						
Major Teaching	147,220,260	15,050,407	162,270,667	153,681,802	(8,588,865)	-5.3%
Other Teaching	118,173,245	7,044,546	125,217,791	131,348,466	6,130,676	4.9%
Non-Teaching	217,684,591	26,619,027	244,303,618	246,222,773	1,919,156	0.8%
Total	483,078,096	48,713,980	531,792,075	531,253,042	(539,034)	-0.1%

State of Illinois HFS
 Hospital Rate Reform Initiative
 Combined Inpatient and Outpatient
 Provider Type Summary

3/27/2013 Baseline Model A

Supplemental and MPA/MHVA Payments Included in DRG/EAPG Pool
 Payments With SMART Act Reductions Before Transition

Provider Type	Combined Inpatient and Outpatient					
	Current System - With SMART Act Reductions			Revised System Before Transition - With SMART Act Reductions		
	Current System			Estimated		
	SFY 2009 Claim Based Payments M=A+G	SFY 2011 Supplemental Payments N=B+H	Current System Combined Claim and Supplemental Payments O=M+N	Revised System Claim Payments P=D+J	Estimated Payment Change Q=P-O	Estimated Payment Change Percentage R=Q/O
<i>Perinatal Level:</i>						
Level III	1,043,396,745	181,784,898	1,225,181,643	1,163,049,943	(62,131,700)	-5.1%
Level II+	378,655,962	52,665,594	431,321,556	467,018,460	35,696,904	8.3%
Level II	694,933,509	113,085,326	808,018,835	838,451,308	30,432,473	3.8%
Level I	18,190,083	3,736,587	21,926,670	23,658,380	1,731,710	7.9%
Non-perinatal	482,387,008	65,529,454	547,916,462	537,943,994	(9,972,467)	-1.8%
Total	2,617,563,307	416,801,858	3,034,365,165	3,030,122,085	(4,243,080)	-0.1%
<i>Trauma Level:</i>						
Level I	881,097,298	164,555,827	1,045,653,126	981,136,467	(64,516,659)	-6.2%
Level II	509,903,734	27,096,002	536,999,736	589,857,949	52,858,213	9.8%
Non-trauma	1,226,562,275	225,150,029	1,451,712,304	1,459,127,670	7,415,366	0.5%
Total	2,617,563,307	416,801,858	3,034,365,165	3,030,122,085	(4,243,080)	-0.1%
<i>Teaching Hospitals:</i>						
Major Teaching	993,111,231	188,010,094	1,181,121,325	1,143,094,616	(38,026,709)	-3.2%
Other Teaching	625,756,481	119,589,388	745,345,869	741,640,793	(3,705,076)	-0.5%
Non-Teaching	998,695,596	109,202,375	1,107,897,971	1,145,386,676	37,488,705	3.4%
Total	2,617,563,307	416,801,858	3,034,365,165	3,030,122,085	(4,243,080)	-0.1%

State of Illinois HFS
Hospital Rate Reform Initiative
Combined Inpatient and Outpatient
Provider Type Summary

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Supplemental and MPA/MHVA Payments Included in DRG/EAPG Pool
Payments With SMART Act Reductions After Transition

Provider Type	Inpatient						
	Current System - With SMART Act Reductions			Revised System in Year 1 Transition - With SMART Act Reductions			
	SFY 2009 Claim Based Payments	SFY 2011 Supplemental Payments	Current System Combined Claim and Supplemental Payments	Revised System Claim Payments With Transitional Limits	Revised Transitional Payments Less Supplementals	Estimated Payment Change	Estimated Payment Change Percentage
			C=A+B	D	E=D-B	F=D-C	G=F/C
<i>Perinatal Level:</i>							
Level III	903,194,044	160,919,835	1,064,113,879	1,050,983,597	890,063,762	(13,130,281)	-1.2%
Level II+	298,232,020	47,089,460	345,321,480	354,140,126	307,050,666	8,818,646	2.6%
Level II	505,701,437	106,420,310	612,121,747	617,329,224	510,908,914	5,207,477	0.9%
Level I	6,840,714	2,456,173	9,296,887	9,798,985	7,342,812	502,098	5.4%
Non-perinatal	420,516,997	51,202,100	471,719,097	469,909,133	418,707,033	(1,809,964)	-0.4%
Total	2,134,485,212	368,087,878	2,502,573,090	2,502,161,065	2,134,073,187	(412,025)	0.0%
<i>Trauma Level:</i>							
Level I	763,201,323	149,210,688	912,412,010	902,239,994	753,029,307	(10,172,016)	-1.1%
Level II	384,341,366	16,485,984	400,827,350	410,133,883	393,647,898	9,306,532	2.3%
Non-trauma	986,942,524	202,391,206	1,189,333,730	1,189,787,188	987,395,982	453,459	0.0%
Total	2,134,485,212	368,087,878	2,502,573,090	2,502,161,065	2,134,073,187	(412,025)	0.0%
<i>Teaching Hospitals:</i>							
Major Teaching	845,890,971	172,959,687	1,018,850,658	1,009,988,694	837,029,007	(8,861,964)	-0.9%
Other Teaching	507,583,236	112,544,842	620,128,079	624,044,867	511,500,025	3,916,788	0.6%
Non-Teaching	781,011,005	82,583,349	863,594,353	868,127,504	785,544,155	4,533,151	0.5%
Total	2,134,485,212	368,087,878	2,502,573,090	2,502,161,065	2,134,073,187	(412,025)	0.0%

State of Illinois HFS
Hospital Rate Reform Initiative
Combined Inpatient and Outpatient
Provider Type Summary

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Supplemental and MPA/MHVA Payments Included in DRG/EAPG Pool
Payments With SMART Act Reductions After Transition

Provider Type	Outpatient						
	Current System - With SMART Act Reductions			Revised System in Year 1 Transition - With SMART Act Reductions			
	SFY 2009 Claim Based Payments	SFY 2011 Supplemental Payments	Current System Combined Claim and Supplemental Payments	Revised System Claim Payments With Transitional Limits	Revised Transitional Payments Less Supplementals	Estimated Payment Change	Estimated Payment Change Percentage
			H	I	J=H+I	K	L=K-I
<i>Perinatal Level:</i>							
Level III	140,202,701	20,865,063	161,067,764	159,799,856	138,934,794	(1,267,908)	-0.8%
Level II+	80,423,943	5,576,133	86,000,076	87,184,532	81,608,399	1,184,456	1.4%
Level II	189,232,072	6,665,015	195,897,088	196,675,011	190,009,995	777,923	0.4%
Level I	11,349,369	1,280,414	12,629,783	12,387,705	11,107,291	(242,078)	-1.9%
Non-perinatal	61,870,010	14,327,354	76,197,365	75,647,543	61,320,189	(549,822)	-0.7%
Total	483,078,096	48,713,980	531,792,075	531,694,647	482,980,668	(97,428)	0.0%
<i>Trauma Level:</i>							
Level I	117,895,976	15,345,139	133,241,115	132,551,913	117,206,774	(689,202)	-0.5%
Level II	125,562,368	10,610,018	136,172,386	137,592,395	126,982,378	1,420,010	1.0%
Non-trauma	239,619,752	22,758,823	262,378,575	261,550,339	238,791,516	(828,235)	-0.3%
Total	483,078,096	48,713,980	531,792,075	531,694,647	482,980,668	(97,428)	0.0%
<i>Teaching Hospitals:</i>							
Major Teaching	147,220,260	15,050,407	162,270,667	160,988,929	145,938,522	(1,281,739)	-0.8%
Other Teaching	118,173,245	7,044,546	125,217,791	126,430,727	119,386,181	1,212,936	1.0%
Non-Teaching	217,684,591	26,619,027	244,303,618	244,274,992	217,655,965	(28,626)	0.0%
Total	483,078,096	48,713,980	531,792,075	531,694,647	482,980,668	(97,428)	0.0%

State of Illinois HFS
Hospital Rate Reform Initiative
Combined Inpatient and Outpatient
Provider Type Summary

3/27/2013 Baseline Model A

Supplemental and MPA/MHVA Payments Included in DRG/EAPG Pool
Payments With SMART Act Reductions After Transition

Combined Inpatient and Outpatient							
Provider Type	Current System - With SMART Act Reductions			Revised System in Year 1 Transition - With SMART Act Reductions			
	SFY 2009 Claim Based Payments O=A+H	SFY 2011 Supplemental Payments P=B+I	Current System Combined Claim and Supplemental Payments Q=O+P	Revised System Claim Payments With Transitional Limits R=D+K	Revised Transitional Payments Less Supplementals S=R-P	Estimated Payment Change T=R-Q	Estimated Payment Change Percentage U=T/Q
<i>Perinatal Level:</i>							
Level III	1,043,396,745	181,784,898	1,225,181,643	1,210,783,454	1,028,998,556	(14,398,189)	-1.2%
Level II+	378,655,962	52,665,594	431,321,556	441,324,658	388,659,065	10,003,102	2.3%
Level II	694,933,509	113,085,326	808,018,835	814,004,235	700,918,909	5,985,400	0.7%
Level I	18,190,083	3,736,587	21,926,670	22,186,690	18,450,103	260,020	1.2%
Non-perinatal	482,387,008	65,529,454	547,916,462	545,556,676	480,027,222	(2,359,786)	-0.4%
Total	2,617,563,307	416,801,858	3,034,365,165	3,033,855,713	2,617,053,855	(509,453)	0.0%
<i>Trauma Level:</i>							
Level I	881,097,298	164,555,827	1,045,653,126	1,034,791,907	870,236,080	(10,861,218)	-1.0%
Level II	509,903,734	27,096,002	536,999,736	547,726,278	520,630,276	10,726,542	2.0%
Non-trauma	1,226,562,275	225,150,029	1,451,712,304	1,451,337,528	1,226,187,499	(374,777)	0.0%
Total	2,617,563,307	416,801,858	3,034,365,165	3,033,855,713	2,617,053,855	(509,453)	0.0%
<i>Teaching Hospitals:</i>							
Major Teaching	993,111,231	188,010,094	1,181,121,325	1,170,977,623	982,967,529	(10,143,702)	-0.9%
Other Teaching	625,756,481	119,589,388	745,345,869	750,475,594	630,886,205	5,129,725	0.7%
Non-Teaching	998,695,596	109,202,375	1,107,897,971	1,112,402,496	1,003,200,121	4,504,525	0.4%
Total	2,617,563,307	416,801,858	3,034,365,165	3,033,855,713	2,617,053,855	(509,453)	0.0%

**State of Illinois Department of Healthcare and Family Services
Hospital Rate Reform Initiative
Handout 2: 3/27/2013 Baseline Model B –
MPA/MHVA Payments Included in DRG Pool; Supplementals Excluded
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State of Illinois Department of Healthcare and Family Services
 Hospital Rate Reform Initiative
 Preliminary Inpatient Fiscal Simulation Model Results Using SFY 2009 Claims

3/27/2013 Baseline Model B

MPA/MHVA Payments Included in DRG Pool; Supplementals Excluded

Model Components

Design Component	Description
Acute Services (COS 20)	
Claims data	SFY 2009 Illinois Medicaid inpatient FFS acute claims data with COS 20 from in-state and selected out-of-state hospitals. Excludes Medicare dual eligibles, Cook County/University of Illinois claims, claims with ungroupable APR-DRG assignments, outlier TPL claims and LTAC provider claims.
DRG classification version	3M APR-DRG version 29.
Proposed DRG system target expenditures	New APR-DRG system funding pool based on SFY 2009 acute claim reported payments net of DSH without the 3.5% SMART Act payment reduction.
DRG base rates	Based on statewide standardized amount of \$4,823.92, with labor portion adjusted by FFY 2012 Medicare IPPS wage index (with reclassifications). Statewide standardized amount set such that statewide aggregate simulated total claim payments are budget neutral to target expenditures without the 3.5% SMART Act payment reduction.
DRG relative weights	Based on 3M's version 29 APR-DRG national weights, adjusted (divided) by a factor of 0.704827 to scale the weights to an average Illinois case mix of 1.0 for acute (COS 20) services.
DRG base payments	Calculated by multiplying the DRG base rate by the DRG relative weight and the applicable policy adjuster with the 3.5% SMART Act payment reduction.
Outlier payments	Calculated using following: <ul style="list-style-type: none"> - Claim outlier threshold equal to base DRG payment plus fixed loss threshold (Medicare FFY 2012 \$22,385 fixed loss threshold) - Claim outlier costs calculated by multiplying claim charges by FFY 2009 Medicare IPPS outlier CCRs, inflated from SFY 2009 to SFY 2013 by 10.3% based on changes in CMS input price index levels. - Claim outlier payment calculated based on 80% of outlier costs exceeding outlier threshold with the 3.5% SMART Act payment reduction.
Transfer payments	Based on the Medicare IPPS pro-rated standard transfer methodology for discharge status of 02, excluding APR-DRGs 580 and 581 (neonates died or transferred). Transfer payment equal to DRG base payment divided by the DRG average length of stay, multiplied by one plus the claim length of stay (up to the full DRG base payment).
Policy adjusters	None.
Supplemental Payments	Based on SFY 2011 GRF static supplemental payments with 3.5% SMART Act payment reduction, excluding the discontinued EAM payment. Static payments allocated to acute based on charges.

State of Illinois Department of Healthcare and Family Services
 Hospital Rate Reform Initiative
 Preliminary Inpatient Fiscal Simulation Model Results Using SFY 2009 Claims

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MPA/MHVA Payments Included in DRG Pool; Supplementals Excluded

Model Components

Design Component	Description
Psychiatric Services (COS 21)	
Claims data	SFY 2009 Illinois Medicaid inpatient FFS psych claims data with COS 21 from in-state and selected out-of-state hospitals. Excludes Medicare dual eligibles, Cook County/University of Illinois claims, and claims with ungroupable APR-DRG assignments.
DRG classification version	3M APR-DRG version 29.
Proposed system target expenditures	Based on SFY 2009 psych claim reported payments net of DSH without the 3.5% SMART Act payment reduction.
Per diem rates	Based on statewide standardized per diem rate of \$612.43, with labor portion adjusted by FFY 2012 Medicare IPF-PPS wage index. Statewide standardized amount set such that statewide aggregate simulated total claim payments are budget neutral to target expenditures without the 3.5% SMART Act payment reduction.
DRG relative weights	No relative weight adjustment.
Per diem payments	Calculated by multiplying the per diem rate by the applicable policy adjuster and by patient days with the 3.5% SMART Act payment reduction.
Outlier payments	N/A
Transfer payments	N/A
Policy adjusters	None.
Supplemental Payments	Based on SFY 2011 GRF static supplemental payments with 3.5% SMART Act payment reduction, excluding the discontinued EAM payment. Static payments allocated to psych based on charges.

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 Hospital Rate Reform Initiative
 Preliminary Inpatient Fiscal Simulation Model Results Using SFY 2009 Claims

3/27/2013 Baseline Model B

MPA/MHVA Payments Included in DRG Pool; Supplementals Excluded

Model Components

Design Component	Description
Rehabilitation Services (COS 22)	
Claims data	SFY 2009 Illinois Medicaid inpatient FFS rehab claims data with COS 22 from in-state and selected out-of-state hospitals. Excludes Medicare dual eligibles, Cook County/University of Illinois claims, and claims with ungroupable APR-DRG assignments.
DRG classification version	3M APR-DRG version 29.
Proposed system target expenditures	Based on SFY 2009 rehab claim reported payments net of DSH without 3.5% payment reduction without the 3.5% SMART Act payment reduction.
Per diem rates	Based on statewide standardized per diem rate of \$705.70, with labor portion adjusted by FFY 2012 Medicare IRF-PPS wage index. Statewide standardized amount set such that statewide aggregate simulated total claim payments are budget neutral to target expenditures without the 3.5% SMART Act payment reduction.
DRG relative weights	No relative weight adjustment.
Per diem payments	Calculated by multiplying the per diem rate by the applicable policy adjuster and by patient days with the 3.5% SMART Act payment reduction.
Outlier payments	N/A
Transfer payments	N/A
Policy adjusters	None.
Supplemental Payments	Based on SFY 2011 GRF static supplemental payments with 3.5% SMART Act payment reduction, excluding the discontinued EAM payment. Static payments allocated to rehab based on charges.

State of Illinois Department of Healthcare and Family Services
 Hospital Rate Reform Initiative
 Preliminary Inpatient Fiscal Simulation Model Results Using SFY 2009 Claims

3/27/2013 Baseline Model B

MPA/MHVA Payments Included in DRG Pool; Supplementals Excluded

Model Components

Design Component	Description
LTAC Services (COS 20)	
Claims data	SFY 2009 Illinois Medicaid inpatient FFS LTAC claims data with COS 20 from in-state LTAC hospitals. Excludes Medicare dual eligibles, Cook County/University of Illinois claims, and claims with ungroupable APR-DRG assignments.
DRG classification version	3M APR-DRG version 29.
Proposed system target expenditures	Based on SFY 2009 LTAC claim reported payments net of DSH and simulated LTAC add-ons without the 3.5% SMART Act payment reduction. Holy Family current system payments simulated based on its SFY 2011 per diem rate, since its SFY 2009 claim reported payments were based on the DRG methodology.
Per diem rates	Based on statewide standardized per diem rate of \$1,076.90, with labor portion adjusted by FFY 2012 Medicare LTCH-PPS wage index. Statewide standardized amount set such that statewide aggregate simulated total claim payments are budget neutral to target expenditures without the 3.5% SMART Act payment reduction.
DRG relative weights	No relative weight adjustment.
Per diem payments	Calculated by multiplying the per diem rate by patient days with the 3.5% SMART Act payment reduction.
Outlier payments	N/A
Transfer payments	N/A
Policy adjusters	None
Supplemental Payments	Based on SFY 2011 GRF static supplemental payments with 3.5% SMART Act payment reduction, excluding the discontinued EAM payment. Static payments allocated to LTAC based on charges.

State of Illinois Department of Healthcare and Family Services
Hospital Rate Reform Initiative
Preliminary Inpatient Fiscal Simulation Model Results Using SFY 2009 Claims
Category of Service Summary

3/27/2013 Baseline Model B

MPA/MHVA Payments Included in DRG Pool; Supplementals Excluded
Payments Without SMART Act Reductions Before Transition

Category of Service	Current System Payments - Without SMART Act Reductions						Revised System Payments - Without SMART Act Reductions				
	SFY 2009 Claims	SFY 2009 Claim Based Payments - Net of Outliers	SFY 2009 Claim Based Payments - Outliers Portion	SFY 2009 Claim Based Payments - Total	SFY 2011 Supplemental Payments	Combined Supplemental and Claim Payments	Revised System DRG / Per Diem Payments	Revised System Outlier Payments	Total Claim- Based Payments Under Revised System	Estimated Payment Change	Estimated Payment Change Percentage
	A	B	C	D=B+C	E	F=D+E	G	H	I=G+H	J=I-D	K=J/F
General Acute Hospitals (COS 20)	339,071	1,396,658,429	471,412,083	1,868,070,511	331,425,187	2,199,495,698	1,639,065,069	228,993,759	1,868,058,828	(11,684)	0.0%
Psychiatric Providers / Units (COS 21)											
Freestanding Psychiatric Providers	8,654	98,035,398	5,056	98,040,454	2,160,754	100,201,207	79,689,791	-	79,689,791	(18,350,662)	-18.3%
Psychiatric Units	33,328	125,717,226	7,861	125,725,087	23,066,955	148,792,042	144,077,022	-	144,077,022	18,351,935	12.3%
Psychiatric Total	41,982	223,752,624	12,917	223,765,540	25,227,709	248,993,250	223,766,814	-	223,766,814	1,273	0.0%
Rehabilitation Providers / Units (COS 22)											
Freestanding Rehabilitation Providers	1,236	19,050,325	69,504	19,119,828	12,767,367	31,887,195	17,821,619	-	17,821,619	(1,298,210)	-4.1%
Rehabilitation Units	1,653	15,842,210	96,822	15,939,032	3,386,908	19,325,940	17,237,750	-	17,237,750	1,298,719	6.7%
Rehabilitation Total	2,889	34,892,534	166,326	35,058,860	16,154,275	51,213,135	35,059,369	-	35,059,369	509	0.0%
LTAC Providers (COS 20)	1,707	66,345,083	788,325	67,133,408	1,516,297	68,649,705	67,133,593	-	67,133,593	185	0.0%
Inpatient Total	385,649	1,721,648,670	472,379,650	2,194,028,320	374,323,468	2,568,351,788	1,965,024,845	228,993,759	2,194,018,604	(9,716)	0.0%

State of Illinois Department of Healthcare and Family Services
Hospital Rate Reform Initiative
Preliminary Inpatient Fiscal Simulation Model Results Using SFY 2009 Claims
Category of Service Summary

3/27/2013 Baseline Model B

*MPA/MHVA Payments Included in DRG Pool; Supplementals Excluded
 Payments With SMART Act Reductions Before Transition*

Category of Service	Current System Payments - With SMART Act Reductions						Revised System Payments - With SMART Act Reductions				
	SFY 2009 Claims	SFY 2009 Claim Based Payments - Net of Outliers	SFY 2009 Claim Based Payments - Outliers Portion	SFY 2009 Claim Based Payments - Total	SFY 2011 Supplemental Payments	Combined Supplemental and Claim Payments	Revised System DRG / Per Diem Payments	Revised System Outlier Payments	Total Claim-Based Payments Under Revised System	Estimated Payment Change	Estimated Payment Change Percentage
	A	B	C	D=B+C	E	F=D+E	G	H	I=G+H	J=I-D	K=J/F
General Acute Hospitals (COS 20)	339,071	1,360,300,668	456,944,328	1,817,244,996	325,955,431	2,143,200,428	1,594,545,434	222,837,128	1,817,382,562	137,566	0.0%
Psychiatric Providers / Units (COS 21)											
Freestanding Psychiatric Providers	8,654	94,604,160	4,879	94,609,039	2,085,128	96,694,166	76,900,649	-	76,900,649	(17,708,390)	-18.3%
Psychiatric Units	33,328	123,884,595	7,861	123,892,455	22,927,655	146,820,110	141,651,960	-	141,651,960	17,759,504	12.1%
Psychiatric Total	41,982	218,488,754	12,740	218,501,494	25,012,782	243,514,276	218,552,609	-	218,552,609	51,115	0.0%
Rehabilitation Providers / Units (COS 22)											
Freestanding Rehabilitation Providers	1,236	18,383,565	67,071	18,450,636	12,320,509	30,771,145	17,197,863	-	17,197,863	(1,252,773)	-4.1%
Rehabilitation Units	1,653	15,409,358	94,989	15,504,347	3,335,928	18,840,275	16,723,987	-	16,723,987	1,219,640	6.5%
Rehabilitation Total	2,889	33,792,923	162,060	33,954,983	15,656,438	49,611,420	33,921,849	-	33,921,849	(33,133)	-0.1%
LTAC Providers (COS 20)	1,707	64,023,005	760,734	64,783,739	1,463,227	66,246,966	64,783,918	-	64,783,918	179	0.0%
Inpatient Total	385,649	1,676,605,350	457,879,861	2,134,485,212	368,087,878	2,502,573,090	1,911,803,809	222,837,128	2,134,640,938	155,726	0.0%

State of Illinois Department of Healthcare and Family Services
 Hospital Rate Reform Initiative
 Preliminary **Inpatient** Fiscal Simulation Model Results Using SFY 2009 Claims
Medicaid Service Line Summary

3/27/2013 Baseline Model B

MPA/MHVA Payments Included in DRG Pool; Supplementals Excluded
 Payments With SMART Act Reductions Before Transition

Medicaid Service Line	SFY 2009 Claims	APR-DRG Case Mix (Acute COS 20 Only)	Current System Payments - With SMART Act Reductions					Revised System Payments - With SMART Act Reductions					
			SFY 2009 Claim Based Payments - Net of Outliers	SFY 2009 Claim Based Payments - Outliers Portion	SFY 2009 Claim Based Payments - Total	SFY 2011 Supplemental Payments	Combined Supplemental and Claim Payments	Service Policy Adjuster	Revised System DRG / Per Diem Payments	Revised System Outlier Payments	Total Claim-Based Payments Under Revised System	Estimated Payment Change	Estimated Payment Change Percentage
	A	B	C	D	E=C+D	F	G=E+F	H	I	J	K=I+J	L=K-E	M=L/G
<i>Acute Services (COS 20):</i>													
Neonate	9,812	3.800	187,939,455	74,419,356	262,358,811	31,459,868	293,818,679	1.00	170,770,090	53,210,987	223,981,076	(38,377,734)	-13.1%
Normal newborn ⁽¹⁾	71,214	0.173	87,962,121	994,021	88,956,141	12,452,051	101,408,193	1.00	57,691,324	3,003,067	60,694,391	(28,261,750)	-27.9%
Obstetrics ⁽¹⁾	90,732	0.573	213,382,524	6,892,494	220,275,018	46,172,822	266,447,840	1.00	243,366,196	1,855,763	245,221,959	24,946,941	9.4%
Other pediatric services	40,065	1.203	264,216,318	45,369,231	309,585,549	60,186,557	369,772,106	1.00	225,755,628	73,510,682	299,266,310	(10,319,239)	-2.8%
Other adult services	127,248	1.504	606,800,251	329,269,226	936,069,478	175,684,133	1,111,753,610	1.00	896,962,196	91,256,630	988,218,825	52,149,348	4.7%
Inpatient Acute Total	339,071	1.006	1,360,300,668	456,944,328	1,817,244,996	325,955,431	2,143,200,428		1,594,545,434	222,837,128	1,817,382,562	137,566	0.0%
<i>Psychiatric Services (COS 21):</i>													
Pediatric services	14,215	N/A	120,442,124	12,740	120,454,863	4,647,468	125,102,331	1.00	105,054,924	-	105,054,924	(15,399,939)	-12.3%
Adult services	27,767	N/A	98,046,631	-	98,046,631	20,365,315	118,411,946	1.00	113,497,685	-	113,497,685	15,451,054	13.0%
Inpatient Acute Total	41,982	N/A	218,488,754	12,740	218,501,494	25,012,782	243,514,276		218,552,609	-	218,552,609	51,115	0.0%
<i>Rehabilitation Services (COS 22):</i>													
Pediatric services	305	N/A	6,845,385	121,732	6,967,117	3,379,703	10,346,820	1.00	5,240,039	-	5,240,039	(1,727,078)	-16.7%
Adult services	2,584	N/A	26,947,538	40,328	26,987,865	12,276,735	39,264,600	1.00	28,681,810	-	28,681,810	1,693,945	4.3%
Inpatient Acute Total	2,889	N/A	33,792,923	162,060	33,954,983	15,656,438	49,611,420		33,921,849	-	33,921,849	(33,133)	-0.1%
<i>LTAC Services Total (COS 20):</i>													
Pediatric services	6	N/A	189,147	95,388	284,535	60,640	345,175	1.00	187,356	-	187,356	(97,179)	-28.2%
Adult services	1,701	N/A	63,833,858	665,346	64,499,204	1,402,587	65,901,791	1.00	64,596,562	-	64,596,562	97,358	0.1%
Inpatient Acute Total	1,707	N/A	64,023,005	760,734	64,783,739	1,463,227	66,246,966		64,783,918	-	64,783,918	179	0.0%
Inpatient Acute Total	385,649	1.006	1,676,605,350	457,879,861	2,134,485,212	368,087,878	2,502,573,090		1,911,803,809	222,837,128	2,134,640,938	155,726	0.0%

Note: (1) The Department has historically not paid normal newborn claims because of limitations related to MMIS claims processing. To recognize the payment associated with those normal newborn claims, OB DRG claims relative weights were increased by .2012 on a per claim basis under the legacy system. Current system payments in this analysis include an allocation of the OB payment add-on to normal newborn claims.

State of Illinois Department of Healthcare and Family Services
 Hospital Rate Reform Initiative
 Preliminary **Inpatient** Fiscal Simulation Model Results Using SFY 2009 Claims
Medicaid Service Line Detail - Acute COS 20

3/27/2013 Baseline Model B
 MPA/MHVA Payments Included in DRG Pool; Supplementals Excluded
 Payments With SMART Act Reductions Before Transition

Medicaid Service Line - Acute COS 20 Only	Current System Payments - With SMART Act Reductions							Revised System Payments - With SMART Act Reductions					
	APR- DRG Case Mix (Acute COS 20 Only)	SFY 2009 Claim Based Payments - Net of Outliers	SFY 2009 Claim Based Payments - Outliers Portion	SFY 2009 Claim Based Payments - Total	SFY 2011 Supplemental Payments	Combined Supplemental and Claim Payments	Service Policy Adjuster	Revised System DRG / Per Diem Payments	Revised System Outlier Payments	Total Claim- Based Payments Under Revised System	Estimated Payment Change	Estimated Payment Change Percentage	
	A	B	C	D	E=C+D	F	G=E+F	H	I	J	K=I+J	L=K-E	M=L/G
<i>Newborn/OB Services:</i>													
Obstetrics	(1) 90,732	0.573	213,382,524	6,892,494	220,275,018	46,172,822	266,447,840	1.00	243,366,196	1,855,763	245,221,959	24,946,941	9.4%
Normal newborn	(1) 71,214	0.173	87,962,121	994,021	88,956,141	12,452,051	101,408,193	1.00	57,691,324	3,003,067	60,694,391	(28,261,750)	-27.9%
Neonate	9,812	3.800	187,939,455	74,419,356	262,358,811	31,459,868	293,818,679	1.00	170,770,090	53,210,987	223,981,076	(38,377,734)	-13.1%
Inpatient Acute Total	171,758	0.591	489,284,099	82,305,871	571,589,970	90,084,741	661,674,711		471,827,610	58,069,817	529,897,427	(41,692,543)	-6.3%
<i>Other Pediatric Services:</i>													
Misc Pediatric	26,471	1.271	173,972,124	31,363,686	205,335,811	42,449,503	247,785,313	1.00	157,777,505	51,489,099	209,266,604	3,930,793	1.6%
Trauma	743	2.494	5,739,599	1,748,472	7,488,071	1,875,984	9,364,055	1.00	8,613,137	1,106,448	9,719,586	2,231,515	23.8%
Burns	251	2.200	2,421,513	315,076	2,736,589	409,569	3,146,158	1.00	2,573,335	174,253	2,747,587	10,998	0.3%
HIV	10	1.455	72,463	-	72,463	14,668	87,131	1.00	69,439	-	69,439	(3,025)	-3.5%
Rehab	2	2.840	190,993	12,370	203,363	17,727	221,090	1.00	24,860	91,452	116,312	(87,051)	-39.4%
Substance Abuse	71	0.584	357,851	7,521	365,371	93,295	458,666	1.00	193,558	17,295	210,853	(154,519)	-33.7%
Mental Health	48	1.029	666,035	44,211	710,246	442,629	1,152,875	1.00	228,527	179,174	407,701	(302,545)	-26.2%
Aftercare	187	3.811	5,094,139	1,682,070	6,776,209	714,408	7,490,617	1.00	3,281,478	2,787,945	6,069,423	(706,786)	-9.4%
Transplant	62	19.068	14,756,875	306,761	15,063,636	1,362,882	16,426,518	1.00	5,700,625	2,494,555	8,195,180	(6,868,456)	-41.8%
Resp Pediatric	12,220	0.828	60,944,726	9,889,065	70,833,790	12,805,892	83,639,683	1.00	47,293,166	15,170,461	62,463,626	(8,370,164)	-10.0%
Inpatient Acute Total	40,065	1.203	264,216,318	45,369,231	309,585,549	60,186,557	369,772,106		225,755,628	73,510,682	299,266,310	(10,319,239)	-2.8%
<i>Other Adult Services:</i>													
Misc Adult	54,250	1.705	270,415,843	177,010,616	447,426,459	80,185,795	527,612,254	1.00	432,309,974	50,456,338	482,766,312	35,339,853	6.7%
Gastroent Adult	19,630	1.429	85,373,389	40,386,021	125,759,410	23,676,271	149,435,682	1.00	131,035,517	11,197,788	142,233,305	16,473,894	11.0%
Resp Adult	15,717	1.413	76,294,190	27,346,990	103,641,180	21,979,307	125,620,487	1.00	103,677,699	6,963,446	110,641,145	6,999,966	5.6%
HIV	963	2.329	5,596,053	2,692,188	8,288,241	2,435,343	10,723,584	1.00	10,683,734	874,776	11,558,511	3,270,270	30.5%
Substance Abuse	16,591	0.454	33,308,301	694,200	34,002,502	10,761,724	44,764,225	1.00	37,007,092	136,162	37,143,254	3,140,753	7.0%
Mental Health	230	0.827	343,651	45	343,696	131,914	475,610	1.00	883,725	-	883,725	540,029	113.5%
Aftercare	52	2.236	308,649	107,860	416,508	86,163	502,671	1.00	541,927	20,450	562,377	145,868	29.0%
Burns	73	4.945	677,065	1,378,698	2,055,762	387,432	2,443,194	1.00	1,655,897	384,799	2,040,696	(15,067)	-0.6%
Circulatory Adult	18,193	1.699	95,730,889	64,469,862	160,200,751	30,002,355	190,203,106	1.00	145,075,817	14,198,423	159,274,241	(926,510)	-0.5%
Trauma	1,381	3.011	11,459,161	14,559,449	26,018,609	4,286,482	30,305,091	1.00	19,373,891	5,134,536	24,508,427	(1,510,182)	-5.0%
Transplant	168	18.529	27,293,061	623,298	27,916,359	1,751,347	29,667,707	1.00	14,716,923	1,889,911	16,606,834	(11,309,526)	-38.1%
Inpatient Acute Total	127,248	1.504	606,800,251	329,269,226	936,069,478	175,684,133	1,111,753,610		896,962,196	91,256,630	988,218,825	52,149,348	4.7%
Inpatient Acute Total	339,071	1.006	1,360,300,668	456,944,328	1,817,244,996	325,955,431	2,143,200,428		1,594,545,434	222,837,128	1,817,382,562	137,566	0.0%

Note: (1) The Department has historically not paid normal newborn claims because of limitations related to MMIS claims processing. To recognize the payment associated with those normal newborn claims, OB DRG claims relative weights were increased by .2012 on a per claim basis under the legacy system. Current system payments in this analysis include an allocation of the OB payment add-on to normal newborn claims.

State of Illinois Department of Healthcare and Family Services
 Hospital Rate Reform Initiative
 Preliminary Outpatient Fiscal Simulation Model Results Using SFY 2009 Claims

3/27/2013 Baseline Model B
Supplementals Excluded from EAPG Pool

Model Components

Design Component	Description
Acute Services (COS 24 and 25)	
Claims data	SFY 2009 Illinois Medicaid outpatient hospital FFS acute claims data with COS 24 and 25 from in-state and selected out-of-state hospitals. Excludes Medicare dual eligibles, Cook County/University of Illinois claims, non-institutional claims, and ASC claims.
EAPG classification version	3M EAPG version 3.7.
Proposed EAPG system target expenditures	New EAPG system funding pool based on SFY 2009 acute claim reported payments net of DSH without the 3.5% SMART Act payment reduction.
EAPG conversion factors	Based on statewide standardized amount of \$236.79, with labor portion adjusted by CY 2012 Medicare OPSS wage index (with reclassifications). Statewide standardized amount set such that statewide aggregate simulated total claim payments are budget neutral to target expenditures without the 3.5% SMART Act payment reduction.
EAPG relative weights	Based on 3M's version 3.7 EAPG national weights, adjusted (divided) by a factor of 0.880051 to scale the weights to an average Illinois case mix of 1.0.
EAPG base payments	Calculated by multiplying the EAPG conversion factor by the EAPG relative weight and the discount factor with the 3.5% SMART Act payment reduction.
Procedure consolidation	Simulated EAPG payment for procedures that are classified as the same or clinically-related to the main significant procedure, based on default EAPG settings, are consolidated (zero-paid).
Ancillary packaging	Simulated EAPG payment for routine ancillary services that are classified as packaged, based on the default EAPG list plus class I and minor chemotherapy and pharmacotherapy (based on 3M recommendation) are packaged (zero-paid).
Discounting	Simulated EAPG payment for services selected for terminated procedure discounting, multiple procedure discounting and repeat ancillary discounting, based on default EAPG settings, is reduced by 50 percent. Simulated EAPG payment for services selected for bilateral procedure discounting, based on default EAPG settings, is multiplied by 150 percent.
Outlier payments	None.
Policy adjusters	None.
Supplemental Payments	Based on SFY 2011 GRF static supplemental payments with 3.5% SMART Act payment reduction. Static payments allocated to acute based on charges.

State of Illinois Department of Healthcare and Family Services
Hospital Rate Reform Initiative
Preliminary Outpatient Fiscal Simulation Model Results Using SFY 2009 Claims

3/27/2013 Baseline Model B
Supplementals Excluded from EAPG Pool

Model Components

Design Component	Description
Psychiatric Services (COS 27 and 28)	
Claims data	SFY 2009 Illinois Medicaid outpatient hospital FFS psychiatric claims data with COS 27 and 28 from in-state and selected out-of-state hospitals. Excludes Medicare dual eligibles, Cook County/University of Illinois claims, non-institutional claims, and ASC claims.
EAPG classification version	3M EAPG version 3.7.
Proposed EAPG system target expenditures	New EAPG system funding pool based on SFY 2009 psychiatric claim reported payments net of DSH without the 3.5% SMART Act payment reduction.
EAPG conversion factors	Based on statewide standardized amount of \$183.25, with labor portion adjusted by CY 2012 Medicare OPSS wage index (with reclassifications). Statewide standardized amount set such that statewide aggregate simulated total claim payments are budget neutral to target expenditures without the 3.5% SMART Act payment reduction.
EAPG relative weights	Based on 3M's version 3.7 EAPG national weights, adjusted (divided) by a factor of 0.880051 to scale the weights to an average Illinois case mix of 1.0.
EAPG base payments	Calculated by multiplying the EAPG conversion factor by the EAPG relative weight and the discount factor with the 3.5% SMART Act payment reduction.
Procedure consolidation	Simulated EAPG payment for procedures that are classified as the same or clinically-related to the main significant procedure, based on default EAPG settings, are consolidated (zero-paid).
Ancillary packaging	Simulated EAPG payment for routine ancillary services that are classified as packaged, based on the default EAPG list plus class I and minor chemotherapy and pharmacotherapy (based on 3M recommendation) are packaged (zero-paid).
Discounting	Simulated EAPG payment for services selected for terminated procedure discounting, multiple procedure discounting and repeat ancillary discounting, based on default EAPG settings, is reduced by 50 percent. Simulated EAPG payment for services selected for bilateral procedure discounting, based on default EAPG settings, is multiplied by 150 percent.
Outlier payments	None.
Policy adjusters	None.
Supplemental Payments	Based on SFY 2011 GRF static supplemental payments with 3.5% SMART Act payment reduction. Static payments allocated to psychiatric based on charges.

State of Illinois Department of Healthcare and Family Services
 Hospital Rate Reform Initiative
 Preliminary Outpatient Fiscal Simulation Model Results Using SFY 2009 Claims

3/27/2013 Baseline Model B
Supplementals Excluded from EAPG Pool

Model Components

Design Component	Description
Rehabilitation Services (COS 29)	
Claims data	SFY 2009 Illinois Medicaid outpatient hospital FFS rehabilitation claims data with COS 29 from in-state and selected out-of-state hospitals. Excludes Medicare dual eligibles, Cook County/University of Illinois claims, non-institutional claims, and ASC claims.
EAPG classification version	3M EAPG version 3.7.
Proposed EAPG system target expenditures	New EAPG system funding pool based on SFY 2009 rehabilitation claim reported payments net of DSH without the 3.5% SMART Act payment reduction.
EAPG conversion factors	Based on statewide standardized amount of \$167.85, with labor portion adjusted by CY 2012 Medicare OPSS wage index (with reclassifications). Statewide standardized amount set such that statewide aggregate simulated total claim payments are budget neutral to target expenditures without the 3.5% SMART Act payment reduction.
EAPG relative weights	Based on 3M's version 3.7 EAPG national weights, adjusted (divided) by a factor of 0.880051 to scale the weights to an average Illinois case mix of 1.0.
EAPG base payments	Calculated by multiplying the EAPG conversion factor by the EAPG relative weight and the discount factor with the 3.5% SMART Act payment reduction.
Procedure consolidation	Simulated EAPG payment for procedures that are classified as the same or clinically-related to the main significant procedure, based on default EAPG settings, are consolidated (zero-paid).
Ancillary packaging	Simulated EAPG payment for routine ancillary services that are classified as packaged, based on the default EAPG list plus class I and minor chemotherapy and pharmacotherapy (based on 3M recommendation) are packaged (zero-paid).
Discounting	Simulated EAPG payment for services selected for terminated procedure discounting, multiple procedure discounting and repeat ancillary discounting, based on default EAPG settings, is reduced by 50 percent. Simulated EAPG payment for services selected for bilateral procedure discounting, based on default EAPG settings, is multiplied by 150 percent.
Outlier payments	None.
Policy adjusters	None.
Supplemental Payments	Based on SFY 2011 GRF static supplemental payments with 3.5% SMART Act payment reduction. Static payments allocated to rehabilitation based on charges.

State of Illinois Department of Healthcare and Family Services
Hospital Rate Reform Initiative
Preliminary Outpatient Fiscal Simulation Model Results Using SFY 2009 Claims
Category of Service Summary

3/27/2013 Baseline Model B
Supplementals Excluded from EAPG Pool
Payments Without SMART Act Reductions Before Transition

Category of Service	Current System - Without SMART Act Reductions				Revised System Before Transition - Without SMART Act Reductions		
	SFY 2009 Claims A	SFY 2009 Claim Based Payments B	SFY 2011 Supplemental Payments C	Current System Combined Claim and Supplemental Payments D=B+C	Revised EAPG System Payments E	Estimated Payment Change F=E-B	Estimated Payment Change Percentage G=F/D
General Acute Hospitals (COS 24 and 25)	2,116,296	478,400,148	49,043,471	527,443,619	478,401,179	1,031	0.0%
Psychiatric Providers / Units (COS 27 and 28)	111,463	13,064,719	365,315	13,430,034	13,063,337	(1,382)	0.0%
Rehabilitation Providers / Units (COS 29)	20,582	5,386,160	6,783	5,392,943	5,386,372	212	0.0%
Outpatient Total	2,248,341	496,851,027	49,415,569	546,266,596	496,850,888	(139)	0.0%

State of Illinois Department of Healthcare and Family Services
 Hospital Rate Reform Initiative
 Preliminary Outpatient Fiscal Simulation Model Results Using SFY 2009 Claims
Category of Service Summary

3/27/2013 Baseline Model B
 Supplementals Excluded from EAPG Pool
 Payments With SMART Act Reductions Before Transition

Category of Service	Current System - With SMART Act Reductions				Revised System Before Transition - With SMART Act Reductions		
	SFY 2009 Claims	SFY 2009 Claim Based Payments	SFY 2011 Supplemental Payments	Current System Combined Claim and Supplemental Payments	Revised EAPG System Payments	Estimated Payment Change	Estimated Payment Change Percentage
				D=B+C			
	A	B	C	D=B+C	E	F=E-B	G=F/D
General Acute Hospitals (COS 24 and 25)	2,116,296	465,063,651	48,342,935	513,406,585	465,195,903	132,252	0.0%
Psychiatric Providers / Units (COS 27 and 28)	111,463	12,796,472	364,499	13,160,971	12,783,765	(12,707)	-0.1%
Rehabilitation Providers / Units (COS 29)	20,582	5,217,974	6,545	5,224,519	5,217,772	(202)	0.0%
Outpatient Total	2,248,341	483,078,096	48,713,980	531,792,075	483,197,439	119,343	0.0%

State of Illinois HFS
Hospital Rate Reform Initiative
Combined Inpatient and Outpatient
Provider Type Summary

3/27/2013 Baseline Model B

MPA/MHVA Payments Included in DRG/EAPG Pool; Supplementals Excluded
Payments With SMART Act Reductions Before Transition

Provider Type	Inpatient					
	Current System - With SMART Act Reductions			Revised System Before Transition - With SMART Act Reductions		
	SFY 2009 Claim Based Payments	SFY 2011 Supplemental Payments	Current System Combined Claim and Supplemental Payments	Revised System Claim Payments	Estimated Payment Change	Estimated Payment Change Percentage
A	B	C=A+B	D	E=D-A	F=E/C	
General Acute Providers - Safety Net	362,080,027	158,239,975	520,320,002	380,893,081	18,813,054	3.6%
General Acute Providers - Other	1,337,973,403	147,781,390	1,485,754,793	1,362,490,528	24,517,125	1.7%
Freestanding Children's Providers	118,910,193	34,523,897	153,434,090	99,724,808	(19,185,385)	-12.5%
Freestanding Psychiatric Providers	94,609,039	2,085,128	96,694,166	76,900,649	(17,708,390)	-18.3%
Freestanding Rehabilitation Providers	18,450,636	12,320,509	30,771,145	17,197,863	(1,252,773)	-4.1%
LTAC Providers	68,780,752	1,466,217	70,246,970	68,547,332	(233,421)	-0.3%
Critical Access Hospitals	11,807,545	3,399,696	15,207,242	16,893,835	5,086,289	33.4%
Out-of-State Providers	121,873,616	8,271,066	130,144,682	111,992,842	(9,880,774)	-7.6%
Total	2,134,485,212	368,087,878	2,502,573,090	2,134,640,938	155,726	0.0%

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Hospital Rate Reform Initiative
Combined Inpatient and Outpatient
Provider Type Summary**

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*MPA/MHVA Payments Included in DRG/EAPG Pool; Supplementals Excluded
Payments With SMART Act Reductions Before Transition*

Provider Type	Outpatient					
	Current System - With SMART Act Reductions			Revised System Before Transition - With SMART Act Reductions		
	SFY 2009 Claim Based Payments G	SFY 2011 Supplemental Payments H	Current System Combined Claim and Supplemental Payments I=G+H	Revised System Claim Payments J	Estimated Payment Change K=J-G	Estimated Payment Change Percentage L=K/I
General Acute Providers - Safety Net	61,689,602	9,456,611	71,146,213	64,149,677	2,460,075	3.5%
General Acute Providers - Other	359,593,810	16,969,541	376,563,352	355,443,852	(4,149,959)	-1.1%
Freestanding Children's Providers	12,384,173	13,497,214	25,881,387	13,501,227	1,117,054	4.3%
Freestanding Psychiatric Providers	3,151,440	-	3,151,440	3,224,720	73,280	2.3%
Freestanding Rehabilitation Providers	2,432,488	-	2,432,488	2,495,204	62,716	2.6%
LTAC Providers	539,915	-	539,915	563,484	23,569	4.4%
Critical Access Hospitals	29,264,930	6,416,338	35,681,268	29,101,441	(163,489)	-0.5%
Out-of-State Providers	14,021,738	2,374,275	16,396,013	14,717,834	696,097	4.2%
Total	483,078,096	48,713,980	531,792,075	483,197,439	119,343	0.0%

State of Illinois HFS
Hospital Rate Reform Initiative
Combined Inpatient and Outpatient
Provider Type Summary

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MPA/MHVA Payments Included in DRG/EAPG Pool; Supplementals Excluded
Payments With SMART Act Reductions Before Transition

Provider Type	Combined Inpatient and Outpatient					
	Current System - With SMART Act Reductions			Revised System Before Transition - With SMART Act Reductions		
	SFY 2009 Claim Based Payments M=A+G	SFY 2011 Supplemental Payments N=B+H	Current System Combined Claim and Supplemental Payments O=M+N	Revised System Claim Payments P=D+J	Estimated Payment Change Q=P-M	Estimated Payment Change Percentage R=Q/O
General Acute Providers - Safety Net	423,769,629	167,696,586	591,466,215	445,042,758	21,273,129	3.6%
General Acute Providers - Other	1,697,567,214	164,750,931	1,862,318,145	1,717,934,380	20,367,166	1.1%
Freestanding Children's Providers	131,294,367	48,021,111	179,315,477	113,226,036	(18,068,331)	-10.1%
Freestanding Psychiatric Providers	97,760,478	2,085,128	99,845,606	80,125,369	(17,635,110)	-17.7%
Freestanding Rehabilitation Providers	20,883,123	12,320,509	33,203,633	19,693,066	(1,190,057)	-3.6%
LTAC Providers	69,320,667	1,466,217	70,786,885	69,110,816	(209,852)	-0.3%
Critical Access Hospitals	41,072,475	9,816,034	50,888,510	45,995,276	4,922,800	9.7%
Out-of-State Providers	135,895,354	10,645,341	146,540,695	126,710,676	(9,184,678)	-6.3%
Total	2,617,563,307	416,801,858	3,034,365,165	2,617,838,377	275,069	0.0%

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Combined Inpatient and Outpatient
Provider Type Summary

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MPA/MHVA Payments Included in DRG/EAPG Pool; Supplementals Excluded
Payments With SMART Act Reductions After Transition

Provider Type	Inpatient					
	Current System - With SMART Act Reductions			Revised System in Year 1 Transition - With SMART Act Reductions		
	SFY 2009 Claim Based Payments	SFY 2011 Supplemental Payments	Current System Combined Claim and Supplemental Payments	Revised System Claim Payments With Transitional Limits	Estimated Payment Change	Estimated Payment Change Percentage
A	B	C=A+B	D	E=D-A	F=E/C	
General Acute Providers - Safety Net	362,080,027	158,239,975	520,320,002	369,250,627	7,170,600	1.4%
General Acute Providers - Other	1,337,973,403	147,781,390	1,485,754,793	1,342,072,434	4,099,031	0.3%
Freestanding Children's Providers	118,910,193	34,523,897	153,434,090	113,242,907	(5,667,286)	-3.7%
Freestanding Psychiatric Providers	94,609,039	2,085,128	96,694,166	91,059,112	(3,549,926)	-3.7%
Freestanding Rehabilitation Providers	18,450,636	12,320,509	30,771,145	17,964,156	(486,480)	-1.6%
LTAC Providers	68,780,752	1,466,217	70,246,970	68,617,149	(163,603)	-0.2%
Critical Access Hospitals	11,807,545	3,399,696	15,207,242	12,277,355	469,810	3.1%
Out-of-State Providers	121,873,616	8,271,066	130,144,682	120,078,428	(1,795,189)	-1.4%
Total	2,134,485,212	368,087,878	2,502,573,090	2,134,562,169	76,958	0.0%

State of Illinois HFS
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Provider Type Summary

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MPA/MHVA Payments Included in DRG/EAPG Pool; Supplementals Excluded
Payments With SMART Act Reductions After Transition

Provider Type	Outpatient					
	Current System - With SMART Act Reductions			Revised System in Year 1 Transition - With SMART Act Reductions		
	SFY 2009 Claim Based Payments	SFY 2011 Supplemental Payments	Current System Combined Claim and Supplemental Payments	Revised System Claim Payments With Transitional Limits	Estimated Payment Change	Estimated Payment Change Percentage
G	H	I=G+H	J	K=J-G	L=K/I	
General Acute Providers - Safety Net	61,689,602	9,456,611	71,146,213	62,062,032	372,430	0.5%
General Acute Providers - Other	359,593,810	16,969,541	376,563,352	358,873,378	(720,433)	-0.2%
Freestanding Children's Providers	12,384,173	13,497,214	25,881,387	12,847,189	463,015	1.8%
Freestanding Psychiatric Providers	3,151,440	-	3,151,440	3,166,728	15,288	0.5%
Freestanding Rehabilitation Providers	2,432,488	-	2,432,488	2,461,592	29,104	1.2%
LTAC Providers	539,915	-	539,915	534,793	(5,122)	-0.9%
Critical Access Hospitals	29,264,930	6,416,338	35,681,268	29,097,461	(167,469)	-0.5%
Out-of-State Providers	14,021,738	2,374,275	16,396,013	14,055,527	33,789	0.2%
Total	483,078,096	48,713,980	531,792,075	483,098,698	20,603	0.0%

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Provider Type Summary

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MPA/MHVA Payments Included in DRG/EAPG Pool; Supplementals Excluded
Payments With SMART Act Reductions After Transition

Provider Type	Combined Inpatient and Outpatient					
	Current System - With SMART Act Reductions			Revised System in Year 1 Transition - With SMART Act Reductions		
	SFY 2009 Claim Based Payments M=A+G	SFY 2011 Supplemental Payments N=B+H	Current System Combined Claim and Supplemental Payments O=M+N	Revised System Claim Payments With Transitional Limits P=D+J	Estimated Payment Change Q=P-M	Estimated Payment Change Percentage R=Q/O
General Acute Providers - Safety Net	423,769,629	167,696,586	591,466,215	431,312,659	7,543,030	1.3%
General Acute Providers - Other	1,697,567,214	164,750,931	1,862,318,145	1,700,945,812	3,378,598	0.2%
Freestanding Children's Providers	131,294,367	48,021,111	179,315,477	126,090,096	(5,204,270)	-2.9%
Freestanding Psychiatric Providers	97,760,478	2,085,128	99,845,606	94,225,840	(3,534,638)	-3.5%
Freestanding Rehabilitation Providers	20,883,123	12,320,509	33,203,633	20,425,748	(457,375)	-1.4%
LTAC Providers	69,320,667	1,466,217	70,786,885	69,151,942	(168,725)	-0.2%
Critical Access Hospitals	41,072,475	9,816,034	50,888,510	41,374,816	302,341	0.6%
Out-of-State Providers	135,895,354	10,645,341	146,540,695	134,133,955	(1,761,399)	-1.2%
Total	2,617,563,307	416,801,858	3,034,365,165	2,617,660,868	97,560	0.0%

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Provider Type Summary

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MPA/MHVA Payments Included in DRG/EAPG Pool; Supplementals Excluded
Payments With SMART Act Reductions Before Transition

Provider Type	Inpatient					
	Current System - With SMART Act Reductions			Revised System Before Transition - With SMART Act Reductions		
	SFY 2009 Claim Based Payments	SFY 2011 Supplemental Payments	Current System Combined	Revised	Estimated	Estimated
			Claim and Supplemental Payments	System Claim Payments	Payment Change	Payment Change Percentage
A	B	C=A+B	D	E=D-A	F=E/C	
<i>Perinatal Level:</i>						
Level III	903,194,044	160,919,835	1,064,113,879	876,844,063	(26,349,981)	-2.5%
Level II+	298,232,020	47,089,460	345,321,480	315,283,488	17,051,468	4.9%
Level II	505,701,437	106,420,310	612,121,747	529,481,230	23,779,793	3.9%
Level I	6,840,714	2,456,173	9,296,887	9,894,983	3,054,269	32.9%
Non-perinatal	420,516,997	51,202,100	471,719,097	403,137,174	(17,379,823)	-3.7%
Total	2,134,485,212	368,087,878	2,502,573,090	2,134,640,938	155,726	0.0%
<i>Trauma Level:</i>						
Level I	763,201,323	149,210,688	912,412,010	741,086,413	(22,114,909)	-2.4%
Level II	384,341,366	16,485,984	400,827,350	377,642,252	(6,699,114)	-1.7%
Non-trauma	986,942,524	202,391,206	1,189,333,730	1,015,912,272	28,969,749	2.4%
Total	2,134,485,212	368,087,878	2,502,573,090	2,134,640,938	155,726	0.0%
<i>Teaching Hospitals:</i>						
Major Teaching	845,890,971	172,959,687	1,018,850,658	855,929,224	10,038,253	1.0%
Other Teaching	507,583,236	112,544,842	620,128,079	509,440,422	1,857,185	0.3%
Non-Teaching	781,011,005	82,583,349	863,594,353	769,271,292	(11,739,713)	-1.4%
Total	2,134,485,212	368,087,878	2,502,573,090	2,134,640,938	155,726	0.0%

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Provider Type Summary

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MPA/MHVA Payments Included in DRG/EAPG Pool; Supplementals Excluded
Payments With SMART Act Reductions Before Transition

Provider Type	Outpatient					
	Current System - With SMART Act Reductions			Revised System Before Transition - With SMART Act Reductions		
	SFY 2009 Claim Based Payments G	SFY 2011 Supplemental Payments H	Current System Combined Claim and Supplemental Payments I=G+H	Revised System Claim Payments J	Estimated Payment Change K=J-G	Estimated Payment Change Percentage L=K/I
<i>Perinatal Level:</i>						
Level III	140,202,701	20,865,063	161,067,764	139,748,422	(454,279)	-0.3%
Level II+	80,423,943	5,576,133	86,000,076	81,607,554	1,183,612	1.4%
Level II	189,232,072	6,665,015	195,897,088	184,953,764	(4,278,308)	-2.2%
Level I	11,349,369	1,280,414	12,629,783	10,495,456	(853,913)	-6.8%
Non-perinatal	61,870,010	14,327,354	76,197,365	66,392,243	4,522,233	5.9%
Total	483,078,096	48,713,980	531,792,075	483,197,439	119,343	0.0%
<i>Trauma Level:</i>						
Level I	117,895,976	15,345,139	133,241,115	118,632,554	736,578	0.6%
Level II	125,562,368	10,610,018	136,172,386	126,779,036	1,216,668	0.9%
Non-trauma	239,619,752	22,758,823	262,378,575	237,785,849	(1,833,902)	-0.7%
Total	483,078,096	48,713,980	531,792,075	483,197,439	119,343	0.0%
<i>Teaching Hospitals:</i>						
Major Teaching	147,220,260	15,050,407	162,270,667	139,898,021	(7,322,239)	-4.5%
Other Teaching	118,173,245	7,044,546	125,217,791	119,578,002	1,404,757	1.1%
Non-Teaching	217,684,591	26,619,027	244,303,618	223,721,416	6,036,825	2.5%
Total	483,078,096	48,713,980	531,792,075	483,197,439	119,343	0.0%

State of Illinois HFS
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Provider Type Summary

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MPA/MHVA Payments Included in DRG/EAPG Pool; Supplementals Excluded
Payments With SMART Act Reductions Before Transition

Provider Type	Combined Inpatient and Outpatient					
	Current System - With SMART Act Reductions			Revised System Before Transition - With SMART Act Reductions		
	SFY 2009 Claim Based Payments M=A+G	SFY 2011 Supplemental Payments N=B+H	Current System Combined Claim and Supplemental Payments O=M+N	Revised System Claim Payments P=D+J	Estimated Payment Change Q=P-M	Estimated Payment Change Percentage R=Q/O
<i>Perinatal Level:</i>						
Level III	1,043,396,745	181,784,898	1,225,181,643	1,016,592,485	(26,804,260)	-2.2%
Level II+	378,655,962	52,665,594	431,321,556	396,891,042	18,235,080	4.2%
Level II	694,933,509	113,085,326	808,018,835	714,434,994	19,501,485	2.4%
Level I	18,190,083	3,736,587	21,926,670	20,390,438	2,200,356	10.0%
Non-perinatal	482,387,008	65,529,454	547,916,462	469,529,417	(12,857,590)	-2.3%
Total	2,617,563,307	416,801,858	3,034,365,165	2,617,838,377	275,069	0.0%
<i>Trauma Level:</i>						
Level I	881,097,298	164,555,827	1,045,653,126	859,718,967	(21,378,332)	-2.0%
Level II	509,903,734	27,096,002	536,999,736	504,421,288	(5,482,445)	-1.0%
Non-trauma	1,226,562,275	225,150,029	1,451,712,304	1,253,698,121	27,135,846	1.9%
Total	2,617,563,307	416,801,858	3,034,365,165	2,617,838,377	275,069	0.0%
<i>Teaching Hospitals:</i>						
Major Teaching	993,111,231	188,010,094	1,181,121,325	995,827,245	2,716,014	0.2%
Other Teaching	625,756,481	119,589,388	745,345,869	629,018,423	3,261,943	0.4%
Non-Teaching	998,695,596	109,202,375	1,107,897,971	992,992,708	(5,702,887)	-0.5%
Total	2,617,563,307	416,801,858	3,034,365,165	2,617,838,377	275,069	0.0%

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MPA/MHVA Payments Included in DRG/EAPG Pool; Supplementals Excluded
 Payments With SMART Act Reductions After Transition

Provider Type	Inpatient					
	Current System - With SMART Act Reductions			Revised System in Year 1 Transition - With SMART Act Reductions		
	SFY 2009 Claim Based Payments	SFY 2011 Supplemental Payments	Current System Combined	Revised System Claim	Estimated Payment Change	Estimated Payment Change Percentage
			Claim and Supplemental Payments	Payments With Transitional Limits		
A	B	C=A+B	D	E=D-A	F=E/C	
<i>Perinatal Level:</i>						
Level III	903,194,044	160,919,835	1,064,113,879	892,388,916	(10,805,127)	-1.0%
Level II+	298,232,020	47,089,460	345,321,480	303,888,418	5,656,398	1.6%
Level II	505,701,437	106,420,310	612,121,747	513,211,025	7,509,588	1.2%
Level I	6,840,714	2,456,173	9,296,887	7,197,550	356,836	3.8%
Non-perinatal	420,516,997	51,202,100	471,719,097	417,876,260	(2,640,737)	-0.6%
Total	2,134,485,212	368,087,878	2,502,573,090	2,134,562,169	76,958	0.0%
<i>Trauma Level:</i>						
Level I	763,201,323	149,210,688	912,412,010	756,147,243	(7,054,080)	-0.8%
Level II	384,341,366	16,485,984	400,827,350	383,727,291	(614,075)	-0.2%
Non-trauma	986,942,524	202,391,206	1,189,333,730	994,687,636	7,745,112	0.7%
Total	2,134,485,212	368,087,878	2,502,573,090	2,134,562,169	76,958	0.0%
<i>Teaching Hospitals:</i>						
Major Teaching	845,890,971	172,959,687	1,018,850,658	843,004,723	(2,886,247)	-0.3%
Other Teaching	507,583,236	112,544,842	620,128,079	510,137,731	2,554,495	0.4%
Non-Teaching	781,011,005	82,583,349	863,594,353	781,419,715	408,710	0.0%
Total	2,134,485,212	368,087,878	2,502,573,090	2,134,562,169	76,958	0.0%

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MPA/MHVA Payments Included in DRG/EAPG Pool; Supplementals Excluded
Payments With SMART Act Reductions After Transition

Provider Type	Outpatient					
	Current System - With SMART Act Reductions			Revised System in Year 1 Transition - With SMART Act Reductions		
	SFY 2009 Claim Based Payments G	SFY 2011 Supplemental Payments H	Current System Combined Claim and Supplemental Payments I=G+H	Revised System Claim Payments With Transitional Limits J	Estimated Payment Change K=J-G	Estimated Payment Change Percentage L=K/I
<i>Perinatal Level:</i>						
Level III	140,202,701	20,865,063	161,067,764	140,092,616	(110,085)	-0.1%
Level II+	80,423,943	5,576,133	86,000,076	80,429,533	5,591	0.0%
Level II	189,232,072	6,665,015	195,897,088	188,816,888	(415,184)	-0.2%
Level I	11,349,369	1,280,414	12,629,783	11,105,913	(243,456)	-1.9%
Non-perinatal	61,870,010	14,327,354	76,197,365	62,653,747	783,737	1.0%
Total	483,078,096	48,713,980	531,792,075	483,098,698	20,603	0.0%
<i>Trauma Level:</i>						
Level I	117,895,976	15,345,139	133,241,115	118,328,719	432,743	0.3%
Level II	125,562,368	10,610,018	136,172,386	124,993,583	(568,785)	-0.4%
Non-trauma	239,619,752	22,758,823	262,378,575	239,776,396	156,644	0.1%
Total	483,078,096	48,713,980	531,792,075	483,098,698	20,603	0.0%
<i>Teaching Hospitals:</i>						
Major Teaching	147,220,260	15,050,407	162,270,667	146,234,868	(985,392)	-0.6%
Other Teaching	118,173,245	7,044,546	125,217,791	118,993,841	820,597	0.7%
Non-Teaching	217,684,591	26,619,027	244,303,618	217,869,989	185,398	0.1%
Total	483,078,096	48,713,980	531,792,075	483,098,698	20,603	0.0%

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MPA/MHVA Payments Included in DRG/EAPG Pool; Supplementals Excluded
Payments With SMART Act Reductions After Transition

Combined Inpatient and Outpatient						
Provider Type	Current System - With SMART Act Reductions			Revised System in Year 1 Transition - With SMART Act Reductions		
	SFY 2009 Claim Based Payments M=A+G	SFY 2011 Supplemental Payments N=B+H	Current System Combined Claim and Supplemental Payments O=M+N	Revised System Claim Payments With Transitional Limits P=D+J	Estimated Payment Change Q=P-M	Estimated Payment Change Percentage R=Q/O
<i>Perinatal Level:</i>						
Level III	1,043,396,745	181,784,898	1,225,181,643	1,032,481,533	(10,915,212)	-0.9%
Level II+	378,655,962	52,665,594	431,321,556	384,317,952	5,661,989	1.3%
Level II	694,933,509	113,085,326	808,018,835	702,027,913	7,094,404	0.9%
Level I	18,190,083	3,736,587	21,926,670	18,303,463	113,380	0.5%
Non-perinatal	482,387,008	65,529,454	547,916,462	480,530,007	(1,857,001)	-0.3%
Total	2,617,563,307	416,801,858	3,034,365,165	2,617,660,868	97,560	0.0%
<i>Trauma Level:</i>						
Level I	881,097,298	164,555,827	1,045,653,126	874,475,962	(6,621,337)	-0.6%
Level II	509,903,734	27,096,002	536,999,736	508,720,874	(1,182,860)	-0.2%
Non-trauma	1,226,562,275	225,150,029	1,451,712,304	1,234,464,032	7,901,757	0.5%
Total	2,617,563,307	416,801,858	3,034,365,165	2,617,660,868	97,560	0.0%
<i>Teaching Hospitals:</i>						
Major Teaching	993,111,231	188,010,094	1,181,121,325	989,239,592	(3,871,639)	-0.3%
Other Teaching	625,756,481	119,589,388	745,345,869	629,131,572	3,375,091	0.5%
Non-Teaching	998,695,596	109,202,375	1,107,897,971	999,289,704	594,108	0.1%
Total	2,617,563,307	416,801,858	3,034,365,165	2,617,660,868	97,560	0.0%

**State of Illinois Department of Healthcare and Family Services
Hospital Rate Reform Initiative
Handout 3: 4/1/2013 Baseline Model C –
Supplemental Payments Included in DRG/EAPG Pool
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State of Illinois HFS
Hospital Rate Reform Initiative
Inpatient Impact
Model Components

4/1/2013 Baseline Model C

Supplemental Included in DRG Pool; MPA/MHVA Payments Excluded

Design Component	Description
Acute Services (COS 20)	
Claims data	SFY 2009 Illinois Medicaid inpatient FFS acute claims data with COS 20 from in-state and selected out-of-state hospitals. Excludes Medicare dual eligibles, Cook County/University of Illinois claims, claims with ungroupable APR-DRG assignments, outlier TPL claims, and LTAC provider claims.
DRG classification version	3M APR-DRG version 29.
Proposed DRG system target expenditures	New APR-DRG system funding pool based on SFY 2009 acute claim reported payments, net of DSH and MPA/MHVA, combined with supplemental payments, without the 3.5% SMART Act payment reduction.
DRG base rates	Based on statewide standardized amount of \$5,403.65, with labor portion adjusted by FFY 2012 Medicare IPPS wage index (with reclassifications). Statewide standardized amount set such that statewide aggregate simulated total claim payments are budget neutral to target expenditures without the 3.5% SMART Act payment reduction.
DRG relative weights	Based on 3M's version 29 APR-DRG national weights, adjusted (divided) by a factor of 0.704827 to scale the weights to an average Illinois case mix of 1.0 for acute (COS 20) services.
DRG base payments	Calculated by multiplying the DRG base rate by the DRG relative weight with the 3.5% SMART Act payment reduction.
Outlier payments	Calculated using following: - Claim outlier threshold equal to base DRG payment plus fixed loss threshold (Medicare FFY 2012 \$22,385 fixed loss threshold) - Claim outlier costs calculated by multiplying claim charges by FFY 2009 Medicare IPPS outlier CCRs, inflated from SFY 2009 to SFY 2013 by 10.3% based on changes in CMS input price index levels. - Claim outlier payment calculated based on 80% of outlier costs exceeding outlier threshold with the 3.5% SMART Act payment reduction.
Transfer payments	Based on the Medicare IPPS pro-rated standard transfer methodology for discharge status of 02, excluding APR-DRGs 580 and 581 (neonates died or transferred). Transfer payment equal to DRG base payment divided by the DRG average length of stay, multiplied by one plus the claim length of stay (up to the full DRG base payment).
Policy adjusters	None.
Supplemental Payments	Based on SFY 2011 GRF static supplemental payments with 3.5% SMART Act payment reduction, excluding the discontinued EAM payment. Static payments allocated to acute based on charges.

State of Illinois HFS
 Hospital Rate Reform Initiative
 Inpatient Impact
Model Components

4/1/2013 Baseline Model C

Supplemental Included in DRG Pool; MPA/MHVA Payments Excluded

Design Component	Description
Psychiatric Services (COS 21)	
Claims data	SFY 2009 Illinois Medicaid inpatient FFS psych claims data with COS 21 from in-state and selected out-of-state hospitals. Excludes Medicare dual eligibles, Cook County/University of Illinois claims, and claims with ungroupable APR-DRG assignments.
DRG classification version	3M APR-DRG version 29.
Proposed system target expenditures	New APR-DRG system funding pool based on SFY 2009 psych claim reported payments, net of DSH and MPA/MHVA, combined with supplemental payments, without the 3.5% SMART Act payment reduction.
Per diem rates	Based on statewide standardized per diem rate of \$488.79, with labor portion adjusted by FFY 2012 Medicare IPF-PPS wage index. Statewide standardized amount set such that statewide aggregate simulated total claim payments are budget neutral to target expenditures without the 3.5% SMART Act payment reduction.
DRG relative weights	No relative weight adjustment.
Per diem payments	Calculated by multiplying the per diem rate by patient days with the 3.5% SMART Act payment reduction.
Outlier payments	N/A
Transfer payments	N/A
Policy adjusters	None.
Supplemental Payments	Based on SFY 2011 GRF static supplemental payments with 3.5% SMART Act payment reduction, excluding the discontinued EAM payment. Static payments allocated to psych based on charges.

State of Illinois HFS
 Hospital Rate Reform Initiative
 Inpatient Impact
Model Components

4/1/2013 Baseline Model C

Supplemental Included in DRG Pool; MPA/MHVA Payments Excluded

Design Component	Description
Rehabilitation Services (COS 22)	
Claims data	SFY 2009 Illinois Medicaid inpatient FFS rehab claims data with COS 22 from in-state and selected out-of-state hospitals. Excludes Medicare dual eligibles, Cook County/University of Illinois claims, and claims with ungroupable APR-DRG assignments.
DRG classification version	3M APR-DRG version 29.
Proposed system target expenditures	New APR-DRG system funding pool based on SFY 2009 rehab claim reported payments, net of DSH and MPA/MHVA, combined with supplemental payments, without the 3.5% SMART Act payment reduction.
Per diem rates	Based on statewide standardized per diem rate of \$950.73, with labor portion adjusted by FFY 2012 Medicare IRF-PPS wage index. Statewide standardized amount set such that statewide aggregate simulated total claim payments are budget neutral to target expenditures without the 3.5% SMART Act payment reduction.
DRG relative weights	No relative weight adjustment.
Per diem payments	Calculated by multiplying the per diem rate by patient days with the 3.5% SMART Act payment reduction.
Outlier payments	N/A
Transfer payments	N/A
Policy adjusters	None.
Supplemental Payments	Based on SFY 2011 GRF static supplemental payments with 3.5% SMART Act payment reduction, excluding the discontinued EAM payment. Static payments allocated to rehab based on charges.

State of Illinois HFS
 Hospital Rate Reform Initiative
 Inpatient Impact
Model Components

4/1/2013 Baseline Model C

Supplemental Included in DRG Pool; MPA/MHVA Payments Excluded

Design Component	Description
LTAC Services (COS 20)	
Claims data	SFY 2009 Illinois Medicaid inpatient FFS LTAC claims data with COS 20 from in-state LTAC hospitals. Excludes Medicare dual eligibles, Cook County/University of Illinois claims, and claims with ungroupable APR-DRG assignments.
DRG classification version	3M APR-DRG version 29.
Proposed system target expenditures	New APR-DRG system funding pool based on SFY 2009 acute claim reported payments, net of DSH and MPA/MHVA, combined with supplemental payments, without the 3.5% SMART Act payment reduction. Holy Family current system payments simulated based on its SFY 2011 per diem rate, since its SFY 2009 claim reported payments were based on the DRG methodology.
Per diem rates	Based on statewide standardized per diem rate of \$856.51, with labor portion adjusted by FFY 2012 Medicare LTCH-PPS wage index. Statewide standardized amount set such that statewide aggregate simulated total claim payments are budget neutral to target expenditures without the 3.5% SMART Act payment reduction.
DRG relative weights	No relative weight adjustment.
Per diem payments	Calculated by multiplying the per diem rate by patient days with the 3.5% SMART Act payment reduction.
Outlier payments	N/A
Transfer payments	N/A
Policy adjusters	None
Supplemental Payments	Based on SFY 2011 GRF static supplemental payments with 3.5% SMART Act payment reduction, excluding the discontinued EAM payment. Static payments allocated to LTAC based on charges.

State of Illinois HFS
 Hospital Rate Reform Initiative
 Inpatient Impact
Category of Service Summary

4/1/2013 Baseline Model C

Supplemental Included in DRG Pool; MPA/MHVA Payments Excluded
 Payments Without SMART Act Reductions Before Transition

Category of Service	Current System Payments - Without SMART Act Reductions							Revised System Payments - Without SMART Act Reductions				
	SFY 2009 Claim Based Payments - Net of Outliers and MPA/MHVA Claims A	SFY 2009 Claim Based Payments - Outliers Portion MPA/MHVA B	SFY 2009 Claim Based Payments - Outliers MPA/MHVA C	SFY 2009 Claim Based Payments - MPA/MHVA D	SFY 2009 Claim Based Payments - Total E=B+C+D	SFY 2011 Supplemental Payments F	Combined Supplemental and Claim Payments G=E+F	Revised System DRG / Per Diem Payments H	Revised System Outlier Payments I	Total Claim- Based Payments Under Revised System J=H+I+D	Estimated Payment Change K=J-G	Estimated Payment Change Percentage L=K/G
General Acute Hospitals (COS 20)	339,071	1,243,854,279	471,412,083	152,804,149	1,868,070,511	331,425,187	2,199,495,698	1,836,041,888	210,633,783	2,199,479,820	(15,878)	0.0%
Psychiatric Providers / Units (COS 21)												
Freestanding Psychiatric Providers	8,654	64,296,093	5,056	33,739,305	98,040,454	2,160,754	100,201,207	63,601,056	-	97,340,362	(2,860,846)	-2.9%
Psychiatric Units	33,328	89,052,020	7,861	36,665,207	125,725,087	23,066,955	148,792,042	114,989,257	-	151,654,464	2,862,421	1.9%
Psychiatric Total	41,982	153,348,112	12,917	70,404,512	223,765,540	25,227,709	248,993,250	178,590,313	-	248,994,825	1,575	0.0%
Rehabilitation Providers / Units (COS 22)												
Freestanding Rehabilitation Providers	1,236	16,787,623	69,504	2,262,701	19,119,828	12,767,367	31,887,195	24,009,854	-	26,272,556	(5,614,639)	-17.6%
Rehabilitation Units	1,653	14,123,949	96,822	1,718,260	15,939,032	3,386,908	19,325,940	23,223,162	-	24,941,422	5,615,483	29.1%
Rehabilitation Total	2,889	30,911,572	166,326	3,980,962	35,058,860	16,154,275	51,213,135	47,233,016	-	51,213,978	843	0.0%
LTAC Providers (COS 20)	1,707	51,089,734	788,325	15,255,349	67,133,408	1,516,297	68,649,705	53,394,734	-	68,650,083	378	0.0%
Inpatient Total	385,649	1,479,203,698	472,379,650	242,444,972	2,194,028,320	374,323,468	2,568,351,788	2,115,259,952	210,633,783	2,568,338,706	(13,082)	0.0%

State of Illinois HFS
 Hospital Rate Reform Initiative
 Inpatient Impact
 Category of Service Summary

4/1/2013 Baseline Model C

Supplemental Included in DRG Pool; MPA/MHVA Payments Excluded
 Payments With SMART Act Reductions Before Transition

Category of Service	Current System Payments - With SMART Act Reductions							Revised System Payments - With SMART Act Reductions				
	SFY 2009 Claims A	SFY 2009 Claim Based Payments - Net of Outliers and MPA/MHVA B	SFY 2009 Claim Based Payments - Outliers Portion C	SFY 2009 Claim Based Payments - MPA/MHVA D	SFY 2009 Claim Based Payments - Total E=B+C+D	SFY 2011 Supplemental Payments F	Combined Supplemental and Claim Payments G=E+F	Revised System DRG / Per Diem Payments H	Revised System Outlier Payments I	Total Claim- Based Payments Under Revised System J=H+I+D	Estimated Payment Change K=J-G	Estimated Payment Change Percentage L=K/G
General Acute Hospitals (COS 20)	339,071	1,210,238,448	456,944,328	150,062,221	1,817,244,996	325,955,431	2,143,200,428	1,786,171,862	205,018,854	2,141,252,937	(1,947,491)	-0.1%
Psychiatric Providers / Units (COS 21)												
Freestanding Psychiatric Providers	8,654	62,045,731	4,879	32,558,429	94,609,039	2,085,128	96,694,166	61,375,020	-	93,933,449	(2,760,717)	-2.9%
Psychiatric Units	33,328	87,443,628	7,861	36,440,967	123,892,455	22,927,655	146,820,110	113,053,794	-	149,494,761	2,674,651	1.8%
Psychiatric Total	41,982	149,489,359	12,740	68,999,396	218,501,494	25,012,782	243,514,276	174,428,814	-	243,428,210	(86,066)	0.0%
Rehabilitation Providers / Units (COS 22)												
Freestanding Rehabilitation Providers	1,236	16,200,058	67,071	2,183,507	18,450,636	12,320,509	30,771,145	23,169,509	-	25,353,017	(5,418,128)	-17.6%
Rehabilitation Units	1,653	13,715,170	94,989	1,694,188	15,504,347	3,335,928	18,840,275	22,531,005	-	24,225,193	5,384,918	28.6%
Rehabilitation Total	2,889	29,915,228	162,060	3,877,695	33,954,983	15,656,438	49,611,420	45,700,515	-	49,578,210	(33,211)	-0.1%
LTAC Providers (COS 20)	1,707	49,301,594	760,734	14,721,411	64,783,739	1,463,227	66,246,966	51,525,918	-	66,247,330	364	0.0%
Inpatient Total	385,649	1,438,944,628	457,879,861	237,660,723	2,134,485,212	368,087,878	2,502,573,090	2,057,827,110	205,018,854	2,500,506,687	(2,066,403)	-0.1%

State of Illinois HFS
 Hospital Rate Reform Initiative
 Inpatient Impact
 Medicaid Service Line Summary

4/1/2013 Baseline Model C
 Supplemental Included in DRG Pool; MPA/MHVA Payments Excluded
 Payments With SMART Act Reductions Before Transition

Medicaid Service Line	Current System Payments - With SMART Act Reductions								Revised System Payments - With SMART Act Reductions					
	SFY 2009 Claims	APR- DRG Case Mix (Acute COS 20 Only)	SFY 2009 Claim Based Payments -			SFY 2011 Supplemental Payments	Combined Supplemental and Claim Payments	Service Policy Adjuster	Revised System DRG / Per Diem Payments	Revised System Outlier Payments	Total Claim- Based Payments Under Revised System	Estimated Payment Change	Estimated Payment Change Percentage	
			Net of Outliers and MPA/MHVA	SFY 2009 Claim Based Payments - Outliers Portion	SFY 2009 Claim Based Payments - MPA/MHVA									SFY 2009 Claim Based Payments - Total
A	B	C	D	E	F=C+D+E	G	H=F+G	I	J	K	L=J+K+E	M=L-H	N=M/H	
<i>Acute Services (COS 20):</i>														
Neonate	9,812	3.800	154,234,643	74,419,356	33,704,811	262,358,811	31,459,868	293,818,679	1.00	191,292,636	47,899,564	272,897,011	(20,921,668)	-7.1%
Normal newborn ⁽¹⁾	71,214	0.173	81,338,883	994,021	6,623,238	88,956,141	12,452,051	101,408,193	1.00	64,624,301	2,994,333	74,241,872	(27,166,321)	-26.8%
Obstetrics ⁽¹⁾	90,732	0.573	200,076,226	6,892,494	13,306,298	220,275,018	46,172,822	266,447,840	1.00	272,612,834	1,761,141	287,680,273	21,232,433	8.0%
Other pediatric services	40,065	1.203	218,180,201	45,369,231	46,036,117	309,585,549	60,186,557	369,772,106	1.00	252,886,150	70,498,765	369,421,032	(351,075)	-0.1%
Other adult services	127,248	1.504	556,408,495	329,269,226	50,391,756	936,069,478	175,684,133	1,111,753,610	1.00	1,004,755,941	81,865,052	1,137,012,750	25,259,139	2.3%
Inpatient Acute Total	339,071	1.006	1,210,238,448	456,944,328	150,062,221	1,817,244,996	325,955,431	2,143,200,428		1,786,171,862	205,018,854	2,141,252,937	(1,947,491)	-0.1%
<i>Psychiatric Services (COS 21):</i>														
Pediatric services	14,215	N/A	82,508,864	12,740	37,933,260	120,454,863	4,647,468	125,102,331	1.00	83,845,228	-	121,778,488	(3,323,843)	-2.7%
Adult services	27,767	N/A	66,980,495	-	31,066,136	98,046,631	20,365,315	118,411,946	1.00	90,583,586	-	121,649,722	3,237,776	2.7%
Inpatient Acute Total	41,982	N/A	149,489,359	12,740	68,999,396	218,501,494	25,012,782	243,514,276		174,428,814	-	243,428,210	(86,066)	0.0%
<i>Rehabilitation Services (COS 22):</i>														
Pediatric services	305	N/A	6,034,649	121,732	810,736	6,967,117	3,379,703	10,346,820	1.00	7,059,544	-	7,870,280	(2,476,540)	-23.9%
Adult services	2,584	N/A	23,880,579	40,328	3,066,959	26,987,865	12,276,735	39,264,600	1.00	38,640,971	-	41,707,929	2,443,329	6.2%
Inpatient Acute Total	2,889	N/A	29,915,228	162,060	3,877,695	33,954,983	15,656,438	49,611,420		45,700,515	-	49,578,210	(33,211)	-0.1%
<i>LTAC Services Total (COS 20):</i>														
Pediatric services	6	N/A	179,626	95,388	9,521	284,535	60,640	345,175	1.00	149,013	-	158,534	(186,641)	-54.1%
Adult services	1,701	N/A	49,121,968	665,346	14,711,890	64,499,204	1,402,587	65,901,791	1.00	51,376,905	-	66,088,795	187,005	0.3%
Inpatient Acute Total	1,707	N/A	49,301,594	760,734	14,721,411	64,783,739	1,463,227	66,246,966		51,525,918	-	66,247,330	364	0.0%
Inpatient Acute Total	385,649	1.006	1,438,944,628	457,879,861	237,660,723	2,134,485,212	368,087,878	2,502,573,090		2,057,827,110	205,018,854	2,500,506,687	(2,066,403)	-0.1%

Note: (1) The Department has historically not paid normal newborn claims because of limitations related to MMIS claims processing. To recognize the payment associated with those normal newborn claims, OB DRG claims relative weights were increased by .2012 on a per claim basis under the legacy system. Current system payments in this analysis include an allocation of the OB payment add-on to normal newborn claims.

State of Illinois HFS
 Hospital Rate Reform Initiative
 Inpatient Impact
 Medicaid Service Line Detail - Acute COS 20

4/1/2013 Baseline Model C
 Supplemental Included in DRG Pool; MPA/MHVA Payments Excluded
 Payments With SMART Act Reductions Before Transition

Medicaid Service Line - Acute COS 20 Only	SFY 2009 Claims	APR- DRG Case Mix (Acute COS 20 Only)	Current System Payments - With SMART Act Reductions						Revised System Payments - With SMART Act Reductions					
			SFY 2009 Claim Based Payments - Net of Outliers and MPA/MHVA	SFY 2009 Claim Based Payments - Outliers Portion	SFY 2009 Claim Based Payments - MPA/MHVA	SFY 2009 Claim Based Payments - Total	SFY 2011 Supplemental Payments	Combined Supplemental and Claim Payments	Service Policy Adjuster	Revised System DRG / Per Diem Payments	Revised System Outlier Payments	Total Claim- Based Payments Under Revised System	Estimated Payment Change	Estimated Payment Change Percentage
	A	B	C	D	E	F=C+D+E	G	H=F+G	I	J	K	L=J+K+E	M=L-H	N=M/H
<i>Newborn/OB Services:</i>														
Obstetrics	(1) 90,732	0.573	200,076,226	6,892,494	13,306,298	220,275,018	46,172,822	266,447,840	1.00	272,612,834	1,761,141	287,680,273	21,232,433	8.0%
Normal newborn	(1) 71,214	0.173	81,338,883	994,021	6,623,238	88,956,141	12,452,051	101,408,193	1.00	64,624,301	2,994,333	74,241,872	(27,166,321)	-26.8%
Neonate	9,812	3.800	154,234,643	74,419,356	33,704,811	262,358,811	31,459,868	293,818,679	1.00	191,292,636	47,899,564	272,897,011	(20,921,668)	-7.1%
Inpatient Acute Total	171,758	0.591	435,649,752	82,305,871	53,634,348	571,589,970	90,084,741	661,674,711		528,529,771	52,655,037	634,819,156	(26,855,555)	-4.1%
<i>Other Pediatric Services:</i>														
Misc Pediatric	26,471	1.271	141,904,735	31,363,686	32,067,389	205,335,811	42,449,503	247,785,313	1.00	176,738,653	49,513,909	258,319,951	10,534,638	4.3%
Trauma	743	2.494	4,804,696	1,748,472	934,902	7,488,071	1,875,984	9,364,055	1.00	9,648,233	983,277	11,566,413	2,202,358	23.5%
Burns	251	2.200	1,922,348	315,076	499,165	2,736,589	409,569	3,146,158	1.00	2,882,589	127,917	3,509,671	363,512	11.6%
HIV	10	1.455	57,057	-	15,406	72,463	14,668	87,131	1.00	77,783	-	93,189	6,058	7.0%
Rehab	2	2.840	139,518	12,370	51,476	203,363	17,727	221,090	1.00	27,847	89,255	168,577	(52,512)	-23.8%
Substance Abuse	71	0.584	286,119	7,521	71,732	365,371	93,295	458,666	1.00	216,819	16,536	305,087	(153,579)	-33.5%
Aftercare	187	3.811	4,154,560	1,682,070	939,579	6,776,209	714,408	7,490,617	1.00	3,675,834	2,686,941	7,302,354	(188,263)	-2.5%
Mental Health	48	1.029	516,989	44,211	149,046	710,246	442,629	1,152,875	1.00	255,990	177,804	582,840	(570,035)	-49.4%
Resp Pediatric	12,220	0.828	50,238,393	9,889,065	10,706,332	70,833,790	12,805,892	83,639,683	1.00	52,976,696	14,702,909	78,385,937	(5,253,745)	-6.3%
Transplant	62	19.068	14,155,785	306,761	601,090	15,063,636	1,362,882	16,426,518	1.00	6,385,704	2,200,217	9,187,011	(7,239,507)	-44.1%
Inpatient Acute Total	40,065	1.203	218,180,201	45,369,231	46,036,117	309,585,549	60,186,557	369,772,106		252,886,150	70,498,765	369,421,032	(351,075)	-0.1%
<i>Other Adult Services:</i>														
Misc Adult	54,250	1.705	250,676,303	177,010,616	19,739,540	447,426,459	80,185,795	527,612,254	1.00	484,263,427	45,641,240	549,644,207	22,031,954	4.2%
Gastroent Adult	19,630	1.429	79,321,547	40,386,021	6,051,842	125,759,410	23,676,271	149,435,682	1.00	146,782,907	10,260,249	163,094,998	13,659,317	9.1%
Substance Abuse	16,591	0.454	23,095,612	694,200	10,212,689	34,002,502	10,761,724	44,764,225	1.00	41,454,522	129,605	51,796,817	7,032,591	15.7%
Resp Adult	15,717	1.413	69,907,420	27,346,990	6,386,770	103,641,180	21,979,307	125,620,487	1.00	116,137,326	6,251,148	128,775,245	3,154,758	2.5%
HIV	963	2.329	4,925,018	2,692,188	671,035	8,288,241	2,435,343	10,723,584	1.00	11,967,664	801,481	13,440,180	2,716,596	25.3%
Mental Health	230	0.827	313,265	45	30,386	343,696	131,914	475,610	1.00	989,927	-	1,020,313	544,703	114.5%
Aftercare	52	2.236	278,821	107,860	29,827	416,508	86,163	502,671	1.00	607,054	18,598	655,480	152,808	30.4%
Burns	73	4.945	647,552	1,378,698	29,512	2,055,762	387,432	2,443,194	1.00	1,854,897	339,018	2,223,428	(219,766)	-9.0%
Trauma	1,381	3.011	10,770,379	14,559,449	688,782	26,018,609	4,286,482	30,305,091	1.00	21,702,177	4,639,736	27,030,695	(3,274,396)	-10.8%
Circulatory Adult	18,193	1.699	89,274,376	64,469,862	6,456,514	160,200,751	30,002,355	190,203,106	1.00	162,510,494	12,265,984	181,232,991	(8,970,114)	-4.7%
Transplant	168	18.529	27,198,202	623,298	94,859	27,916,359	1,751,347	29,667,707	1.00	16,485,545	1,517,992	18,098,395	(11,569,312)	-39.0%
Inpatient Acute Total	127,248	1.504	556,408,495	329,269,226	50,391,756	936,069,478	175,684,133	1,111,753,610		1,004,755,941	81,865,052	1,137,012,750	25,259,139	2.3%
Inpatient Acute Total	339,071	1.006	1,210,238,448	456,944,328	150,062,221	1,817,244,996	325,955,431	2,143,200,428		1,786,171,862	205,018,854	2,141,252,937	(1,947,491)	-0.1%

Note: (1) The Department has historically not paid normal newborn claims because of limitations related to MMIS claims processing. To recognize the payment associated with those normal newborn claims, OB DRG claims relative weights were increased by .2012 on a per claim basis under the legacy system. Current system payments in this analysis include an allocation of the OB payment add-on to normal newborn claims.

State of Illinois HFS
Hospital Rate Reform Initiative
Outpatient Impact
Model Components

4/1/2013 Baseline Model C
Supplemental Payments Included in EAPG Pool

Design Component	Description
Acute Services (COS 24 and 25)	
Claims data	SFY 2009 Illinois Medicaid outpatient hospital FFS acute claims data with COS 24 and 25 from in-state and selected out-of-state hospitals. Excludes Medicare dual eligibles, Cook County/University of Illinois claims, non-institutional claims, and ASC claims.
EAPG classification version	3M EAPG version 3.7.
Proposed EAPG system target expenditures	New EAPG system funding pool based on SFY 2009 acute claim reported payments net of DSH and supplemental payments without the 3.5% SMART Act payment reduction.
EAPG conversion factors	Based on statewide standardized amount of \$261.06, with labor portion adjusted by CY 2012 Medicare OPPS wage index (with reclassifications). Statewide standardized amount set such that statewide aggregate simulated total claim payments are budget neutral to target expenditures without the 3.5% SMART Act payment reduction.
EAPG relative weights	Based on 3M's version 3.7 EAPG national weights, adjusted (divided) by a factor of 0.880051 to scale the weights to an average Illinois case mix of 1.0.
EAPG base payments	Calculated by multiplying the EAPG conversion factor by the EAPG relative weight and the discount factor with the 3.5% SMART Act payment reduction.
Procedure consolidation	Simulated EAPG payment for procedures that are classified as the same or clinically-related to the main significant procedure, based on default EAPG settings, are consolidated (zero-paid).
Ancillary packaging	Simulated EAPG payment for routine ancillary services that are classified as packaged, based on the default EAPG list plus class I and minor chemotherapy and pharmacotherapy (based on 3M recommendation) are packaged (zero-paid).
Discounting	Simulated EAPG payment for services selected for terminated procedure discounting, multiple procedure discounting and repeat ancillary discounting, based on default EAPG settings, is reduced by 50 percent. Simulated EAPG payment for services selected for bilateral procedure discounting, based on default EAPG settings, is multiplied by 150 percent.
Outlier payments	None.
Policy adjusters	None.
Supplemental Payments	Based on SFY 2011 GRF static supplemental payments with 3.5% SMART Act payment reduction. Static payments allocated to acute based on charges.

State of Illinois HFS
Hospital Rate Reform Initiative
Outpatient Impact
Model Components

4/1/2013 Baseline Model C
Supplemental Payments Included in EAPG Pool

Design Component	Description
Psychiatric Services (COS 27 and 28)	
Claims data	SFY 2009 Illinois Medicaid outpatient hospital FFS psychiatric claims data with COS 27 and 28 from in-state and selected out-of-state hospitals. Excludes Medicare dual eligibles, Cook County/University of Illinois claims, non-institutional claims, and ASC claims.
EAPG classification version	3M EAPG version 3.7.
Proposed EAPG system target expenditures	New EAPG system funding pool based on SFY 2009 psychiatric claim reported payments net of DSH and supplemental payments without the 3.5% SMART Act payment reduction.
EAPG conversion factors	Based on statewide standardized amount of \$188.40, with labor portion adjusted by CY 2012 Medicare OPSS wage index (with reclassifications). Statewide standardized amount set such that statewide aggregate simulated total claim payments are budget neutral to target expenditures without the 3.5% SMART Act payment reduction.
EAPG relative weights	Based on 3M's version 3.7 EAPG national weights, adjusted (divided) by a factor of 0.880051 to scale the weights to an average Illinois case mix of 1.0.
EAPG base payments	Calculated by multiplying the EAPG conversion factor by the EAPG relative weight and the discount factor with the 3.5% SMART Act payment reduction.
Procedure consolidation	Simulated EAPG payment for procedures that are classified as the same or clinically-related to the main significant procedure, based on default EAPG settings, are consolidated (zero-paid).
Ancillary packaging	Simulated EAPG payment for routine ancillary services that are classified as packaged, based on the default EAPG list plus class I and minor chemotherapy and pharmacotherapy (based on 3M recommendation) are packaged (zero-paid).
Discounting	Simulated EAPG payment for services selected for terminated procedure discounting, multiple procedure discounting and repeat ancillary discounting, based on default EAPG settings, is reduced by 50 percent. Simulated EAPG payment for services selected for bilateral procedure discounting, based on default EAPG settings, is multiplied by 150 percent.
Outlier payments	None.
Policy adjusters	None.
Supplemental Payments	Based on SFY 2011 GRF static supplemental payments with 3.5% SMART Act payment reduction. Static payments allocated to psychiatric based on charges.

State of Illinois HFS
Hospital Rate Reform Initiative
Outpatient Impact
Model Components

4/1/2013 Baseline Model C
Supplemental Payments Included in EAPG Pool

Design Component	Description
Rehabilitation Services (COS 29)	
Claims data	SFY 2009 Illinois Medicaid outpatient hospital FFS rehabilitation claims data with COS 29 from in-state and selected out-of-state hospitals. Excludes Medicare dual eligibles, Cook County/University of Illinois claims, non-institutional claims, and ASC claims.
EAPG classification version	3M EAPG version 3.7.
Proposed EAPG system target expenditures	New EAPG system funding pool based on SFY 2009 rehabilitation claim reported payments net of DSH and supplemental payments without the 3.5% SMART Act payment reduction.
EAPG conversion factors	Based on statewide standardized amount of \$168.06, with labor portion adjusted by CY 2012 Medicare OPSS wage index (with reclassifications). Statewide standardized amount set such that statewide aggregate simulated total claim payments are budget neutral to target expenditures without the 3.5% SMART Act payment reduction.
EAPG relative weights	Based on 3M's version 3.7 EAPG national weights, adjusted (divided) by a factor of 0.880051 to scale the weights to an average Illinois case mix of 1.0.
EAPG base payments	Calculated by multiplying the EAPG conversion factor by the EAPG relative weight and the discount factor with the 3.5% SMART Act payment reduction.
Procedure consolidation	Simulated EAPG payment for procedures that are classified as the same or clinically-related to the main significant procedure, based on default EAPG settings, are consolidated (zero-paid).
Ancillary packaging	Simulated EAPG payment for routine ancillary services that are classified as packaged, based on the default EAPG list plus class I and minor chemotherapy and pharmacotherapy (based on 3M recommendation) are packaged (zero-paid).
Discounting	Simulated EAPG payment for services selected for terminated procedure discounting, multiple procedure discounting and repeat ancillary discounting, based on default EAPG settings, is reduced by 50 percent. Simulated EAPG payment for services selected for bilateral procedure discounting, based on default EAPG settings, is multiplied by 150 percent.
Outlier payments	None.
Policy adjusters	None.
Supplemental Payments	Based on SFY 2011 GRF static supplemental payments with 3.5% SMART Act payment reduction. Static payments allocated to rehabilitation based on charges.

**State of Illinois HFS
Hospital Rate Reform Initiative
Outpatient Impact
Category of Service Summary**

4/1/2013 Baseline Model C
*Supplemental Payments Included in EAPG Pool
Payments Without SMART Act Reductions Before Transition*

Category of Service	Current System - Without SMART Act Reductions				Revised System Before Transition - Without SMART Act Reductions		
	SFY 2009 Claims A	SFY 2009 Claim Based Payments B	SFY 2011 Supplemental Payments C	Current System Combined Claim and Supplemental Payments D=B+C	Revised EAPG System Payments E	Estimated Payment Change F=E-D	Estimated Payment Change Percentage G=F/D
General Acute Hospitals (COS 24 and 25)	2,116,296	478,400,148	49,043,471	527,443,619	527,444,943	1,324	0.0%
Psychiatric Providers / Units (COS 27 and 28)	111,463	13,064,719	365,315	13,430,034	13,430,319	285	0.0%
Rehabilitation Providers / Units (COS 29)	20,582	5,386,160	6,783	5,392,943	5,393,077	134	0.0%
Outpatient Total	2,248,341	496,851,027	49,415,569	546,266,596	546,268,340	1,744	0.0%

**State of Illinois HFS
Hospital Rate Reform Initiative
Outpatient Impact
Category of Service Summary**

4/1/2013 Baseline Model C

*Supplemental Payments Included in EAPG Pool
Payments With SMART Act Reductions Before Transition*

Category of Service	Current System - With SMART Act Reductions				Revised System Before Transition - With SMART Act Reductions		
	SFY 2009 Claims A	SFY 2009 Claim Based Payments B	SFY 2011 Supplemental Payments C	Current System Combined Claim and Supplemental Payments D=B+C	Revised EAPG System Payments E	Estimated Payment Change F=E-D	Estimated Payment Change Percentage G=F/D
General Acute Hospitals (COS 24 and 25)	2,116,296	465,063,651	48,342,935	513,406,585	512,885,884	(520,702)	-0.1%
Psychiatric Providers / Units (COS 27 and 28)	111,463	12,796,472	364,499	13,160,971	13,142,891	(18,080)	-0.1%
Rehabilitation Providers / Units (COS 29)	20,582	5,217,974	6,545	5,224,519	5,224,267	(252)	0.0%
Outpatient Total	2,248,341	483,078,096	48,713,980	531,792,075	531,253,042	(539,034)	-0.1%

State of Illinois DHS
 Hospital Rate Reform Initiative
 Combined Inpatient and Outpatient
 Provider Type Summary

4/1/2013 Baseline Model C

*Supplemental Payments Included in DRG/EAPG Pool; MPA/MHVA Excluded
 Payments With SMART Act Reductions Before Transition*

Provider Type	Inpatient						
	Current System - With SMART Act Reductions				Revised System Before Transition - With SMART Act Reductions		
	SFY 2009 Claim Based Payments Net of MPA/MHVA	SFY 2009 MPA/MHVA Payments	SFY 2011 Supplemental Payments	Current System Combined Claim and Supplemental Payments	Revised System Claim Payments (Net of MPA/MHVA)	Estimated Payment Change	Estimated Payment Change Percentage
A	B	C	D=A+B+C	E	F=E-A-C	G=F/D	
General Acute Providers - Safety Net	275,183,641	86,896,386	158,239,975	520,320,002	401,118,406	(32,305,211)	-6.2%
General Acute Providers - Other	1,273,620,535	64,352,869	147,781,390	1,485,754,793	1,477,860,435	56,458,511	3.8%
Freestanding Children's Providers	100,364,867	18,545,326	34,523,897	153,434,090	104,499,736	(30,389,028)	-19.8%
Freestanding Psychiatric Providers	62,050,609	32,558,429	2,085,128	96,694,166	61,375,020	(2,760,717)	-2.9%
Freestanding Rehabilitation Providers	16,267,129	2,183,507	12,320,509	30,771,145	23,169,509	(5,418,128)	-17.6%
LTAC Providers	52,251,745	16,529,007	1,466,217	70,246,970	54,529,536	811,573	1.2%
Critical Access Hospitals	11,496,175	311,370	3,399,696	15,207,242	18,913,478	4,017,607	26.4%
Out-of-State Providers	105,589,789	16,283,828	8,271,066	130,144,682	121,379,844	7,518,990	5.8%
Total	1,896,824,489	237,660,723	368,087,878	2,502,573,090	2,262,845,964	(2,066,403)	-0.1%

State of Illinois DHS
 Hospital Rate Reform Initiative
 Combined Inpatient and Outpatient
 Provider Type Summary

4/1/2013 Baseline Model C

*Supplemental Payments Included in DRG/EAPG Pool; MPA/MHVA Excluded
 Payments With SMART Act Reductions Before Transition*

Provider Type	Outpatient					
	Current System - With SMART Act Reductions			Revised System Before Transition - With SMART Act Reductions		
	SFY 2009 Claim Based Payments	SFY 2011 Supplemental Payments	Current System Combined Claim and Supplemental Payments	Revised System Claim Payments	Estimated Payment Change	Estimated Payment Change Percentage
H	I	J=H+I	K	L=K-J	M=L/J	
General Acute Providers - Safety Net	61,689,602	9,456,611	71,146,213	70,357,894	(788,319)	-1.1%
General Acute Providers - Other	359,593,810	16,969,541	376,563,352	391,332,494	14,769,142	3.9%
Freestanding Children's Providers	12,384,173	13,497,214	25,881,387	14,816,913	(11,064,474)	-42.8%
Freestanding Psychiatric Providers	3,151,440	-	3,151,440	3,315,335	163,895	5.2%
Freestanding Rehabilitation Providers	2,432,488	-	2,432,488	2,498,330	65,843	2.7%
LTAC Providers	539,915	-	539,915	628,570	88,655	16.4%
Critical Access Hospitals	29,264,930	6,416,338	35,681,268	32,085,023	(3,596,245)	-10.1%
Out-of-State Providers	14,021,738	2,374,275	16,396,013	16,218,483	(177,530)	-1.1%
Total	483,078,096	48,713,980	531,792,075	531,253,042	(539,034)	-0.1%

State of Illinois DHS
 Hospital Rate Reform Initiative
 Combined Inpatient and Outpatient
 Provider Type Summary

4/1/2013 Baseline Model C

*Supplemental Payments Included in DRG/EAPG Pool; MPA/MHVA Excluded
 Payments With SMART Act Reductions Before Transition*

Provider Type	Combined Inpatient and Outpatient						
	Current System - With SMART Act Reductions			Revised System Before Transition - With SMART Act Reductions			
	SFY 2009 Claim Based Payments Net of MPA/MHVA	SFY 2009 MPA/MHVA Payments	SFY 2011 Supplemental Payments	Current System Combined Claim and Supplemental Payments	Revised System Claim Payments (Net of MPA/MHVA)	Estimated Payment Change	Estimated Payment Change Percentage
N=A+H	O=B	P=C+I	Q=N+O+P	R=E+K	S=R-N-P	T=S/Q	
General Acute Providers - Safety Net	336,873,243	86,896,386	167,696,586	591,466,215	471,476,300	(33,093,530)	-5.6%
General Acute Providers - Other	1,633,214,345	64,352,869	164,750,931	1,862,318,145	1,869,192,929	71,227,653	3.8%
Freestanding Children's Providers	112,749,040	18,545,326	48,021,111	179,315,477	119,316,649	(41,453,502)	-23.1%
Freestanding Psychiatric Providers	65,202,049	32,558,429	2,085,128	99,845,606	64,690,355	(2,596,822)	-2.6%
Freestanding Rehabilitation Providers	18,699,616	2,183,507	12,320,509	33,203,633	25,667,840	(5,352,286)	-16.1%
LTAC Providers	52,791,660	16,529,007	1,466,217	70,786,885	55,158,105	900,228	1.3%
Critical Access Hospitals	40,761,105	311,370	9,816,034	50,888,510	50,998,502	421,362	0.8%
Out-of-State Providers	119,611,526	16,283,828	10,645,341	146,540,695	137,598,327	7,341,460	5.0%
Total	2,379,902,585	237,660,723	416,801,858	3,034,365,165	2,794,099,006	(2,605,437)	-0.1%

State of Illinois DHS
Hospital Rate Reform Initiative
Combined Inpatient and Outpatient
Provider Type Summary

4/1/2013 Baseline Model C

*Supplemental Payments Included in DRG/EAPG Pool; MPA/MHVA Excluded
Payments With SMART Act Reductions After Transition*

Provider Type	Inpatient							
	Current System - With SMART Act Reductions				Revised System in Year 1 Transition - With SMART Act Reductions			
	SFY 2009 Claim Based Payments Net of MPA/MHVA	SFY 2009 MPA/MHVA Payments	SFY 2011 Supplemental Payments	Current System Combined Claim and Supplemental Payments	Revised System Claim Payments With Transitional Limits (Net of MPA/MHVA)	Revised Transitional Payments Less Supplementals	Estimated Payment Change	Estimated Payment Change Percentage
	A	B	C	D=A+B+C	E	F=E-C	G=E-A-C	H=G/D
General Acute Providers - Safety Net	275,183,641	86,896,386	158,239,975	520,320,002	427,332,838	269,092,863	(6,090,778)	-1.2%
General Acute Providers - Other	1,273,620,535	64,352,869	147,781,390	1,485,754,793	1,432,775,469	1,284,994,079	11,373,545	0.8%
Freestanding Children's Providers	100,364,867	18,545,326	34,523,897	153,434,090	128,386,406	93,862,509	(6,502,357)	-4.2%
Freestanding Psychiatric Providers	62,050,609	32,558,429	2,085,128	96,694,166	64,257,850	62,172,723	122,113	0.1%
Freestanding Rehabilitation Providers	16,267,129	2,183,507	12,320,509	30,771,145	27,857,850	15,537,341	(729,788)	-2.4%
LTAC Providers	52,251,745	16,529,007	1,466,217	70,246,970	53,792,435	52,326,217	74,472	0.1%
Critical Access Hospitals	11,496,175	311,370	3,399,696	15,207,242	15,226,971	11,827,275	331,100	2.2%
Out-of-State Providers	105,589,789	16,283,828	8,271,066	130,144,682	114,851,192	106,580,126	990,338	0.8%
Total	1,896,824,489	237,660,723	368,087,878	2,502,573,090	2,264,481,012	1,896,393,134	(431,355)	0.0%

State of Illinois DHS
Hospital Rate Reform Initiative
Combined Inpatient and Outpatient
Provider Type Summary

4/1/2013 Baseline Model C

*Supplemental Payments Included in DRG/EAPG Pool; MPA/MHVA Excluded
Payments With SMART Act Reductions After Transition*

Provider Type	Outpatient						
	Current System - With SMART Act Reductions			Revised System in Year 1 Transition - With SMART Act Reductions			
	SFY 2009 Claim Based Payments	SFY 2011 Supplemental Payments	Current System Combined Claim and Supplemental Payments	Revised System Claim Payments With Transitional Limits	Revised Transitional Payments Less Supplementals	Estimated Payment Change	Estimated Payment Change Percentage
I	J	K=I+J	L	M=L-J	N=L-K	O=N/K	
General Acute Providers - Safety Net	61,689,602	9,456,611	71,146,213	71,539,556	62,082,945	393,343	0.6%
General Acute Providers - Other	359,593,810	16,969,541	376,563,352	378,722,377	361,752,836	2,159,025	0.6%
Freestanding Children's Providers	12,384,173	13,497,214	25,881,387	24,411,425	10,914,211	(1,469,962)	-5.7%
Freestanding Psychiatric Providers	3,151,440	-	3,151,440	3,159,780	3,159,780	8,341	0.3%
Freestanding Rehabilitation Providers	2,432,488	-	2,432,488	2,464,179	2,464,179	31,691	1.3%
LTAC Providers	539,915	-	539,915	540,664	540,664	749	0.1%
Critical Access Hospitals	29,264,930	6,416,338	35,681,268	34,743,246	28,326,908	(938,022)	-2.6%
Out-of-State Providers	14,021,738	2,374,275	16,396,013	16,113,420	13,739,145	(282,593)	-1.7%
Total	483,078,096	48,713,980	531,792,075	531,694,647	482,980,668	(97,428)	0.0%

State of Illinois DHS
Hospital Rate Reform Initiative
Combined Inpatient and Outpatient
Provider Type Summary

4/1/2013 Baseline Model C

Supplemental Payments Included in DRG/EAPG Pool; MPA/MHVA Excluded
Payments With SMART Act Reductions After Transition

Provider Type	Combined Inpatient and Outpatient							
	Current System - With SMART Act Reductions				Revised System in Year 1 Transition - With SMART Act Reductions			
	SFY 2009 Claim Based Payments Net of MPA/MHVA	SFY 2009 MPA/MHVA Payments	SFY 2011 Supplemental Payments	Current System Combined Claim and Supplemental Payments	Revised System Claim Payments With Transitional Limits (Net of MPA/MHVA)	Revised Transitional Payments Less Supplementals	Estimated Payment Change	Estimated Payment Change Percentage
	P	Q	R	S=P+Q+R	T	U=T-R	V=T-P-R	W=V/S
General Acute Providers - Safety Net	336,873,243	86,896,386	167,696,586	591,466,215	498,872,394	331,175,808	(5,697,435)	-1.0%
General Acute Providers - Other	1,633,214,345	64,352,869	164,750,931	1,862,318,145	1,811,497,846	1,646,746,915	13,532,570	0.7%
Freestanding Children's Providers	112,749,040	18,545,326	48,021,111	179,315,477	152,797,832	104,776,721	(7,972,319)	-4.4%
Freestanding Psychiatric Providers	65,202,049	32,558,429	2,085,128	99,845,606	67,417,631	65,332,503	130,454	0.1%
Freestanding Rehabilitation Providers	18,699,616	2,183,507	12,320,509	33,203,633	30,322,028	18,001,519	(698,097)	-2.1%
LTAC Providers	52,791,660	16,529,007	1,466,217	70,786,885	54,333,099	52,866,881	75,221	0.1%
Critical Access Hospitals	40,761,105	311,370	9,816,034	50,888,510	49,970,218	40,154,183	(606,921)	-1.2%
Out-of-State Providers	119,611,526	16,283,828	10,645,341	146,540,695	130,964,612	120,319,271	707,745	0.5%
Total	2,379,902,585	237,660,723	416,801,858	3,034,365,165	2,796,175,660	2,379,373,802	(528,783)	0.0%

State of Illinois DHS
 Hospital Rate Reform Initiative
 Combined Inpatient and Outpatient
Provider Type Summary

4/1/2013 Baseline Model C

Supplemental Payments Included in DRG/EAPG Pool; MPA/MHVA Excluded
 Payments With SMART Act Reductions Before Transition

Provider Type	Inpatient						
	Current System - With SMART Act Reductions				Revised System Before Transition - With SMART Act Reductions		
	SFY 2009 Claim Based Payments Net of MPA/MHVA	SFY 2009 MPA/MHVA Payments	SFY 2011 Supplemental Payments	Current System Combined Claim and Supplemental Payments	Revised System Claim Payments (Net of MPA/MHVA)	Estimated Payment Change	Estimated Payment Change Percentage
	A	B	C	D=A+B+C	E	F=E-A-C	G=F/D
<i>Perinatal Level:</i>							
Level III	826,163,340	77,030,703	160,919,835	1,064,113,879	943,433,417	(43,649,758)	-4.1%
Level II+	274,074,519	24,157,501	47,089,460	345,321,480	340,073,987	18,910,008	5.5%
Level II	458,142,303	47,559,134	106,420,310	612,121,747	571,174,955	6,612,341	1.1%
Level I	6,587,597	253,117	2,456,173	9,296,887	11,082,312	2,038,541	21.9%
Non-perinatal	331,856,729	88,660,268	51,202,100	471,719,097	397,081,293	14,022,465	3.0%
Total	1,896,824,489	237,660,723	368,087,878	2,502,573,090	2,262,845,964	(2,066,403)	-0.1%
<i>Trauma Level:</i>							
Level I	692,627,889	70,573,434	149,210,688	912,412,010	796,872,639	(44,965,937)	-4.9%
Level II	378,163,772	6,177,594	16,485,984	400,827,350	408,728,353	14,078,596	3.5%
Non-trauma	826,032,829	160,909,695	202,391,206	1,189,333,730	1,057,244,972	28,820,938	2.4%
Total	1,896,824,489	237,660,723	368,087,878	2,502,573,090	2,262,845,964	(2,066,403)	-0.1%
<i>Teaching Hospitals:</i>							
Major Teaching	764,002,778	81,888,193	172,959,687	1,018,850,658	921,406,214	(15,556,251)	-1.5%
Other Teaching	444,981,576	62,601,660	112,544,842	620,128,079	546,889,289	(10,637,130)	-1.7%
Non-Teaching	687,840,135	93,170,870	82,583,349	863,594,353	794,550,461	24,126,977	2.8%
Total	1,896,824,489	237,660,723	368,087,878	2,502,573,090	2,262,845,964	(2,066,403)	-0.1%

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Supplemental Payments Included in DRG/EAPG Pool; MPA/MHVA Excluded
 Payments With SMART Act Reductions Before Transition

Provider Type	Outpatient					
	Current System - With SMART Act Reductions			Revised System Before Transition - With SMART Act Reductions		
	SFY 2009 Claim Based Payments	SFY 2011 Supplemental Payments	Current System Combined Claim and Supplemental Payments	Revised System Claim Payments	Estimated Payment Change	Estimated Payment Change Percentage
			J=H+I	K	L=K-J	M=L/J
H	I	J=H+I	K	L=K-J	M=L/J	
<i>Perinatal Level:</i>						
Level III	140,202,701	20,865,063	161,067,764	153,550,719	(7,517,045)	-4.7%
Level II+	80,423,943	5,576,133	86,000,076	89,734,174	3,734,098	4.3%
Level II	189,232,072	6,665,015	195,897,088	203,703,700	7,806,613	4.0%
Level I	11,349,369	1,280,414	12,629,783	11,571,366	(1,058,417)	-8.4%
Non-perinatal	61,870,010	14,327,354	76,197,365	72,693,082	(3,504,283)	-4.6%
Total	483,078,096	48,713,980	531,792,075	531,253,042	(539,034)	-0.1%
<i>Trauma Level:</i>						
Level I	117,895,976	15,345,139	133,241,115	130,335,371	(2,905,744)	-2.2%
Level II	125,562,368	10,610,018	136,172,386	139,679,915	3,507,529	2.6%
Non-trauma	239,619,752	22,758,823	262,378,575	261,237,756	(1,140,819)	-0.4%
Total	483,078,096	48,713,980	531,792,075	531,253,042	(539,034)	-0.1%
<i>Teaching Hospitals:</i>						
Major Teaching	147,220,260	15,050,407	162,270,667	153,681,802	(8,588,865)	-5.3%
Other Teaching	118,173,245	7,044,546	125,217,791	131,348,466	6,130,676	4.9%
Non-Teaching	217,684,591	26,619,027	244,303,618	246,222,773	1,919,156	0.8%
Total	483,078,096	48,713,980	531,792,075	531,253,042	(539,034)	-0.1%

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Supplemental Payments Included in DRG/EAPG Pool; MPA/MHVA Excluded
 Payments With SMART Act Reductions Before Transition

Provider Type	Combined Inpatient and Outpatient						
	Current System - With SMART Act Reductions				Revised System Before Transition - With SMART Act Reductions		
	SFY 2009 Claim Based Payments Net of MPA/MHVA	SFY 2009 MPA/MHVA Payments	SFY 2011 Supplemental Payments	Current System Combined Claim and Supplemental Payments	Revised System Claim Payments (Net of MPA/MHVA)	Estimated Payment Change	Estimated Payment Change Percentage
	N=A+H	O=B	P=C+I	Q=N+O+P	R=E+K	S=R-N-P	T=S/Q
<i>Perinatal Level:</i>							
Level III	966,366,042	77,030,703	181,784,898	1,225,181,643	1,096,984,136	(51,166,804)	-4.2%
Level II+	354,498,462	24,157,501	52,665,594	431,321,556	429,808,162	22,644,106	5.2%
Level II	647,374,376	47,559,134	113,085,326	808,018,835	774,878,655	14,418,954	1.8%
Level I	17,936,966	253,117	3,736,587	21,926,670	22,653,678	980,124	4.5%
Non-perinatal	393,726,739	88,660,268	65,529,454	547,916,462	469,774,375	10,518,182	1.9%
Total	2,379,902,585	237,660,723	416,801,858	3,034,365,165	2,794,099,006	(2,605,437)	-0.1%
<i>Trauma Level:</i>							
Level I	810,523,865	70,573,434	164,555,827	1,045,653,126	927,208,010	(47,871,682)	-4.6%
Level II	503,726,140	6,177,594	27,096,002	536,999,736	548,408,268	17,586,126	3.3%
Non-trauma	1,065,652,580	160,909,695	225,150,029	1,451,712,304	1,318,482,728	27,680,119	1.9%
Total	2,379,902,585	237,660,723	416,801,858	3,034,365,165	2,794,099,006	(2,605,437)	-0.1%
<i>Teaching Hospitals:</i>							
Major Teaching	911,223,038	81,888,193	188,010,094	1,181,121,325	1,075,088,016	(24,145,116)	-2.0%
Other Teaching	563,154,821	62,601,660	119,589,388	745,345,869	678,237,755	(4,506,454)	-0.6%
Non-Teaching	905,524,726	93,170,870	109,202,375	1,107,897,971	1,040,773,234	26,046,133	2.4%
Total	2,379,902,585	237,660,723	416,801,858	3,034,365,165	2,794,099,006	(2,605,437)	-0.1%

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Payments With SMART Act Reductions After Transition

Provider Type	Inpatient							
	Current System - With SMART Act Reductions				Revised System in Year 1 Transition - With SMART Act Reductions			
	SFY 2009 Claim Based Payments Net of MPA/MHVA	SFY 2009 MPA/MHVA Payments	SFY 2011 Supplemental Payments	Current System Combined Claim and Supplemental Payments	Revised System Claim Payments With Limits (Net of MPA/MHVA)	Revised Transitional Payments Less Supplementals	Estimated Payment Change	Estimated Payment Change Percentage
A	B	C	D=A+B+C	E	F=E-C	G=E-A-C	H=G/D	
<i>Perinatal Level:</i>								
Level III	826,163,340	77,030,703	160,919,835	1,064,113,879	976,052,173	815,132,338	(11,031,002)	-1.0%
Level II+	274,074,519	24,157,501	47,089,460	345,321,480	326,302,046	279,212,586	5,138,067	1.5%
Level II	458,142,303	47,559,134	106,420,310	612,121,747	567,243,485	460,823,175	2,680,872	0.4%
Level I	6,587,597	253,117	2,456,173	9,296,887	9,436,616	6,980,443	392,846	4.2%
Non-perinatal	331,856,729	88,660,268	51,202,100	471,719,097	385,446,692	334,244,592	2,387,863	0.5%
Total	1,896,824,489	237,660,723	368,087,878	2,502,573,090	2,264,481,012	1,896,393,134	(431,355)	0.0%
<i>Trauma Level:</i>								
Level I	692,627,889	70,573,434	149,210,688	912,412,010	833,349,258	684,138,571	(8,489,318)	-0.9%
Level II	378,163,772	6,177,594	16,485,984	400,827,350	397,618,241	381,132,256	2,968,484	0.7%
Non-trauma	826,032,829	160,909,695	202,391,206	1,189,333,730	1,033,513,513	831,122,307	5,089,479	0.4%
Total	1,896,824,489	237,660,723	368,087,878	2,502,573,090	2,264,481,012	1,896,393,134	(431,355)	0.0%
<i>Teaching Hospitals:</i>								
Major Teaching	764,002,778	81,888,193	172,959,687	1,018,850,658	930,379,604	757,419,917	(6,582,861)	-0.6%
Other Teaching	444,981,576	62,601,660	112,544,842	620,128,079	559,753,248	447,208,406	2,226,830	0.4%
Non-Teaching	687,840,135	93,170,870	82,583,349	863,594,353	774,348,160	691,764,811	3,924,676	0.5%
Total	1,896,824,489	237,660,723	368,087,878	2,502,573,090	2,264,481,012	1,896,393,134	(431,355)	0.0%

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*Supplemental Payments Included in DRG/EAPG Pool; MPA/MHVA Excluded
Payments With SMART Act Reductions After Transition*

Provider Type	Outpatient						
	Current System - With SMART Act Reductions			Revised System in Year 1 Transition - With SMART Act Reductions			
	SFY 2009 Claim Based Payments	SFY 2011 Supplemental Payments	Current System Combined Claim and Supplemental Payments	Revised System Claim Payments With Transitional Limits	Revised Transitional Payments Less Supplementals	Estimated Payment Change	Estimated Payment Change Percentage
I	J	K=I+J	L	M=L-J	N=L-K	O=N/K	
<i>Perinatal Level:</i>							
Level III	140,202,701	20,865,063	161,067,764	159,799,856	138,934,794	(1,267,908)	-0.8%
Level II+	80,423,943	5,576,133	86,000,076	87,184,532	81,608,399	1,184,456	1.4%
Level II	189,232,072	6,665,015	195,897,088	196,675,011	190,009,995	777,923	0.4%
Level I	11,349,369	1,280,414	12,629,783	12,387,705	11,107,291	(242,078)	-1.9%
Non-perinatal	61,870,010	14,327,354	76,197,365	75,647,543	61,320,189	(549,822)	-0.7%
Total	483,078,096	48,713,980	531,792,075	531,694,647	482,980,668	(97,428)	0.0%
<i>Trauma Level:</i>							
Level I	117,895,976	15,345,139	133,241,115	132,551,913	117,206,774	(689,202)	-0.5%
Level II	125,562,368	10,610,018	136,172,386	137,592,395	126,982,378	1,420,010	1.0%
Non-trauma	239,619,752	22,758,823	262,378,575	261,550,339	238,791,516	(828,235)	-0.3%
Total	483,078,096	48,713,980	531,792,075	531,694,647	482,980,668	(97,428)	0.0%
<i>Teaching Hospitals:</i>							
Major Teaching	147,220,260	15,050,407	162,270,667	160,988,929	145,938,522	(1,281,739)	-0.8%
Other Teaching	118,173,245	7,044,546	125,217,791	126,430,727	119,386,181	1,212,936	1.0%
Non-Teaching	217,684,591	26,619,027	244,303,618	244,274,992	217,655,965	(28,626)	0.0%
Total	483,078,096	48,713,980	531,792,075	531,694,647	482,980,668	(97,428)	0.0%

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 Payments With SMART Act Reductions After Transition

Provider Type	Combined Inpatient and Outpatient							
	Current System - With SMART Act Reductions				Revised System in Year 1 Transition - With SMART Act Reductions			
	SFY 2009 Claim Based Payments Net of MPA/MHVA	SFY 2009 MPA/MHVA Payments	SFY 2011 Supplemental Payments	Current System Combined Claim and Supplemental Payments	Revised System Claim Payments With Transitional Limits (Net of MPA/MHVA)	Revised Transitional Payments Less Supplementals	Estimated Payment Change	Estimated Payment Change Percentage
P	Q	R	S=P+Q+R	T	U=T-R	V=T-P-R	W=V/S	
<i>Perinatal Level:</i>								
Level III	966,366,042	77,030,703	181,784,898	1,225,181,643	1,135,852,029	954,067,132	(12,298,910)	-1.0%
Level II+	354,498,462	24,157,501	52,665,594	431,321,556	413,486,579	360,820,985	6,322,523	1.5%
Level II	647,374,376	47,559,134	113,085,326	808,018,835	763,918,496	650,833,170	3,458,795	0.4%
Level I	17,936,966	253,117	3,736,587	21,926,670	21,824,321	18,087,734	150,768	0.7%
Non-perinatal	393,726,739	88,660,268	65,529,454	547,916,462	461,094,235	395,564,781	1,838,041	0.3%
Total	2,379,902,585	237,660,723	416,801,858	3,034,365,165	2,796,175,660	2,379,373,802	(528,783)	0.0%
<i>Trauma Level:</i>								
Level I	810,523,865	70,573,434	164,555,827	1,045,653,126	965,901,171	801,345,344	(9,178,520)	-0.9%
Level II	503,726,140	6,177,594	27,096,002	536,999,736	535,210,636	508,114,634	4,388,494	0.8%
Non-trauma	1,065,652,580	160,909,695	225,150,029	1,451,712,304	1,295,063,853	1,069,913,824	4,261,243	0.3%
Total	2,379,902,585	237,660,723	416,801,858	3,034,365,165	2,796,175,660	2,379,373,802	(528,783)	0.0%
<i>Teaching Hospitals:</i>								
Major Teaching	911,223,038	81,888,193	188,010,094	1,181,121,325	1,091,368,533	903,358,438	(7,864,600)	-0.7%
Other Teaching	563,154,821	62,601,660	119,589,388	745,345,869	686,183,975	566,594,587	3,439,766	0.5%
Non-Teaching	905,524,726	93,170,870	109,202,375	1,107,897,971	1,018,623,152	909,420,777	3,896,050	0.4%
Total	2,379,902,585	237,660,723	416,801,858	3,034,365,165	2,796,175,660	2,379,373,802	(528,783)	0.0%