

North Dakota Department of Human Services  
Information on APR-DRGs  
Health Care Reform Review Committee  
July 7, 2011

**Background:**

In the past, the Centers for Medicare and Medicaid Services (CMS) used a CMS-DRG grouper (a software that groups codes placed on claims to link them to the correct diagnosis related group [DRG] for payment purposes) and updated that grouper every year. States, including North Dakota, were also using that grouper. In 2004, CMS announced in a Federal Register that it was transitioning to a new grouper, the MS-DRG, which was created specifically for the Medicare population. CMS alerted states that they no longer would support the CMS-DRG grouper with updates.

Also, in the 2004 Federal Register, CMS made the following comment concerning MS-DRGs, "We advise those non-Medicare systems that need a more up-to-date system to choose from other systems that are currently in use in this country, or to develop their own modifications".

A number of states chose to adopt the MS-DRG Grouper and make their own modifications to address the non-Medicare population.

ND Medicaid continued to use the CMS-DRG grouper in anticipation of updating to the All Patient Refined-Diagnosis Related Group (APR-DRG) grouper when the new MMIS system went live.

**Rationale for APR-DRG**

- ND Medicaid determined that APR-DRGs were most reflective of the population served by Medicaid. The APR-DRG grouper also provides much more detail, which would provide better payment, care and quality outcomes data for Medicaid. Current white papers on APR-DRGs do predict that the greater detail could improve healthcare delivery.
- Transition to APR-DRGs was written into the construction of the new MMIS.
- According to 3M Health Information Systems, which developed the APR-DRG grouper, there would be either no or very minimal additional maintenance expense for providers who currently have the APR-DRG grouper license to begin using it (Essentia, St. Alexius, Sanford, Trinity).
- Providers who do not have the APR-DRG grouper (Medcenter One and Altru) and even those who do, are not required to use the APR-DRG grouper to submit claims to ND Medicaid. The ND Medicaid grouper can group the claims sent to it

based on the codes. The sequencing activity is an internal exercise done by the facility for its own business and forecasting purposes.

- ND Medicaid has hired a contractor to assist in assuring that, as much as possible, the update to the APR-DRG grouper is revenue neutral to ND's healthcare facilities at implementation.
- ND Medicaid has spoken with 3M Health Information Systems, which developed the APR DRG grouper, and they are willing to hold informational and training sessions with providers prior to ND Medicaid implementing the grouper. An informational session will be planned for this fall.

### **Current Situation**

With the MMIS System scheduled to go live in 2012, the Department has notified providers of the transition to the APR-DRG grouper. Currently Blue Cross Blue Shield (BC/BS) of ND is using the MS-DRG grouper, but has made modifications to address the non-Medicare population. BC/BS has told the Department they are assisting Nebraska Medicaid in moving to the APR-DRG grouper effective January 1, 2012 and are contemplating moving to that grouper for their non-Medicare population, rather than continuing to make modifications to the CMS-DRG grouper, but have not made a decision. (Montana uses APR-DRG; South Dakota uses MS-DRG; Minnesota uses a modified CMS-DRG) However in all cases the MS-DRG has to be modified to fit the non-Medicare population.

### **Meetings with NDHA and their members**

On June 7, 2011 staff from the Department of Human Services participated in a meeting at the North Dakota Hospital Association (NDHA). Other participants either in person or through video conference were Tim Blasl, NDHA and representatives from Trinity Health, Sanford Health, Essentia Health, Altru Health System, MedCenter One Health Systems, and St. Alexius Medical Center.

Representatives from the Department provided background information and rationale regarding the decision to move to the 3M APR-DRG classification system. Discussion was held on how the transition will happen, what effect it will have on hospital reimbursement and coding, and timeline for implementation.

The Department plans to work in conjunction with the NDHA to schedule a meeting this fall with representatives from 3M Health Information Systems; and has agreed to establish a workgroup with NDHA representatives for this transition.