

AHCA Holds Public Hearing on Conversion to DRGs

On Nov. 15 the Agency for Health Care Administration (AHCA) held its third public hearing on the conversion from a per diem payment model to an all patient refined diagnosis related group (APR DRG) payment model. Navigant, the consultant working on this conversion, presented summary level analyses for several different models and present detailed information on the model included in the draft recommendation. Multiple policy issues are imbedded in the draft model as presented, including:

- Use of the APR DRG model, using national weights re-centered to be Florida specific
- One base rate for all hospitals, adjusted for Medicare Wage indices
- Payments for exemptions and buybacks as a hospital specific add-on
- Targeted policy adjustors for rural, free-standing long term acute care, freestanding rehabilitation, and other high Medicaid and high outlier hospitals (free-standing children's hospitals)
- Transfer payment policies similar to Medicare
- Adjustments for expected coding improvements

The documents presented at the meeting are available on the [AHCA Web site](#) under the Diagnosis Related Group heading. This documentation includes a hospital-by-hospital comparison of the draft proposal. There are still concerns about immediate implementation without a transition period, the use and lack of certain of policy adjustors, the conversion of the payment process by the Medicaid fiscal agent and the policy surrounding the 45-day benefit limit. FHA will continue to monitor the development of this proposal and will post updates to the [FHA Web site](#). For more information, contact [Paul Belcher](#).