



ADMINISTRATIVE RULES OF MONTANA

37.86.2907 INPATIENT HOSPITAL PROSPECTIVE REIMBURSEMENT, APR-DRG PAYMENT RATE DETERMINATION

- (1) The department's all patient refined diagnosis related group (APR-DRG) prospective payment rate for inpatient hospital services is based on the classification of inpatient hospital discharges to APR-DRGs. The provider reimbursement rates for inpatient hospital services, except as otherwise provided in ARM 37.85.206, are stated in the department's APR-DRG fee schedule adopted and effective at ARM 37.85.105. The procedure for determining the APR-DRG prospective payment rate is as follows:
 - (a) The department will assign an APR-DRG to each Medicaid client discharge in accordance with the current APR-grouper program version, as developed by 3M Health Information Systems. The assignment and reimbursement of each APR-DRG is based on:
 - (i) the ICD-10-CM principal diagnoses;
 - (ii) the ICD-10-CM secondary diagnoses;
 - (iii) all ICD-10-PCS medical procedures performed during the client's hospital stay;
 - (iv) the client's age;
 - (v) the client's gender;
 - (vi) the client's discharge status; and
 - (vii) diagnosis codes related to hospital-acquired conditions that are not present or undetermined to be present on admission.
 - (b) For each APR-DRG, the department determines a relative weight using a national database from 3M that reflects the cost of hospital resources used to treat cases. The relative weights have been re-centered so that the average Montana Medicaid stay has a base weight of 1.00. Adjustments are applied to specific APR-DRG weights to reflect department policy. The relative weight for each APR-DRG is available upon request from Department of Public Health and Human Services, Health Resources Division, 1400 Broadway, P.O. Box 202951, Helena, MT 59620-2951.
 - (c) The department computes a Montana average base price per case. This base price includes in-state and out-of-state distinct part rehabilitation units. The effective date and base rate amount is adopted and effective as provided at ARM 37.85.105. Disproportionate share payments are not included in this price.
 - (d) The department computes a base price for long term acute care (LTAC) hospitals. The effective date and base rate amount is adopted and effective as provided at ARM 37.85.105. Disproportionate share payments are not included in this price.

- (e) The department computes a base price for inpatient rehabilitation facilities (IRFs). The effective date and base rate amount is adopted and effective as provided at ARM 37.85.105. Disproportionate share payments are not included in this price.
 - (f) The department computes a base price for Center of Excellence hospitals. The effective date and base rate amount is adopted and effective as provided at ARM 37.85.105. Disproportionate share payments are not included in this price.
 - (g) The relative weight for the assigned APR-DRG is multiplied by the average base price per case to compute the APR-DRG prospective payment rate for that Medicaid client discharge.
 - (h) For claims with dates of payment on or after August 1, 2011, when a hospital-acquired condition (HAC) occurs during hospitalization and the condition was not present or undetermined to be present on admission, claims will be paid as though the diagnosis is not present or undetermined to be present.
 - (i) Inpatient reimbursement will be calculated at the lesser of the assigned APR-DRG rate or the claim billed charges.
- (2) The department adopts and incorporates by reference the APR-DRG Table of Weights and Thresholds adopted and effective at ARM 37.85.105. The Montana Medicaid APR-DRG relative weight values, average national length of stay (ALOS), outlier thresholds, and APR-DRG grouper are contained in the APR-DRG Fee Schedule which is adopted and effective as provided at ARM 37.85.105 and published by the department. Copies may be obtained from the Department of Public Health and Human Services, Health Resources Division, 1400 Broadway, P.O. Box 202951, Helena, MT 59620-2951.

Authorizing statute(s): 2-4-201, 53-2-201, 53-6-113, MCA

Implementing statute(s): 2-4-201, 53-2-201, 53-6-101, 53-6-111, 53-6-113, MCA

History: NEW, 2004 MAR p. 482, Eff. 2/27/04; AMD, 2005 MAR p. 265, Eff. 2/11/05; AMD, 2006 MAR p. 768, Eff. 3/24/06; AMD, 2006 MAR p. 1640, Eff. 7/1/06; AMD, 2006 MAR p. 2849, Eff. 11/10/06; AMD, 2007 MAR p. 1680, Eff. 10/26/07; AMD, 2008 MAR p. 1983, Eff. 10/1/08; AMD, 2009 MAR p. 2029, Eff. 10/30/09; AMD, 2010 MAR p. 1534, Eff. 7/1/10; AMD, 2011 MAR p. 1391, Eff. 7/29/11; AMD, 2011 MAR p. 2292, Eff. 10/28/11; AMD, 2012 MAR p. 624, Eff. 4/1/12; AMD, 2013 MAR p. 686, Eff. 4/26/13; AMD, 2014 MAR p. 507, Eff. 3/14/14; AMD, 2014 MAR p. 3074, Eff. 12/25/14; AMD, 2016 MAR p. 1712, Eff. 10/1/16; AMD, 2018 MAR p. 1116, Eff. 7/1/18; AMD, 2025 MAR, Notice No. 2025-98, Eff. 10/11/25.