DELBERT HOSEMANN
Secretary of State

ECONOMIC IMPACT STATEMENT

An Economic Impact Statement is required for this proposed rule by Section 25-43-3.105 of the Administrative Procedures Act. An Economic Impact Statement must be attached to this Form and address the factors below. A PDF document containing this executed Form and the Economic Impact Statement must be filed with any proposed rule, if required by the aforementioned statute.

AGENCY NAME	CONTACT PERSON		TELEPHONE NUMBER
MS Division of Medicaid	Kristi Plotner		601-359-6698
ADDRESS	CITY	STATE	ZIP
550 High Street, Suite 1000	Jackson	MS	39201
EMAIL	DESCRIPTIVE TITLE OF PROPOSED RULE		
Kristi.plotner@medicaid.ms.gov	2012-008 - Hospital inpatient All Patient Refined Diagnosis Related Group payment method		

Specific Legal Authority Authorizing the promulgation of Rule:	Reference to Rules repealed, amended or suspended by the Proposed Rule:
43-13-117(A)(1)(d)	43-13-117(A)(1)

SIGNATURE	TITLE
	Executive Director
DATE	PROPOSED EFFECTIVE DATE OF RULE
8/2/12	October 1, 2012

1. Describe the need for the proposed action:
   Required by State Law
2. Describe the benefits which will likely accrue as the result of the proposed action:
   Improve access to care, increase fairness to hospitals, reward efficiency, improve purchasing clarity, and reduce administrative burden for hospitals and DOM.
3. Describe the effect the proposed action will have on the public health, safety, and welfare:
   Improve access to care, increase fairness to hospitals, reward efficiency, improve purchasing clarity, and reduce administrative burden for hospitals and the Division of Medicaid.
4. Estimate the cost to the agency and to any other state or local government entities, of implementing and enforcing the proposed action, including the estimated amount of paperwork, and any anticipated effect on state or local revenues:
   Expected to be a total cost savings of $15.7 million (2.3%) in FY 13 and $21 million (3%) in FY 14; decreased administrative burden; no known effect on state or local revenues.
5. Estimate the cost or economic benefit to all persons directly affected by the proposed action:
   Same as #4; beneficiary access to care will be improved; decreased administrative burden.

6. Provide an analysis of the impact of the proposed rule on small business:
According to DOM's analysis, hospitals are not considered to fall under the definition of a small business, therefore this question does not apply.
    a. Identify and estimate the number of small businesses subject to the proposed regulation:

    b. Provide the projected reporting, recordkeeping, and other administrative costs required for compliance with the proposed regulation, including the type of professional skills necessary for preparation of the report or record:
    c. State the probable effect on impacted small businesses:
    d. Describe any less intrusive or less costly alternative methods of achieving the purpose of the proposed regulation including the following regulatory flexibility analysis:
        i. The establishment of less stringent compliance or reporting requirements for small businesses;
        ii. The establishment of less stringent schedules or deadlines for compliance or reporting requirements for small businesses;
        iii. The consolidation or simplification of compliance or reporting requirements for small businesses;
        iv. The establishment of performance standards for small businesses to replace design or operational standards required in the proposed regulation; and
        v. The exemption of some or all small businesses from all or any part of the requirements contained in the proposed regulations:
7. Compare the costs and benefits of the proposed rule to the probable costs and benefits of not adopting the proposed rule or significantly amending an existing rule:
The costs under the proposed rule are budget neutral on hospitals and the Division of Medicaid; improved access to care; reduce administrative burden.
8. Determine whether less costly methods or less intrusive methods exist for achieving the purpose of the proposed rule where reasonable alternative methods exist which are not precluded by law:
No other methods exist and this change was prescribed by State Law.
9. Describe reasonable alternative methods, where applicable, for achieving the purpose of the proposed action which were considered by the agency:
A PEER report was issued in December 2009 comparing the current cost-based per diem method, the Medicare DRG payment method and the proposed APR-DRG method. The PEER recommendation to DOM was to use APR-DRGs.
10. State reasons for rejecting alternative methods that were described in #9 above:
The APR-DRG grouper provides four levels of severity for each APR-DRG. The APR-DRG grouper and relative weights better suit the needs of Medicaid beneficiaries.
11. Provide a detailed statement of the data and methodology used in making estimates required by this subsection:
Inpatient hospital claims for six months were analyzed and run through the APR-DRG grouper for a simulation of payments under the APR-DRG payment methodology. Reimbursement beginning October 1, 2012 will be budget neutral.