

MILLIMAN REPORT

# Wisconsin Department of Health Services

June 9, 2023 Medicaid Hospital Advisory Group Meeting  
Rate Year 2024 Preliminary Supporting Analyses Report

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## Overview

State of Wisconsin Department of Health Services (DHS) engaged Milliman to provide annual hospital rate-setting services for its Medicaid inpatient and outpatient payment methodologies. This work includes annual updates to DHS' inpatient All Patient Refined Diagnosis Related Groups (APR DRG) and outpatient Enhanced Ambulatory Patient Groups (EAPGs) patient classification versions. As part of its on-going stakeholder engagement in support of hospital rate-setting activities, DHS and Milliman are meeting with the Wisconsin Medicaid Advisory Hospital Group (MAHG) and the Wisconsin Hospital Association (WHA) on June 9, 2023, to discuss DHS' planned changes for rate year (RY) 2024 (concurrent with Calendar Year 2024) and to present preliminary supporting analyses. Milliman has performed this work under contract with DHS effective February 3, 2021.

***The RY 2024 hospital rate analyses accompanying this report are preliminary, for discussion purposes, for validating rate inputs with hospital stakeholders, and are subject to change based on the availability of additional data and information and DHS policy decisions. Final RY 2024 hospital rate calculations will be conducted subsequent to these analyses.*** Readers should reference DHS' June 9, 2023 MAHG meeting presentation, the Wisconsin Medicaid inpatient and outpatient state plan, and appropriate 3M™ APR DRG and EAPG documentation to understand the appropriate use of the information presented; this report should not be considered complete without the reader's reference to those documents.

### INPATIENT APR DRGs

Key payment policy parameters for Wisconsin's RY 2023 inpatient APR DRG payment methodology, as approved by the Centers for Medicare and Medicaid Services (CMS) in **Wisconsin State Plan 4.19-A section 6000<sup>1</sup>**, and DHS' proposed approach for RY 2024 are shown in Figure 1 below.

**FIGURE 1 - WISCONSIN RY 2023 INPATIENT APR DRG PAYMENT PARAMETERS AND RY 2024 PROPOSED APPROACH**

DRG Payment Methodology Parameter	Current RY 2023 Description	New RY 2024 DHS Proposed Approach
<b>DRG Grouper</b>	DHS currently uses 3M's APR DRG Grouper version 39.1 for RY 2023, which contains 332 valid DRGs, each with four severity of illness (SOI) levels from 1-Minor to 4-Extreme (1,328 total valid DRG and SOI level combinations).	DHS proposes to update to version 40.0 for RY 2024.
<b>DRG Relative Weights</b>	DHS currently uses 3M's APR DRG version 39.1 "traditional" national weights, normalized by a factor of 1.1081 (in order to match modeled case mix under RY 2022 APR DRG version 38.1 weights).	DHS proposes to update to version 40.0 "traditional" national weights, normalized to modeled case mix under version 39.1, for RY 2024.

<sup>1</sup><https://www.dhs.wisconsin.gov/mandatoryreports/mastateplan/4-19a.pdf>

DRG Payment Methodology Parameter	Current RY 2023 Description	New RY 2024 DHS Proposed Approach
<p><b>DRG Base Rates</b></p>	<p>DHS currently has hospital-specific APR DRG base rates determined separately for general acute hospitals and critical access hospitals (CAH). For general acute hospitals, DRG base rates contain a statewide standardized amount (currently \$6,979.32 for RY 2023), based on RY 2022 rates increased for inflation. The standardized amount is adjusted for differences in hospital wage indices and direct graduate medical education (GME) costs, as follows:</p> <p>[[Statewide standardized amount) x (Non-labor portion)                      + (Statewide standardized amount) x (Labor portion) x (Wage index)]                      + (Direct GME add-on)</p> <p>The wage indices for RY 2023 are based on the Medicare inpatient prospective payment system (IPPS) wage indices effective for federal fiscal year (FFY) 2022.</p> <p>The default rate for new hospitals is based on the statewide standardized amount, without adjustments for wage index or GME add-ons. CAHs have provider-specific cost-based DRG base rates.</p>	<p>DHS proposes for RY 2024 to:</p> <ul style="list-style-type: none"> <li>▪ Apply an annual inflation update based on changes in CMS input price index levels (subject to budget availability), and will evaluate expenditure impacts</li> <li>▪ Update graduate medical education add-ons using the most recently available Medicare cost report data from the March 31, 2023 Hospital Cost Report Information System (HCRIS) extract</li> <li>▪ Update wage indices to the FFY 2023 Medicare IPPS correction notice factors (or based on the county average for Medicare IPPS-exempt hospitals)</li> <li>▪ For CAHs, update the cost-based DRG base rates using FFY 2022 model claims data and overlapping Medicare cost report data, inflated to RY 2024 based on changes in CMS inpatient market basket index levels</li> </ul>
<p><b>DRG Policy Adjusters</b></p>	<p>Wisconsin’s APR DRG payment methodology includes DRG “Policy Adjusters”, which enhance the DRG base payment for key Medicaid service lines where maintaining access to care is critical. Current policy adjuster factors for RY 2023 are as follows (highest qualifying adjuster is applied):</p> <ul style="list-style-type: none"> <li>▪ Neonate DRG: 1.30</li> <li>▪ Normal Newborn DRG: 1.80</li> <li>▪ Pediatric Age (17 and under): 1.20</li> <li>▪ Transplant DRG: 1.50</li> <li>▪ Level I Trauma Services Provider trauma designation: 1.30</li> <li>▪ Other services: 1.00 (no enhancement)</li> </ul>	<p>DHS has no planned methodology changes for RY 2024 and will evaluate the impact of current factors.</p>
<p><b>DRG Base Payments</b></p>	<p>The base DRG per-discharge payment is calculated as follows:</p> <p>(DRG base rate) X (APR DRG relative weight) X (DRG policy adjuster)</p> <p>For transfer-out cases (where the patient is transferred to other short term general hospitals or inpatient institutions), the DRG base payment is prorated as follows (not to exceed the full DRG base payment):</p> <p>[[Full DRG base payment) / (DRG average length of stay) ] X                      (Claim Length of Stay +1)</p>	<p>DHS has no planned methodology changes for RY 2024.</p>
<p><b>DRG Outlier Payments</b></p>	<p>DRG outlier payments are made in addition to the base DRG payment for extraordinary high-cost cases, where the estimated claim cost exceeds the base DRG payment by the cost outlier threshold. Outlier payment formulas are as follows:</p> <ul style="list-style-type: none"> <li>▪ Claim cost: (Claim billed charges) X (Outlier cost-to-charge ratio)</li> </ul>	<p>DHS proposes for RY 2024 to:</p> <ul style="list-style-type: none"> <li>▪ Update outlier cost-to-charge ratios (CCRs) based on FFY 2023 Medicare IPPS outlier CCRs (or based on the estimated Medicaid aggregate CCR for Medicare IPPS-exempt hospitals)</li> </ul>

DRG Payment Methodology Parameter	Current RY 2023 Description	New RY 2024 DHS Proposed Approach
	<ul style="list-style-type: none"> <li>▪ Outlier criteria: If (Claim cost) - (DRG base payment) &gt; (Cost outlier threshold), the claim qualifies for an outlier payment</li> <li>▪ Outlier payment: [(Claim cost) - (DRG base payment) – (Cost outlier threshold)] x (Marginal cost factor)</li> </ul> <p>Cost outlier thresholds are calculated separately for general acute hospitals (\$46,587 in RY 2023) and CAHs (\$300 in RY 2023). There are separate marginal cost factors for SOI levels 1 and 2 (80% in RY 2023) and SOI levels 3 and 4 (95% for FY 2023).</p>	<ul style="list-style-type: none"> <li>▪ Evaluate the impact of other current factors</li> </ul>
<b>DRG Carve-outs</b>	<p>The following services are carved-out of the DRG payment system and paid on a per diem basis:</p> <ul style="list-style-type: none"> <li>▪ Psychiatric services</li> <li>▪ Rehabilitation services</li> <li>▪ Long Term Acute Care (LTAC) hospital services</li> <li>▪ Ventilator assisted services</li> <li>▪ Brain injury care services</li> </ul> <p>Non-state psychiatric, rehabilitation, and LTAC hospital cost based per diem rates are adjusted by a factor of 85.08%.</p> <p>The following services are also carved-out of the DRG payment methodology and paid under a different payment methodology:</p> <ul style="list-style-type: none"> <li>▪ Department of Corrections services paid based on the statewide average CCR</li> <li>▪ Unusual cases (provider requests): alternative payment determined on a case-by-case basis</li> <li>▪ Long-Acting Reversible Contraception (LARC): separate fee schedule</li> </ul>	<p>DHS has no planned methodology changes for RY 2024. DHS will update cost-based per diem rates using FFY 2022 Medicaid claims data and overlapping Medicare cost report data from the March 31, 2023 HCRIS extract, and inflated to RY 2024 based on changes in CMS inpatient market basket index levels with the applicable adjustment factor applied.</p>

The preliminary analyses supporting the RY 2024 inpatient rates updates described in this report and for discussion at the June 9, 2023 MAHG meeting include the following:

- DRG relative weights: preliminary modeled APR DRG case mix and weight normalization factor
- DRG base rates: FFY 2023 Medicare IPPS wage indices and GME cost percentages
- DRG outlier payments: FFY 2023 Medicare IPPS outlier CCRs

**OUTPATIENT EAPGS**

Key payment policy parameters under Wisconsin’s RY 2023 outpatient EAPG payment methodology, as approved by CMS in **Wisconsin State Plan 4.19-B section 4200<sup>2</sup>** and DHS’ RY 2024 proposed approach are shown in Figure 2 below.

<sup>2</sup><https://www.dhs.wisconsin.gov/mandatoryreports/mastateplan/4-19b-outpatient.pdf>

FIGURE 2 – WISCONSIN OUTPATIENT EAPG RY 2023 PAYMENT PARAMETERS AND RY 2024 PROPOSED APPROACH

EAPG Payment Parameter	Current RY 2023 Description	New RY 2024 DHS Proposed Approach
<b>EAPG Grouper</b>	DHS uses 3M's EAPG version 3.17 for RY 2023, which contains 657 valid EAPGs.	DHS proposes to update to version 3.18 for RY 2024.
<b>EAPG Relative Weights</b>	DHS uses 3M's EAPG version 3.17 national weights for RY 2023, normalized by a factor of 2.0 x 1.0565 (in order to match modeled case mix under RY 2022 EAPG 3.16 weights)	DHS proposes to update to version 3.18 national weights, normalized to modeled case mix under version 3.17, for RY 2024.
<b>EAPG Base Rates</b>	<p>DHS' EAPG base rates were determined separately for general acute hospitals and CAHs. For general acute hospitals, EAPG base rates contain a statewide standardized amount (currently \$94.82 for RY 2023), based on RY 2022 rates increased for inflation. The EAPG base rate is based on the sum of the standardized amount and each hospital's direct GME add-on).</p> <p>The default rate for new hospitals is based on the statewide standardized amount, without adjustments for GME add-ons.</p> <p>CAHs and psychiatric hospitals currently have provider-specific cost-based EAPG base rates, with psychiatric hospital EAPG rate adjusted by a factor of 85.08%.</p>	<p>DHS proposes for RY 2024 to:</p> <ul style="list-style-type: none"> <li>▪ Apply an annual inflation update based on changes in CMS input price index levels (subject to budget availability), and will evaluate expenditure impacts</li> <li>▪ Update graduate medical education add-ons using the most recently available Medicare cost report data from the March 31, 2023 HCRIS extract</li> <li>▪ For CAHs, update the cost-based EAPG base rates using FFY 2022 model claims data and overlapping Medicare cost report data, inflated to RY 2024 based on changes in CMS inpatient market basket index levels</li> <li>▪ For psychiatric hospitals, update the cost-based EAPG base rates using FFY 2022 Medicaid claims data and overlapping Medicare cost report data, inflated to RY 2024 based on changes in CMS inpatient market basket index levels with adjustment factor applied</li> </ul>
<b>EAPG Base Payments</b>	<p>The base EAPG per-visit payment is calculated as follows:</p> <p>(EAPG base rate) X (EAPG DRG relative weight) X (EAPG discounting factor)</p>	DHS has no planned methodology changes for RY 2024.
<b>EAPG Discounting Factor</b>	Based on EAPG grouper output, select services are subject to "discounting" (adjusted by a factor of 50%) for various scenarios (multiple procedure, bilateral, and repeat ancillary). In addition, select routine ancillary services are "packaged" and \$0 paid (adjusted by a factor of 0%). Other services without adjustments for discounting or packaging are paid the full EAPG base payment (adjusted by a factor of 100%).	DHS has no planned methodology changes for RY 2024.
<b>EAPG Carve-outs</b>	<p>The following services are carved-out of the EAPG payment system and paid on a fee schedule or per visit basis:</p> <ul style="list-style-type: none"> <li>▪ Outpatient dental services where deep sedation is provided receives a \$700 per visit add-on (in addition to the EAPG payment), developed to result in a \$1.5M aggregate payment target based on funding appropriated by the State Legislature (2019 Act 9, §9119(9))</li> <li>▪ Therapy Services</li> <li>▪ Clinical Diagnostic Laboratory Services</li> </ul>	DHS has no planned methodology changes for RY 2024.

EAPG Payment Parameter	Current RY 2023 Description	New RY 2024 DHS Proposed Approach
	<ul style="list-style-type: none"> <li>▪ Durable Medical Equipment (DME)</li> <li>▪ Provider-Based End Stage Renal Disease (ESRD) Services</li> <li>▪ County Jail Inmates</li> </ul>	

The preliminary analyses supporting the RY 2024 outpatient rates described in this report and for discussion at the June 9, 2023 MAHG meeting include the following:

- EAPG relative weights: preliminary modeled EAPG case mix and weight normalization factor
- EAPG base rates: GME cost percentages

Remaining RY 2024 rate calculations and payment impact estimates are currently being developed and will be shared at a future MAHG meeting using a more recent June 2023 claim extract from DHS.



## Results and Methodology

The RY 2024 preliminary supporting analysis results and methodology are described below.

### PRELIMINARY MODELED INPATIENT APR DRG CASE MIX

To model APR DRG case mix under both RY 2023 version 39.1 and RY 2024 version 40.0, we used Medicaid inpatient fee-for-service (FFS) paid claims and Health Maintenance Organization (HMO) encounter data with FFY 2022 discharge dates received from DHS. We created an extract, transform, and load (ETL) process to combine the Medicaid inpatient FFS claims and HMO encounters into a single dataset. Once combined, we created necessary 3M™ Grouper Plus Content Services (GPCS) Software input files and executed the 3M™ APR DRG software under versions 39.1 and 40.0. We then excluded Medicare crossover claims, out-of-state non-major border hospitals, non-acute hospitals paid under cost-based rates, ungroupable DRG claims, and claims with transfer payment adjustments.

We merged the 3M™ national “standard” weights under versions 39.1 and 40.0 to the model claims dataset, matching on the applicable APR DRG version. We calculated APR DRG case mix under 3M’s national weights for versions 39.1 and 40.0 by summing the 3M™ national weight and dividing by the number of FFY 2022 model claims.

At DHS’ direction and consistent with RY 2023, we calculated the “normalized” case mix under versions 39.1 and 40.0. Normalizing the APR DRG weights involves the application of a statewide adjustment factor to the 3M™ national weights to achieve a target aggregate modeled case mix. Normalizing the national weights allows for consistent aggregate case mix when updating APR DRG versions for the new rate year and reduces volatility in year-over-year changes in DRG base rates. Per 3M™ in its APR DRG documentation:

*Payers and other users of 3M relative weights must therefore be careful to **scale (up or down) the 3M relative weights to fit the characteristics of each payer’s unique population.** In particular, payers should perform a financial simulation to ensure that the combination of APR DRG groups, relative weights, DRG base rates (as set by the payer), and other payment policies align with the payer’s target for total spending.<sup>3</sup>*

For modeled case mix under RY 2023 APR DRG version 39.1, we used DHS’ current RY 2023 APR DRG weights which contain a normalization factor of 1.1081 applied to the 3M™ national weights. For RY 2024 version 40.0, we then calculated a preliminary normalization factor of 1.1783 applied to the 3M™ national weights such that modeled normalized case mix under APR DRG version 40.0 equaled modeled normalized case mix under APR DRG version 39.1 on a statewide basis, as shown in Figure 3:

**FIGURE 3 - PRELIMINARY MODELED APR DRG CASE MIX AND NORMALIZATION FACTOR**

Value	Preliminary Modeled RY 2023 v39.1 (Normalized)	Preliminary Modeled RY 2024 v40.0 (Unnormalized)	Preliminary Modeled RY 2024 v40.0 (Normalized)
Normalization factor	1.1081	1.0000	1.1783
Modeled case mix	1.0820	0.9183	1.0820

***These preliminary APR DRG calculations do not represent final model totals and will be updated with more recent encounter submissions from the June 2023 claim extract.***

<sup>3</sup> 3M™ APR DRG v40.0 national weight file “Readme” worksheet.

## PRELIMINARY MODELED OUTPATIENT EAPG CASE MIX

To model EAPG case mix under both RY 2023 version 3.17 and RY 2024 version 3.18, we used Medicaid outpatient FFS paid claims and HMO encounter data with FFY 2022 service dates received from DHS. We created an ETL process to combine the Medicaid outpatient FFS claims and HMO encounters into a single dataset. Once combined, we created necessary 3M™ GPCS Software input files and executed the 3M™ EAPG software under versions 3.17 and 3.18. We then excluded Medicare crossover claims, zero paid claims, out-of-state non-major border hospitals, invalid EAPG claims, non-acute hospitals paid under cost-based rates, and outpatient claims not paid via EAPGs.

We merged the 3M™ national weights under versions 3.17 and 3.18 to the model claims dataset, matching on the applicable EAPG version (there is only one 3M™ national weight set for each version). We adjusted the national weights by the EAPG discounting factor applicable to each EAPG version based on 3M™ software output. As mentioned, select services are subject to “discounting” (adjusted by a factor of 50%) for various scenarios (multiple procedure, bilateral, and repeat ancillary), and select routine ancillary services are “packaged” and \$0 paid (adjusted by a factor of 0%). We calculated the EAPG case mix under 3M’s national weights for versions 3.17 and 3.18 by summing the 3M™ national weights across detail lines (including those adjusted for discounting) and dividing by the number of unique visits (based on 3M™ software output).

At DHS’ direction and consistent with RY 2023, we calculated the “normalized” case mix under versions 3.17 and 3.18. Like the process described for APR DRGs, normalizing the EAPG weights involves the application of a statewide adjustment factor to the 3M™ national weights to achieve a target aggregate modeled case mix. Normalizing the national weights allows for consistent aggregate case mix when updating EAPG versions for the new rate year and reduces volatility in year-over-year changes in EAPG base rates. Per 3M™ in its EAPG documentation:

*Care must therefore be taken to scale (up or down) the relative weights provided within the calculation to fit the average spend of the target population...Those using the national weights...should make sure that the absolute value of relative weights match the expected pattern for approved local spending and, if need be, scale relative weights so as to match that expectation while keeping relative differences constant.<sup>4</sup>*

For modeled case mix under RY 2023 version 3.17, we used DHS’ current RY 2023 EAPG weights which contain a normalization factor of  $2.0 \times 1.0565 = 2.1130$  applied to the 3M™ national weights. For RY 2024 version 3.18, we then calculated a preliminary normalization factor of  $2.0 \times 1.0806 = 2.1612$  such that modeled normalized case mix under EAPG version 3.18 equaled modeled normalized case mix under EAPG version 3.17 on a statewide basis, as shown in Figure 4:

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<sup>4</sup> 3M™ Enhanced Ambulatory Patient Groups (EAPG) Summary of Changes, version 3.18, 1/1/2023.

FIGURE 4 – PRELIMINARY MODELED EAPG CASE MIX AND NORMALIZATION FACTOR

Value	Preliminary Modeled RY 2023 v3.17 (Normalized)	Preliminary Modeled RY 2024 v3.18 (Unnormalized)	Preliminary Modeled RY 2024 v3.18 (Normalized)
Normalization factor	$2.0 \times 1.0565 = 2.1130$	2.0000	$2.0 \times 1.0806 = 2.1612$
Modeled case mix	1.8836	1.7432	1.8836

***These preliminary EAPG calculations do not represent final model totals and will be updated with more recent encounter submissions from the June 2023 claim extract.***

#### PRELIMINARY MODELED GRADUATE MEDICAL EDUCATION (GME) COST PERCENTAGES

For the purpose of developing RY 2024 GME add-ons for APR DRG base rates and EAPG base rates, we calculated preliminary GME cost percentages for each teaching hospital. Per DHS' established GME add-on methodologies, these GME cost percentages will be applied to the case mix adjusted average Medicaid cost per inpatient claim to calculate the GME add-ons for DRG base rates, and to the case mix adjusted average Medicaid cost per outpatient visit to calculate the GME add-ons for EAPG base rates.

We calculated GME cost percentages based on the most recently available Medicare cost report data from CMS' March 31, 2023 HCRIS extract (CMS' electronic Medicare cost report database). We then extracted the following cost report values from the HCRIS:

- Total GME costs
- Total GME non-allowable costs
- Total hospital costs without GME
- Total hospital non-allowable costs (excluding GME)

We calculated preliminary GME cost percentages by dividing total allowable GME costs (net of non-allowable GME costs) by total hospital allowable costs (including allowable GME costs, net of non-allowable costs). See **Appendix A** for the preliminary RY 2024 GME cost percentages for each teaching hospital.

#### PRELIMINARY MEDICARE IPPS WAGE INDICES AND OUTLIER CCRS

As mentioned, DHS' DRG base rates include wage index adjustments and DHS' cost-based outlier payment calculation relies upon outlier CCRs, both of which are based on values from the Medicare IPPS. Per DHS' direction, for RY 2024 rate-setting purposes we extracted wage indices and outlier CCRs from the FFY 2023 Medicare IPPS correction notice for each in-state and major border acute hospital, as follows:

- **Wage indices:** Per Wisconsin State Plan 4.19 B section 6243, we extracted provider-specific Medicare FFY 2023 IPPS wage indices information from CMS' Correction Notice "Table 2". Per State Plan requirements, for a hospital without a wage index published by CMS in the FFY 2023 Medicare IPPS data, we used a weighted average wage index for hospitals with Medicare IPPS wage indices in the same county as the hospital without a Medicare IPPS wage index, based on FFY 2022 Medicaid APR DRG model claim and encounter paid amounts.
- **Outlier CCRs:** Per Wisconsin State Plan 4.19 B section 6330, we extracted the most recently effective provider-specific Medicare FFY 2023 IPPS operating and capital outlier CCRs from CMS' provider-specific file. Per state plan requirements, for hospitals without outlier CCRs published in the Medicare IPPS provider specific file, we will conduct a subsequent outlier CCR calculation using model hospital-specific FFY 2022

Medicaid APR DRG claims and encounter data (from the June 2023 MMIS extract) and overlapping Medicare cost report data using the following steps:

- Merge Wisconsin DHS revenue code crosswalk to claims detail data
- Merge Medicare cost report's all-payer CCRs to detail claims data using the revenue code crosswalk
- Identify detail line revenue codes without a Medicare cost report CCR and assigned a proxy CCR
- Estimate claim detail data costs, and sum at claim header level
- Sum estimated claim costs and billed charges at the hospital level and calculate the aggregate CCR by dividing total costs by total charges

For new hospitals without FFY 2022 model claims data, the preliminary RY 2024 outlier CCR is 0.322, based on the sum of the Wisconsin statewide urban operating and capital default outlier CCRs in the FFY 2023 Medicare IPPS.

See **Appendix B** for the preliminary RY 2024 wage index and outlier CCR for each acute hospital. For hospitals without outlier CCRs published in the Medicare IPPS provider specific file, but with FFY 2022 model claims data, the preliminary RY 2024 outlier CCRs will be provided subsequent to this report in a separate exhibit.

## Data Sources and Assumptions

The RY 2024 preliminary supporting analyses were developed using data from the sources described below.

### WISCONSIN DHS STATE PLAN AMENDMENT

The Wisconsin DHS inpatient state plan 4.19A and outpatient state plan 4.19B were downloaded from the DHS website (see website links in the Overview section). These DHS documents describe the APR DRG and EAPG payment methodology and annual update process.

### HOSPITAL CROSSWALK

Based on DHS' list of in-state and major border hospitals and hospital types, provided by DHS on February 16, 2023.

### 3M™ GROUPER PLUS CONTENT SERVICES SOFTWARE

3M™ GPCS Software was used to process the Medicaid inpatient and outpatient claims data provided by DHS. We relied on accurate processing by the software, reviewed the software output for reasonableness, but did not audit the results.

### 3M™ NATIONAL WEIGHTS

We relied upon the following 3M™ national weight files downloaded from the 3M™ Core Grouping Software licensed user site:

- APR DRG version 39.1 traditional weights: "apr390\_wgghts\_traditional.xlsx" file
- APR DRG version 40.0 traditional weights: "apr400\_wgghts\_traditional.xlsx" file
- EAPG version 3.17 weights: "EAPG\_3.17\_nat\_wts.xlsx" file
- EAPG version 3.18 weights: "EAPG\_3.18\_nat\_wts.xlsx" file

### WISCONSIN MEDICAID FFS CLAIMS AND HMO ENCOUNTER DATA

DHS provided Milliman with Medicaid inpatient hospital FFS claims and HMO encounter data used in these analyses in January 2023, extracted by DHS' Medicaid Management Information System (MMIS) vendor Gainwell. These claims included service dates in FFY 2022 and paid through December 2022. We reviewed the provided data for reasonableness and compared our results to the prior RY 2023 analysis, but we did not audit the data provided by DHS. DHS selected FFY 2022 model claims data for RY 2024 modeling as it was the most recently available 12-month time period with sufficient claim runout, while avoiding peak Medicaid enrollment.

Final RY 2024 analyses will be updated with a new June 2023 MMIS claim extract from DHS.

### RY 2023 HOSPITAL RATES AND WEIGHTS

Milliman used DHS' current RY 2023 hospital rates and weights as posted on the DHS website<sup>5</sup> and developed during the RY 2023 hospital rate setting process.

### HCRIS DATA

We extracted CMS Form 2552-10 Medicare hospital cost report data from CMS' March 31, 2023 HCRIS release, downloaded from the CMS website.<sup>6</sup> For each Wisconsin hospital and major out-of-state border hospital we extracted

<sup>5</sup> <https://www.forwardhealth.wi.gov/WIPortal/content/Provider/medicaid/hospital/drg/drg.htm.spage#>

<sup>6</sup> <https://www.cms.gov/Research-Statistics-Data-and-Systems/Downloadable-Public-Use-Files/Cost-Reports/Hospital-2010-form>

Medicare cost report data from reporting periods overlapping the FFY 2022 model claims data, which was a combination of hospital fiscal year ending (FYE) 2021 and 2022 cost report data.

We extracted the following key all-payer data points shown in Figure 5 below for each hospital:

**FIGURE 5 – HCRIS COST REPORT EXTRACT REFERENCES**

Data Point	Cost Report Reference
<b>GME cost percentage calculation</b>	
Total GME costs	Worksheet B, Part 1, Line 118, Columns 21 and 22
Total GME non-allowable costs	Worksheet B, Part I, Lines: 44-46, 88-89, 94-95, 99-101
Total hospital costs without GME	Worksheet B Part I, Line 118, Column 26
Total hospital non-allowable costs (excluding GME)	Worksheet B, Part I, Lines: 44-46, 88-89, 94-95, 99-101
<b>Imputed outlier CCR calculation</b>	
Billed Charges	Worksheet C Part I, columns 6 and 7
Total Costs less Medical Education	Worksheet C Part I, column 5
Medical Education Costs	Worksheet B Part I, columns 21 and 22

### FFY 2023 MEDICARE IPPS FACTORS

We extracted the following FFY 2023 Medicare IPPS data:

- *Wage indices:* Medicare FFY 2023 IPPS wage indices based on the FFY 2023 Medicare IPPS Correction Notice “Table 2” and “Table 3” from the file “CMS\_1771\_F\_CN\_Tables 2, 3, 4A, 4B.xlsx” downloaded from the CMS website.<sup>7</sup>
- *Outlier CCRs:* Provider-specific outlier CCRs based on the “CCR” (operating CCR) and “CPCSTCHG” (capital CCR) fields from the FFY 2023 Medicare IPPS Provider Specific File “INPpsf2301.xls”, dated January 9, 2023, downloaded from the CMS website.<sup>8</sup> FFY 2023 Medicare IPPS statewide default outlier CCRs were based on the file “CMS-1752-F Tables 8A, 8B, 8C.xlsx” downloaded from the CMS website.<sup>9</sup>

<sup>7</sup> <https://www.cms.gov/medicare/acute-inpatient-pps/fy-2023-ippss-final-rule-home-page>

<sup>8</sup> [https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/ProsperMedicareFeeSvcPmtGen/psf\\_text](https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/ProsperMedicareFeeSvcPmtGen/psf_text)

<sup>9</sup> <https://www.cms.gov/medicare/acute-inpatient-pps/fy-2023-ippss-final-rule-home-page>

## Caveats and Limitations

*The services provided for this project were performed under the signed contract between Milliman and State of Wisconsin Department of Health Services (DHS) effective February 3, 2021.*

*This report contains information produced, in part, by using the 3M™ Core Grouping Software, All Patient Refined Diagnosis Related Groups (APR DRGs), and Enhanced Ambulatory Patient Groups (EAPGs), which is proprietary computer software created, owned and licensed by 3M Company. All copyrights in and to the 3M™ Software are owned by 3M Company or its affiliates. All rights reserved.*

*The information contained in this report has been prepared for discussion purposes during a meeting between DHS, Milliman, the Wisconsin Hospital Advisory Hospital Group (MAHG), and the Wisconsin Hospital Association (WHA) on June 9, 2023 to discuss DHS' planned changes for rate year (RY) 2024 (effective January 1, 2024) and to present preliminary supporting analyses. The RY 2024 preliminary supporting analyses accompanying this report are for discussion purposes, and are subject to change based on the availability of additional data and information and DHS policy decisions. Final RY 2024 hospital rate calculations will be conducted subsequent to these analyses. Readers should reference DHS' June 9, 2023 MAHG meeting presentation, the Wisconsin Medicaid inpatient and outpatient state plan, and appropriate 3M™ APR DRG and EAPG documentation to understand the appropriate use of the information presented; this report should not be considered complete without the reader's reference to those documents.*

*We understand this report will be shared with Wisconsin Medicaid hospital stakeholders. This report may not be shared with other third parties without Milliman's' prior consent. To the extent that the information contained in this correspondence is provided to any approved third parties, the correspondence should be distributed in its entirety. Any user of the data must possess a certain level of expertise in health care modeling that will allow appropriate use of the data presented.*

*Milliman makes no representations or warranties regarding the contents of this correspondence to third parties. Likewise, third parties are instructed that they are to place no reliance upon this correspondence prepared for DHS by Milliman that would result in the creation of any duty or liability under any theory of law by Milliman or its employees to third parties.*

*Milliman has developed certain models to estimate the values included in this report. The intent of the models is to provide hospital stakeholders with select preliminary RY 2024 estimates for discussion purposes and for validating rate inputs for informational purposes. We have reviewed the models, including their inputs, calculations, and outputs for consistency, reasonableness, and appropriateness to the intended purpose and in compliance with generally accepted actuarial practice and relevant actuarial standards of practice (ASOP).*

*The models rely on data and information as input to the models. We have relied upon certain data and information provided by CMS, 3M, Gainwell Technologies, DHS, and DHS's provider and HMO partners for this purpose and accepted it without audit. To the extent that the data and information provided is not accurate, or is not complete, the values provided in this report may likewise be inaccurate or incomplete.*

*Milliman's data and information reliance includes the items outlined in the Data Sources and Assumptions section of this report. The models, including all input, calculations, and output may not be appropriate, and should not be used, for any other purpose.*

*Differences between our preliminary estimates results and actual amounts depend on the extent to which future experience conforms to the assumptions made for these analyses. Future results may change from these estimates due to a number of factors, including final DHS policy decisions, changes to medical management policies, enrollment, provider utilization and service mix, COVID-19-related impacts, and other factors.*

*Guidelines issued by the American Academy of Actuaries require actuaries to include their professional qualifications in all actuarial communications. David McManus is a member of the American Academy of Actuaries and meets the qualification standards for performing the analyses in this report.*

## Appendix A – Preliminary RY 2024 GME Cost Percentages





Medicaid ID	Medicare ID	Provider Type	Provider Name	HCRIS Cost Report		Total GME Cost	GME Non-Allow Cost Lines	GME Cost Final (C - D)	Total Hospital Cost	Total Hospital Cost Non-Allow Cost Lines	Total Adj. Hospital Cost (F - G)	Total Adj. Hospital Cost With GME Cost (E + H)	% GME (E + J)
				FY End Date	Report Record Number								
11013700	520096	AH	Ascension - All Saints	6/30/2022	732449	\$4,177,498	\$0	\$4,177,498	\$280,237,867	\$0	\$280,237,867	\$284,415,365	1.47%
11010300	520051	AH	Ascension Columbia St. Mary's Hospital - Milwaukee	6/30/2022	733616	\$7,280,077	\$0	\$7,280,077	\$494,000,608	\$0	\$494,000,608	\$501,280,685	1.45%
100099167	520009	AH	Ascension NE Wisconsin - Mercy Campus	6/30/2022	733420	\$1,146,343	\$0	\$1,146,343	\$314,448,864	\$0	\$314,448,864	\$315,595,207	0.36%
11019400	520136	AH	Ascension SE Wisconsin - Elmbrook	6/30/2022	733118	\$4,473,187	\$0	\$4,473,187	\$348,108,224	\$0	\$348,108,224	\$352,581,411	1.27%
11000700	520019	AH	Aspirus Rhinelander Hospital fka Sacred Heart -St Mary's	6/30/2022	735544	\$154,920	\$0	\$154,920	\$110,053,236	\$15,517,938	\$94,535,298	\$94,690,218	0.16%
100095321	520030	AH	Aspirus Stevens Point Hospital - Plover	6/30/2022	727129	\$1,114,734	\$0	\$1,114,734	\$515,019,192	\$26,482,000	\$488,537,192	\$489,651,926	0.23%
11021600	520102	AH	Aurora Lakeland Medical Center	12/31/2021	718523	\$217,701	\$0	\$217,701	\$61,558,214	\$0	\$61,558,214	\$61,775,915	0.35%
100013538	520207	AH	Aurora Medical Center - Grafton	12/31/2021	719527	\$47,441	\$0	\$47,441	\$219,166,048	\$0	\$219,166,048	\$219,213,489	0.02%
11022500	520189	AH	Aurora Medical Center - Kenosha	12/31/2021	719456	\$25,776	\$0	\$25,776	\$166,197,361	\$0	\$166,197,361	\$166,223,137	0.02%
11020400	520138	AH	Aurora Sinai Medical Center Inc	12/31/2021	719455	\$23,906,307	\$0	\$23,906,307	\$1,319,374,111	\$3,635,124	\$1,315,738,987	\$1,339,645,294	1.78%
11017300	520139	AH	Aurora West Allis Medical Center aka West Allis Memorial Hospital	12/31/2021	719272	\$183,228	\$0	\$183,228	\$211,073,672	\$0	\$211,073,672	\$211,256,900	0.09%
11021900	243302	AH	Children's Health Care - Minneapolis	12/31/2021	719143	\$10,273,849	\$0	\$10,273,849	\$677,324,330	\$11,335,611	\$665,988,719	\$676,262,568	1.52%
11019700	523300	AH	Children's Wisconsin-Milwaukee Hospital	12/31/2021	719760	\$35,468,551	\$0	\$35,468,551	\$588,043,866	\$347,478	\$587,696,388	\$623,164,939	5.69%
11005500	240080	AH	Fairview University	12/31/2021	733523	\$40,762,740	\$34,998	\$40,727,742	\$1,524,943,990	\$8,988,427	\$1,515,955,563	\$1,556,683,305	2.62%
11000400	520177	AH	Froedtert Memorial Lutheran Hospital	6/30/2022	730529	\$108,975,270	\$0	\$108,975,270	\$1,683,855,474	\$0	\$1,683,855,474	\$1,792,830,744	6.08%
11014300	520103	AH	Froedtert Menomonee Falls Hospital fka Community Memorial	6/30/2022	730949	\$3,638,335	\$0	\$3,638,335	\$249,608,009	\$0	\$249,608,009	\$253,246,344	1.44%
11012900	520087	AH	Gundersen Lutheran Medical Center	12/31/2021	723049	\$16,078,451	\$0	\$16,078,451	\$715,928,378	\$13,988,254	\$701,940,124	\$718,018,575	2.24%
100070193	520037	AH	Marshfield Medical Center - Marshfield fka St Joseph's	9/30/2020	738956	\$7,389,038	\$0	\$7,389,038	\$528,129,186	\$0	\$528,129,186	\$535,518,224	1.38%
11011800	520070	AH	Mayo Clinic Health System - Eau Claire (aka Luther)	12/31/2021	719454	\$2,887,859	\$0	\$2,887,859	\$467,111,282	\$4,548,504	\$462,562,778	\$465,450,637	0.62%
11006300	520004	AH	Mayo Clinic Health System - La Crosse	12/31/2021	719450	\$2,483,520	\$0	\$2,483,520	\$297,204,163	\$0	\$297,204,163	\$299,687,683	0.83%
11011400	520066	AH	Mercy Health System Corporation	6/30/2022	735298	\$4,259,764	\$0	\$4,259,764	\$275,515,295	\$1,503,921	\$274,011,374	\$278,271,138	1.53%
100005464	520205	AH	Midwest Orthopedic Specialty Hospital, LLC	12/31/2021	719184	\$46,290	\$0	\$46,290	\$40,869,123	\$0	\$40,869,123	\$40,915,413	0.11%
11006600	520008	AH	ProHealth Waukesha Memorial Hospital - Mukwonago	9/30/2021	713217	\$4,393,494	\$0	\$4,393,494	\$426,226,022	\$0	\$426,226,022	\$430,619,516	1.02%
11005600	240106	AH	Regions Hospital	12/31/2021	719134	\$27,667,732	\$0	\$27,667,732	\$710,629,114	\$2,041,578	\$708,587,536	\$736,255,268	3.76%
11002400	140239	AH	Rockford Memorial Hospital	6/30/2022	735491	\$14,731,701	\$0	\$14,731,701	\$238,986,440	\$3,131,287	\$235,855,153	\$250,586,854	5.88%
11007100	520013	AH	Sacred Heart Hospital	6/30/2022	732431	\$1,171,959	\$0	\$1,171,959	\$128,930,121	\$5,966	\$128,924,155	\$130,096,114	0.90%
11013600	520095	AH	Sauk Prairie Memorial Hospital	12/31/2021	724956	\$13,883	\$2,256	\$11,627	\$74,442,711	\$9,854,756	\$64,587,955	\$64,599,582	0.02%
11008400	520028	AH	SSM Health Monroe Hospital fka Monroe Clinic	12/31/2021	719753	\$2,128,755	\$0	\$2,128,755	\$150,909,526	\$3,272,221	\$147,637,305	\$149,766,060	1.42%
11022800	520057	AH	SSM Health St. Clare Hospital - Baraboo	12/31/2021	719754	\$209,001	\$0	\$209,001	\$51,076,528	\$0	\$51,076,528	\$51,285,529	0.41%
11022900	520083	AH	SSM Health St. Marys Hospital - Madison	12/31/2021	719901	\$8,384,061	\$0	\$8,384,061	\$356,156,641	\$2,843,400	\$353,313,241	\$361,697,302	2.32%
11007500	520017	AH	St. Joseph's Hospital	6/30/2022	736682	\$68,706	\$0	\$68,706	\$37,126,909	\$2,729,681	\$34,397,228	\$34,465,934	0.20%
11004500	240047	AH	St. Luke's	12/31/2021	719827	\$1,969,303	\$0	\$1,969,303	\$368,643,927	\$5,578,553	\$363,065,374	\$365,034,677	0.54%
11004100	240010	AH	St. Mary's	12/31/2021	718437	\$103,758,652	\$0	\$103,758,652	\$2,543,595,378	\$2,703,593	\$2,540,891,785	\$2,644,650,437	3.92%
11003900	240002	AH	St. Mary's Medical Center aka Essentia	6/30/2022	730504	\$2,072,473	\$0	\$2,072,473	\$443,821,052	\$0	\$443,821,052	\$445,893,525	0.46%
11019000	520160	AH	ThedaCare Medical Center - Appleton	12/31/2021	719902	\$4,574,615	\$0	\$4,574,615	\$272,285,783	\$0	\$272,285,783	\$276,860,398	1.65%
11000900	240038	AH	United Hospital c/o Allina Health System	12/31/2021	719586	\$5,417,212	\$0	\$5,417,212	\$562,628,403	\$0	\$562,628,403	\$568,045,615	0.95%
11001700	520089	AH	UnityPoint Health - Meriter Hospital	12/31/2021	719756	\$8,427,587	\$0	\$8,427,587	\$380,558,401	\$1,839,950	\$378,718,451	\$387,146,038	2.18%
11022000	520098	AH	University of WI Hospital & Clinics Authority	6/30/2022	732127	\$73,000,198	\$0	\$73,000,198	\$1,574,926,842	\$20,429,206	\$1,554,497,636	\$1,627,497,834	4.49%

Column Definitions:

- C: Worksheet B, Part 1, Line 118, Columns 21 and 22.
- D: Worksheet B, Part I, Lines: 44-46, 88-89, 94-95, 99-101.
- F: Worksheet B Part I, Line 118, Column 26.
- G: Worksheet B, Part I, Lines: 44-46, 88-89, 94-95, 99-101.

## Appendix B – Preliminary RY 2024 Wage Indices and Outlier CCRs



Medicaid ID	Medicare ID	Hospital Name	City	County	State	FFY 2023 Medicare IPPS Geographic CBSA	Preliminary RY 2024 Wage Index	Imputed Wage Index	Preliminary RY 2024 Outlier CCR	Imputed CCR
<b>In-State Acute Care Hospitals</b>										
11013700	520096	Ascension - All Saints	Racine	Racine	WI	39540	1.0591	N	0.3170	N
11012400	520078	Ascension - St. Francis Hospital	Milwaukee	Milwaukee	WI	33340	0.9754	N	0.4030	N
100197969	520027	Ascension Columbia St. Mary's - Ozaukee	Mequon	Ozaukee	WI	33340	0.9754	N	0.2570	N
11010300	520051	Ascension Columbia St. Mary's Hospital - Milw.	Milwaukee	Milwaukee	WI	33340	1.0591	N	0.2980	N
11006700	520009	Ascension NE Wis. - St Elizabeth	Appleton	Outagamie	WI	11540	0.9519	N	0.4090	N
100099167	520009	Ascension NE Wisconsin - Mercy Campus	Oshkosh	Winnebago	WI	11540	0.9519	N	0.4090	N
11019400	520136	Ascension SE Wisconsin - Elmbrook	Brookfield	Waukesha	WI	33340	0.9754	N	0.2890	N
11017100	520136	Ascension SE Wisconsin - St. Joseph's	Milwaukee	Milwaukee	WI	33340	0.9754	N	0.2890	N
100079350	520136	Ascension SE Wisconsin Hospital - Franklin Campus	Franklin	Milwaukee	WI	33340	0.9754	N	0.2890	N
11013300	520091	Aspirus Howard Young Medical Center	Woodruff	Oneida	WI	52	0.8669	N	0.4880	N
11008800	520033	Aspirus Riverview Hospital & Clinics, Inc	Wisconsin Rapids	Wood	WI	52	0.8669	N	0.4210	N
11000700	520019	Aspirus Sacred Heart - St Mary's	Rhineland	Oneida	WI	52	0.8669	N	0.3870	N
11006100	520002	Aspirus St Michael's Hospital	Stevens Point	Portage	WI	52	0.8669	N	0.4090	N
100095321	520030	Aspirus Stevens Point Hospital	Stevens Point	Portage	WI	48140	0.9225	N	0.3500	N
11008500	520030	Aspirus Wausau Hospital	Wausau	Marathon	WI	48140	0.9225	N	0.3500	N
11023500	520193	Aurora BayCare Medical Center	Green Bay	Brown	WI	24580	0.9306	N	0.2980	N
11021600	520102	Aurora Lakeland Medical Center	Elkhorn	Walworth	WI	52	1.0219	N	0.2800	N
100091842	520113	Aurora Medical Center - Bay Area	Marinette	Marinette	WI	52	0.8721	N	0.2870	N
100013538	520207	Aurora Medical Center - Grafton LLC	Grafton	Ozaukee	WI	33340	0.9754	N	0.2650	N
11022500	520189	Aurora Medical Center - Kenosha	Kenosha	Kenosha	WI	29404	1.0219	N	0.2360	N
100009852	520206	Aurora Medical Center in Summit	Summit	Waukesha	WI	33340	1.0044	N	0.3180	N
11008900	520034	Aurora Medical Center of Manitowoc Co Inc	Two Rivers	Manitowoc	WI	52	0.8669	N	0.3160	N
11024300	520198	Aurora Medical Center of Oshkosh	Oshkosh	Winnebago	WI	36780	0.9503	N	0.3070	N
11009200	520038	Aurora Medical Center of Washington County Inc	Hartford	Washington	WI	33340	1.0044	N	0.3160	N
11010900	520059	Aurora Memorial Hospital - Burlington	Burlington	Racine	WI	39540	1.0219	N	0.2640	N
100203316	520035	Aurora Sheboygan Memorial Medical Center	Sheboygan	Sheboygan	WI	43100	0.9634	N	0.3040	N
11020400	520138	Aurora Sinai Medical Center Inc	Milwaukee	Milwaukee	WI	33340	1.0591	N	0.2050	N
11017200	520138	Aurora St Luke's Medical Center	Milwaukee	Milwaukee	WI	33340	1.0591	N	0.2050	N
100061838	520138	Aurora St. Luke's South Shore	Cudahy	Milwaukee	WI	33340	1.0591	N	0.2050	N
11017300	520139	Aurora West Allis Med. Ctr., aka West Allis Memorial Hospital	West Allis	Milwaukee	WI	33340	0.9754	N	0.2210	N
11012200	520076	Beaver Dam Community Hospitals Inc	Beaver Dam	Dodge	WI	52	1.0044	N	0.3410	N
11010200	520049	Bellin Memorial Hospital	Green Bay	Brown	WI	24580	0.9306	N	0.3990	N
11014000	520100	Beloit Memorial Hospital Inc	Beloit	Rock	WI	27500	1.0219	N	0.2250	N
11019700	523300	Children's Hospital of Wisconsin	Milwaukee	Milwaukee	WI	33340	1.0455	Y <sup>(1)</sup>	TBD	Y <sup>(2)</sup>
11023400	523302	Children's Hospital of Wisconsin - Fox Valley	Neenah	Winnebago	WI	36780	0.9441	Y <sup>(1)</sup>	TBD	Y <sup>(2)</sup>
11014300	520103	Community Memorial Hospital	Menomonee Falls	Waukesha	WI	33340	0.9754	N	0.3480	N
11009500	520041	Divine Savior Healthcare Inc	Portage	Columbia	WI	31540	1.0451	N	0.5550	N
11011900	520071	Fort HealthCare	Fort Atkinson	Jefferson	WI	52	0.9634	N	0.4020	N
100134259	520213	Froedtert Community Hospital - New Berlin	New Berlin	Waukesha	WI	33340	0.9754	N	0.8850	N
11000400	520177	Froedtert Memorial Lutheran Hospital	Milwaukee	Milwaukee	WI	33340	1.0591	N	0.2550	N
11007800	520021	Froedtert South (fka United Hospital System)	Kenosha	Kenosha	WI	29404	1.0219	N	0.3590	N
11012900	520087	Gundersen Lutheran Medical Center	La Crosse	La Crosse	WI	29100	1.0283	N	0.4190	N
100161517	520107	Holy Family Memorial Medical Center	Manitowoc	Manitowoc	WI	52	0.9107	N	0.3670	N
11006900	520011	Marshfield Clinic Health System - Lakeview Med. Ctr.	Rice Lake	Barron	WI	52	0.8669	N	0.5160	N
100070193	520037	Marshfield Med. Ctr. - Marshfield, fka St Joseph's	Marshfield	Wood	WI	52	0.8669	N	0.4080	N
100102130	520212	Marshfield Med. Ctr. - Minocqua	Minocqua	Oneida	WI	52	0.8647	N	0.5530	N
100085640	520210	Marshfield Medical Center - Eau Claire	Eau Claire	Eau Claire	WI	20740	0.9665	N	0.6340	N
100102362	520202	Marshfield Medical Center - Weston	Weston	Marathon	WI	48140	0.8669	N	0.5110	N
11011800	520070	Mayo Clinic Health System-Eau Claire (aka Luther)	Eau Claire	Eau Claire	WI	20740	1.0358	N	0.4550	N



Medicaid ID	Medicare ID	Hospital Name	City	County	State	FFY 2023 Medicare IPPS Geographic CBSA	Preliminary RY 2024 Wage Index	Imputed Wage Index	Preliminary RY 2024 Outlier CCR	Imputed CCR
11006300	520004	Mayo Clinic Health System-Franciscan Healthcare	La Crosse	La Crosse	WI	29100	1.0283	N	0.4910	N
11011400	520066	Mercy Health System Corporation	Janesville	Rock	WI	27500	0.9634	N	0.2240	N
11001700	520089	Meriter Hospital Inc	Madison	Dane	WI	31540	1.0451	N	0.2600	N
100005464	520205	Midwest Orthopedic Specialty Hospital, LLC	Franklin	Milwaukee	WI	33340	0.9754	N	0.3010	N
11014700	520109	Mile Bluff Medical Center	Mauston	Juneau	WI	52	0.8669	N	0.3590	N
11008400	520028	Monroe Clinic	Monroe	Green	WI	31540	1.0451	N	0.4540	N
11023800	520196	Oakleaf Surgical Hospital	Eau Claire	Eau Claire	WI	20740	0.9665	N	0.4680	N
11011100	520062	Oconomowoc Memorial Hospital	Oconomowoc	Waukesha	WI	33340	0.9754	N	0.3210	N
11023600	520194	Orthopaedic Hospital of Wisconsin - Glendale	Glendale	Milwaukee	WI	33340	0.9754	N	0.2630	N
11007100	520013	Sacred Heart Hospital	Eau Claire	Eau Claire	WI	20740	1.0358	N	0.3580	N
11013600	520095	Sauk Prairie Memorial Hospital	Prairie du Sac	Sauk	WI	52	1.0044	N	0.4790	N
11013000	520088	St Agnes Hospital	Fond du Lac	Fond Du Lac	WI	22540	1.0044	N	0.3580	N
11022800	520057	St Clare Hospital and Health Services	Baraboo	Sauk	WI	52	1.0044	N	0.3410	N
11011200	520063	St Joseph's Community Hospital	West Bend	Washington	WI	33340	0.9754	N	0.4230	N
11007500	520017	St Joseph's Hospital	Chippewa Falls	Chippewa	WI	20740	0.9665	N	0.4880	N
11022900	520083	St Marys Hospital Medical Center	Madison	Dane	WI	31540	1.0451	N	0.2360	N
11013800	520097	St Mary's Hospital Medical Center	Green Bay	Brown	WI	24580	0.9306	N	0.2670	N
11009800	520044	St Nicholas Hospital	Sheboygan	Sheboygan	WI	43100	0.9600	N	0.3000	N
11012100	520075	St Vincent Hospital	Green Bay	Brown	WI	24580	0.9306	N	0.2770	N
100021887	520208	St. Mary's Hospital	Janesville	Rock	WI	27500	1.0219	N	0.2820	N
11019000	520160	ThedaCare Medical Center - Appleton	Appleton	Outagamie	WI	11540	0.9519	N	0.4360	N
11009900	520045	ThedaCare Medical Center - Neenah	Neenah	Winnebago	WI	36780	0.9285	N	0.4160	N
11022000	520098	University of WI Hospital & Clinics Authority	Madison	Dane	WI	31540	1.0451	N	0.2730	N
100051765	520116	Watertown Regional Med Ctr	Watertown	Dodge	WI	52	0.9634	N	0.2830	N
11006600	520008	Waukesha Memorial Hospital Inc	Waukesha	Waukesha	WI	33340	0.9754	N	0.3090	N
<b>Major Out-of-State Border Hospitals</b>										
11021800	243302	Children's Health Care - Minneapolis	Minneapolis	Hennepin	MN	33460	1.0578	Y <sup>(1)</sup>	TBD	Y <sup>(2)</sup>
11002900	230055	Dickinson County Memorial	Iron Mountain	Dickinson	MI	23	0.8339	N	0.3100	N
11005500	240080	Fairview University	Minneapolis	Hennepin	MN	33460	1.0578	N	0.2880	N
11005400	240066	Lakeview Memorial	Stillwater	Washington	MN	33460	1.0578	N	0.4160	N
11005600	240106	Regions Hospital	St. Paul	Ramsey	MN	33460	1.0578	N	0.3220	N
11002400	140239	Rockford Memorial Hospital	Rockford	Winnebago	IL	40420	0.9632	N	0.2130	N
11004500	240047	St. Luke's	Duluth	St. Louis	MN	20260	1.0358	N	0.3280	N
11004100	240010	St. Mary's	Rochester	Olmsted	MN	40340	1.0632	N	0.3860	N
11003900	240002	St. Mary's Medical Center aka Essentia	Duluth	St. Louis	MN	20260	1.0358	N	0.3750	N
11000900	240038	United Hospital c/o Allina Health System	St. Paul	Ramsey	MN	33460	1.0578	N	0.2740	N

Sources:

Preliminary RY 2024 wage indices are based on the wage indices published by CMS in its FFY 2023 Medicare IPPS correction notice, unless imputed.

Preliminary RY 2024 outlier CCRs are based on the sum of the most recently available operating and capital outlier CCRs published by CMS in its January 2023 IPPS provider specific file, unless imputed as indicated.

For new hospitals without FFY 2023 Medicare IPPS data or FFY 2022 Medicaid model claims data, the preliminary RY 2024 outlier CCR is 0.322, based on the sum of the Wisconsin statewide urban operating and capital defaults in the FFY 2023 Medicare IPPS.

Notes:

1. Per SPA requirements, for IPPS participating hospitals without wage indices published by CMS in its FFY 2023 Medicare IPPS data, a weighted average wage index was calculated using the wage indices of providers in the county where the hospital without a wage index is physically located, based on RY 2024 Medicaid APR DRG model claim and encounter paid amounts. For non-IPPS participating hospitals, the wage indices are calculated using a weighted average aged index of providers in the county based on the baseline claim payment values from FFY 2022 used in the RY 2024 Medicaid APR DRG Model calculations. See subsequent exhibits for county-specific calculations.

2. For current hospitals without FFY 2023 Medicare IPPS data but with FFY 2022 Medicaid model claims data, the preliminary RY 2024 outlier CCRs will be subsequently provided in a separate exhibit.



Medicaid ID	Medicare ID	Hospital Name	City	County	FFY 2023 Medicare IPPS Wage Index <sup>(1)</sup>	RY 2024 Model Inpatient Claims Data Paid Amounts <sup>(2)</sup>	Proportion of Total	Allocated Wage Index <sup>(3)</sup>
<b>Milwaukee County Hospitals with FFY 2023 Medicare IPPS Wage Index</b>								
11012400	520078	Ascension - St. Francis Hospital	Milwaukee	Milwaukee	0.9754	\$ 8,235,411	2.81%	0.0274
11010300	520051	Ascension Columbia St. Mary's Hospital - Milw.	Milwaukee	Milwaukee	1.0591	\$ 34,625,835	11.80%	0.1250
11017100	520136	Ascension SE Wisconsin - St. Joseph's	Milwaukee	Milwaukee	0.9754	\$ 21,955,932	7.48%	0.0730
100079350	520136	Ascension SE Wisconsin Hospital - Franklin Campus	Franklin	Milwaukee	0.9754	\$ 1,699,417	0.58%	0.0057
11020400	520138	Aurora Sinai Medical Center Inc	Milwaukee	Milwaukee	1.0591	\$ 29,316,010	9.99%	0.1058
11017200	520138	Aurora St Luke's Medical Center	Milwaukee	Milwaukee	1.0591	\$ 51,071,812	17.41%	0.1844
100061838	520138	Aurora St. Luke's South Shore	Cudahy	Milwaukee	1.0591	\$ 3,747,950	1.28%	0.0135
11017300	520139	Aurora West Allis Med. Ctr., aka West Allis Memorial Hospital	West Allis	Milwaukee	0.9754	\$ 15,212,231	5.19%	0.0506
11000400	520177	Froedtert Memorial Lutheran Hospital	Milwaukee	Milwaukee	1.0591	\$ 126,824,293	43.23%	0.4579
100005464	520205	Midwest Orthopedic Specialty Hospital, LLC	Franklin	Milwaukee	0.9754	\$ 248,052	0.08%	0.0008
11023600	520194	Orthopaedic Hospital of Wisconsin - Glendale	Glendale	Milwaukee	0.9754	\$ 433,096	0.15%	0.0014
<b>Preliminary Milwaukee County Default Wage Index</b>						<b>\$ 293,370,039</b>	<b>100.00%</b>	<b>1.0455</b>

Notes:

1. Based on Medicare FFY 2023 IPPS wage indices from the FFY 2023 Medicare IPPS Correction Notice from the file "CMS 1771-F Tables 2, 3, 4A, 4B.xlsx" downloaded from the CMS website.
2. Based on FFY 2022 Medicaid inpatient hospital FFS claims and HMO encounter data, extracted from DHS' Medicaid Management Information System (MMIS).
3. Based on the methodology established in the Wisconsin state plan 4.19a section 6243 "Wage Area Adjustment Indices for Hospitals Located in the State of Wisconsin".



Medicaid ID	Medicare ID	Hospital Name	City	County	FFY 2023 Medicare IPPS Wage Index <sup>(1)</sup>	RY 2024 Model Inpatient Claims Data Paid Amounts <sup>(2)</sup>	Proportion of Total	Allocated Wage Index <sup>(3)</sup>
<b>Winnebago County Hospitals with FFY 2023 Medicare IPPS Wage Index</b>								
100099167	520009	Ascension NE Wisconsin - Mercy Campus	Oshkosh	Winnebago	0.9519	\$ 3,900,804	17.26%	0.1643
11024300	520198	Aurora Medical Center of Oshkosh	Oshkosh	Winnebago	0.9503	\$ 4,185,527	18.52%	0.1760
11009900	520045	ThedaCare Medical Center - Neenah	Neenah	Winnebago	0.9285	\$ 9,610,385	42.53%	0.3949
11002400	140239	Rockford Memorial Hospital	Rockford	Winnebago	0.9632	\$ 4,898,788	21.68%	0.2088
<b>Preliminary Winnebago County Default Wage Index</b>						<b>\$ 22,595,504</b>	<b>100.00%</b>	<b>0.9441</b>

Notes:

1. Based on Medicare FFY 2023 IPPS wage indices from the FFY 2023 Medicare IPPS Correction Notice from the file "CMS 1771-F Tables 2, 3, 4A, 4B.xlsx" downloaded from the CMS website.
2. Based on FFY 2022 Medicaid inpatient hospital FFS claims and HMO encounter data, extracted from DHS' Medicaid Management Information System (MMIS).
3. Based on the methodology established in the Wisconsin state plan 4.19a section 6243 "Wage Area Adjustment Indices for Hospitals Located in the State of Wisconsin".



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