Medicaid Advisory Hospital Group

Division of Medicaid Services

Bureau of Rate Setting

October 2, 2025

Wisconsin Department of Health Services

Agenda

1. Introductions and Welcome
2. Rate Year 2026 Hospital Payment Updates
3. Upcoming EAPG 4.0
4. Access Payment Updates
5. Potentially Preventable Readmissions
6. Other P4P programs
7. Hospital Supplemental Payments
8. Additional Updates
9. Questions

Wisconsin Department of Health Services

Rate Year 2026 Hospital Payment Updates

Rate Year (RY) 2026 Updates

- Update to newer inpatient and outpatient grouper versions (for more details on grouper version changes, refer to the 6/11/2025 MAHG presentation)
- RY 2026 updates to hospital base rates:
  - Inflation increase of +3.18% to inpatient and outpatient acute hospital base rates, with new wage indices and GME add-ons
  - Inpatient acute APR DRG only: +4.48% DRG base rate increase (in addition to inflation increase) to offset outlier payment reductions
  - New cost-based rates for inpatient per diem hospitals and Critical Access Hospitals (CAHs)
- Hospital-specific rate sheets are available on the ForwardHealth portal for review

RY 2026 Data & Model Sources

- *DHS:*
  - RY 2026 model claims data based on federal fiscal year (FFY) 2024 Medicaid hospital fee-for-service (FFS) and managed care encounter data, from the May 2025 Medicaid Management Information System (MMIS) extract
- *CMS:*
  - Medicare cost report data (generally hospital FYE 2023 or 2024) based on the 3/31/2025 HCRIS database release
  - FFY 2025 Medicare IPPS wage indices and outlier cost-to-charge ratios (CCRs) (1)
  - Hospital market basket inflation data released July 2025
- *Solventum:*
  - APR DRG v42.0 and v41.0 grouper output & national weights (updated from v41.0)
  - EAPG v3.1825 and v3.1824 grouper output & national weights (updated from v3.1824)

Note: (1) For modeling RY 2026 inpatient outlier payments, Wisconsin Medicaid RY 2023 or RY 2024 outlier CCRs were applied to FFY 2024 claims to align CCRs to charges based on claim dates of service.

APR DRG v42.0 Weight Normalization

- Rate Year 2026 APR DRG weight normalization factor calculation applied to Solventum's APR DRG v42.0 traditional national weights:

	Modeled RY 2025 v41.0 (Normalized)	Modeled RY 2026 v42.0 (Unnormalized)	Modeled RY 2026 v42.0 (Normalized)
Normalization factor	1.1828	1.0000	1.1892
Modeled case mix using FFY 2024 data*	1.0279	0.8644	1.0280

Normalization calculation note: Factors based on FFY 2024 FFS claims and HMO encounters paid under APR DRGs for non-Critical Access Hospitals (CAHs), excluding transfer-adjusted payment claims, extracted from the MMIS in May 2025.

** Aggregate case mix does not tie exactly across v41.0 and v42.0 because transfer claims were excluded from the development of the scaling factor.*

RY 2026 Inpatient Outlier Payments

- DHS has observed annual increases in outlier payments as a proportion of total inpatient APR DRG payments, despite annual DRG base rate increases
  - Under the current **outlier fixed loss amount** of $46,587, which has not changed since RY 2019, modeled RY 2026 statewide aggregate outlier payments are approximately **18%** of total inpatient APR DRG payments
  - The outlier fixed loss is added to the base DRG payment to establish an inpatient claim **outlier cost threshold,** and determine if it qualifies for an outlier payment
- DHS is proposing a State Plan Amendment (SPA) to change the **acute hospital outlier fixed loss amount** to prospectively result in modeled statewide aggregate outlier payments of approximately **15%** of total
  - Proposal increases the acute RY 2026 fixed loss amount to **$64,200**
  - No proposed change to the RY 2026 CAH fixed loss amount
- DHS has reincorporated the savings from outlier payment reductions into the APR DRG base rates, **increasing the RY 2026 DRG base rates by +4.48%** (in addition to the +3.18% inflationary adjustment)
  - This DRG base rate increase accounts for about $39.4M in aggregate payments (impacts vary by hospital)
  - Outlier payment changes and base rate increases are not subject to retrospective reconciliation

RY 2026 Inpatient Outlier Parameters

- Outlier payment parameter updates (formula unchanged)

Outlier Parameter	RY 25 Final Values	RY 26 Proposed Values
Fixed loss amount - CAHs	$300	$300
Fixed loss amount – Acute Care	$46,587	**$64,200**
Marginal Cost Percentage – Severity of Illness (SOI) level 1 and 2	80%	80%
Marginal Cost Percentage – SOI Level 3 and 4	95%	95%

Other RY 2026 APR DRG Updates

Component	DHS Approach
Acute DRG base rate inflation	▪ Applied a one-year inflation factor of **3.18%** to the RY 2025 standardized amount based on changes in CMS market basket index levels ▪ Applied an additional **4.48%** adjustment to DRG base rates to offset the reduction to outlier payments
Acute DRG base rate wage index adjustments	▪ Updated to FFY 2025 Medicare IPPS correction notice ▪ Modeled proxy wage indices for Medicare IPPS-exempt hospitals based on the county weighted average wage index
Acute DRG base rate GME add-ons	▪ Updated GME add-ons based on most recently available Medicare cost report data from 3/31/2025 HCRIS extract
Outlier payment parameters	▪ Updated to FFY 2025 Medicare IPPS outlier cost-to-charge ratios (CCRs) based on CMS' provider-specific file, and Medicaid-specific costs for Medicare IPPS exempt hospitals ▪ Updated fixed loss amount to **$64,200** for acute hospitals to reduce aggregate outlier payments to 15% of total modeled APR DRG payments ▪ No other outlier parameter changes
DRG policy adjusters	▪ Updated Behavioral Health (BH) policy adjuster to **1.86**, applied to inpatient claims with BH DRGs at acute hospitals with DHS "61.71 certified" BH units

RY 2026 Inpatient Policy Adjusters

Policy Adjuster	Claim Identification Basis	Factor
Neonate	DRG	1.30
Normal Newborn	DRG	1.80
Pediatric	Age (17 and under)	1.20
Transplant	DRG	1.50
Level I Trauma Services	Provider trauma designation	1.30
BH service-unit	DRG and BH unit	1.86

Note: Only the highest policy adjuster factor is applied to each claim for payment (for claims that qualify for multiple policy adjusters)

EAPG v3.1825 Weight Normalization

- RY 2026 EAPG weight scaling and normalization factor calculation applied to Solventum's EAPG v3.1825 national weights:

	Modeled RY 2025 v3.1824 (Normalized)	Modeled RY 2026 v3.1825 (with 2.0 Adjustment)	Modeled RY 2026 v3.1825 (Normalized)
Normalization factor	2.0 x 1.0705= 2.1410	2.0	2.0 x 1.0626= 2.1252
Modeled case mix using FFY 2024 data*	1.8579	1.7484	1.8579

Normalization calculation note: Factors based on FFY 2024 outpatient FFS claims and HMO encounters paid under EAPGs for non-CAHs, extracted from the MMIS in May 2025. DHS' EAPG national weight normalization has traditionally been calculated by multiplying 2.0 by an additional factor.

** Aggregate case mix may not tie exactly due to rounding.*

Acute Hospital RY 2026 EAPG Updates

Component	DHS Approach
EAPG base rate inflation	▪ Applied a one-year inflation factor of **1.0318** to the standardized amount based on changes in CMS market basket index levels
EAPG base rate GME add-ons	▪ Update based on most recently available Medicare cost report data from 3/31/2025 HCRIS extract

RY 2026 Cost-based Rates

- DHS updated cost-based rates using FFY 2024 FFS claims and Health Management Organization (HMO) encounter data and the most recent Medicare cost report data (generally hospital FYEs 2023 or 2024)
  - Critical Access Hospital inpatient DRG base rates
  - Critical Access Hospital outpatient EAPG base rates
  - Inpatient per diem rates
    - Psychiatric Hospitals
    - Long Term Acute Care Hospitals
    - Rehabilitation Hospitals
  - Psychiatric Hospital outpatient EAPG base rates
  - Department of Corrections CCR
- RY 2026 calculations move the base data forward by 12 months from FFY 2023 to FFY 2024

Specialty Service Rates

- DHS has updated carve-out rates listed in §7900 of State Plan attachment 4.19-A to account for inflation
- Consistent with the RY 2025 methodology, DHS proposes to inflate these rates annually
- RY 2026 rates:
  - Ventilator-dependent member: $1,715 per diem
  - Brain-injury care: $2,393 per diem
  - Long-Acting Reversable Contraception (LARC) Service Rate: $941.23
- RY 2026 Department of Corrections (DOC) rates
  - Inpatient DOC CCR updated to 0.3370

Outpatient Dental Payment

- 2019 WI Act 9, §9119(9) appropriated $1.5 million a year to increase reimbursement rates for dental services provided to recipients of Medical Assistance who have disabilities
- DHS has provided enhanced payments for outpatient dental services where deep sedation/anesthesia is provided with a per visit add-on (in addition to the EAPG payment) since 1/1/2023
  - Applicable to outpatient visits with CPT code 41899 (Other Procedures on the Dentoalveolar Structures) and U2 modifier (specified in SPA section 4.19B section 4260)
  - Enhanced payment for these services will be subject to prior authorization and post-payment review
- Based on review of actual utilization paid under this add-on, DHS proposes to increase this add-on to **$1,427** for RY 2026 to align with the annual funding target
- The RY 2025 add-on rate is currently $1,075

Inpatient Payment Model Totals

Provider Type	RY25 Simulated Claim-Based Payments	RY26 Simulated Claim-Based Payments	Estimated Payment Change	RY 2026 Notes
Acute Hospitals	$1,124.9M	$1,141.2M	$16.3M	▪ Increase from inflation adjustment to base rates and GME changes
Critical Access Hospitals	61.0M	61.7M	0.7M	▪ DRG base rates based on 100% of estimated RY26 claims cost
Psychiatric Hospitals	115.1M	117.0M	1.9M	▪ Per diem rates based on 85.08% of estimated RY26 claims cost (state-owned based on 100%) ▪ Excludes psychiatric "start-up period" hospitals (subject to RY 2026 settlement)
Rehabilitation Hospitals	7.0M	7.1M	0.1M	▪ Per diem rates based on 85.08% of estimated RY26 claims cost
Long Term Acute Care (LTAC) Hospitals	17.0M	17.1M	0.1M	▪ Per diem rates based on 85.08% of estimated RY26 claims cost
Total Claim-Based Payments	**$1,325.0M**	**$1,344.1M**	**$19.1M**	▪ 1.44% aggregate increase

Notes: *1. Modeled based on FFY 2024 claims data.*
2. Non-CAH base rates include a GME add-on (using the same methodology as prior years).
3. Includes out-of-state major border hospitals.
4. All totals rounded to nearest $100,000 and populated from Appendix A.

RY 2026 Inpatient Rate Exhibits

Report Appendix A

- Acute Care Hospital DRG Base Rates
- Critical Access Hospital DRG Base Rates
- Per Diem Rates (Psychiatric, Rehabilitation, and LTAC)
- APR DRG version 42.0 weights

Outpatient Payment Model Totals

Provider Type	RY25 Simulated Claim-Based Payments	RY26 Simulated Claim-Based Payments	Estimated Payment Change	RY 2026 Notes
Acute Hospitals	$354.6M	$366.5M	$11.9M	▪ Includes EAPG services (excludes Max Fee services and dental add-on)
Critical Access Hospitals	174.2M	169.9M	(4.3M)	▪ EAPG base rates based on 100% of estimated RY26 claims cost ▪ CAHs have a year-over-year aggregate cost decrease, and a lower case mix adjusted average cost per visit
Psychiatric Hospitals	6.8M	6.4M	(0.4M)	▪ EAPG base rates based on 85.08% of estimated RY26 claims cost (state-owned based on 100%) ▪ Excludes psychiatric "start-up period" hospitals (subject to RY 2026 settlement)
Rehabilitation Hospitals	0.5M	0.5M	0.0M	▪ Same EAPG base rate as acute
LTAC Hospitals	0.0M	0.0M	0.0M	▪ N/A
Total Claim-Based Payments	**$536.1M**	**$543.3M**	**$7.2M**	▪ 1.34% aggregate increase

Notes: *1. Modeled based on FFY 2024 claims data.*
2. Non-CAH base rates include a GME add-on (using the same methodology as prior years).
3. Includes out-of-state major border hospitals.
4. All totals rounded to nearest $100,000 and populated from Appendix B.

RY 2026 Outpatient Rate Exhibits

Report Appendix B

- Acute and Rehabilitation Hospital EAPG Base Rates (non-CAHs)
- Critical Access Hospital EAPG Base Rates
- Psychiatric Hospital EAPG Base Rates
- EAPG v3.1825 Weights

2026 Rates – Next Steps

- Rate sheets are available today on the ForwardHealth Portal
- Providers have 60 days to appeal their inpatient or outpatient rates
- Appeal criteria are listed in §12200 of the Inpatient Hospital State Plan and §6200 of the Outpatient Hospital State Plan
- Randy McElhose is the contact for rate documentation questions
  - Email:Randy.McElhose@dhs.wisconsin.gov

Upcoming EAPG 4.0

Upcoming EAPG 4.0

Solventum released the redesigned **EAPG 4.0** grouper system and payment methodology in **September 2025**

- Improves alignment of Solventum reimbursement and patient classification methodologies between inpatient and outpatient settings
- Creates extended emergency department and observation EAPGs, along with other new EAPGs for per diem behavior health services
- Changes significant procedure consolidations, EAPG drug groups, visit and claim type hierarchy, and adds claim type service lines

Upcoming EAPG 4.0

Implementation of EAPG 4.0 represents a major change to outpatient classifications and discounting logic and will not occur earlier than **RY 2027**

- DHS is carefully evaluating the impact of EAPG 4.0 as more information is released
- DHS plans to conduct an **additional MAHG meeting** to discuss EAPG 4.0 in more detail (date to be determined)

Access Payment Updates

2025 Wisconsin Act 15

- 2025 Wisconsin Act 15 (i.e., Executive Budget Act) was enacted on July 3, 2025, and makes several changes to the Wisconsin hospital assessment and access payment programs **(all subject to CMS approval):**
  - **Assessments:** Increases total State Fiscal Year (SFY) 2026 assessments to approximately $1,507.1M annually for acute hospitals, rehabilitation hospitals, and Critical Access Hospitals (CAHs) combined, and exempts long-term acute care (LTAC) hospitals
  - **Access payments:** Increases total access payments to approximately $2,686.4M annually (up from $679.6M in SFY 2025), makes the BadgerCare Plus Childless Adult (CLA) population eligible for access payments, and exempts LTACs
  - **DSH**: Eliminates the Supplemental ("Big") DSH payments (approximately $181.2M in SFY 2025) if access payment increases are approved by CMS

Source: 2025 Wisconsin Act 15 can be reviewed at https://docs.legis.wisconsin.gov/2025/related/acts/15

Hospital Assessment Changes

- SFY 2026 total hospital target assessments increase from approximately $419.2M in SFY 2025 to $1,507.1M in SFY 2026 (effective July 1, 2025)
  - **Acute and rehabilitation** hospital target assessments increase from approximately $414.5M in SFY 2025 to $1,490.8M in SFY 2026 (and will continue to be assessed on both inpatient and outpatient gross patient revenues)
  - **CAH** target assessments increase from approximately $4.7M in SFY 2025 to $16.3M in SFY 2026 (CAHs are now included in the total fixed aggregate hospital assessment target, and will continue to be assessed only for inpatient gross patient revenues)
  - **LTACs and psychiatric hospitals** are exempt from SFY 2026 assessments

Hospital Assessment Changes

- DHS shared on September 26, 2025, hospital-specific "estimate sheets" with SFY 2026 hospital assessments and estimated access payments
  - "Estimate sheets" included **two assessment versions** for review by hospitals - one under the legacy assessment rates, and one under new assessment rates (subject to CMS approval)
  - SFY 2026 hospital assessments are based on fiscal year ending (FYE) 2024 gross patient revenues data provided by the Wisconsin Hospital Association
- DHS invoiced hospitals under the *legacy* assessment rates (lower) for the **1st quarter of SFY 2026**
- DHS plans to invoice hospitals under the *new* assessment rates (higher) for **subsequent quarters upon CMS approval**, including a "make up" adjustment for the lower Q1 assessments,(1) and will refund LTAC assessments

Note: 1. Subject to the timing of CMS approval

SFY 2026 Hospital Assessment

- Hospital assessments are used to fund the Wisconsin hospital Access payment program, increasing funding for hospitals providing Medicaid services
- SFY 2026 Q1 hospital assessment rates and amounts will be posted to the ForwardHealth Web portal at https://www.forwardhealth.wi.gov/WIPortal/content/provider/medicaid/hospital/resources_01.htm.spage
- The first quarter hospital assessment payment will be due to DHS on October 31, 2025

Wisconsin Department of Health Services

Hospital Access Payment Changes

- Key hospital access payment changes **subject to CMS approval**:
  - **New FFS access** payment pool target of **$417.2M**
    - FFS access add-on rates effective July 1, 2025 will prospectively target the annual aggregate FFS access payment pool for SFY 2026
    - CLA population will be eligible for access payments and LTACs will be ineligible for access payments as of July 1, 2025
  - **New HMO access** payment pool target of **$2,269.3M**
    - **CY 2025** HMO access payment target (retroactive back to January 1, 2025) will be **$1,367.2M**, based on 50% of the new annual payment pool **plus** actual legacy HMO access payments from January – June 2025 (to align with assessments collected during CY 2025)
    - **CY 2026** HMO access payment target will be 100% of the **$2,269.3M** new annual payment pool
    - CLA population will be eligible for access payments and LTACs will be ineligible for access payments as of January 1, 2025

New SFY 2026 Access Payment FFS Add-ons

- SFY 2026 **New FFS** Access payment add-ons, subject to CMS approval, will be retroactively effective to **July 1, 2025**
- SFY 2026 **New FFS** Access payment add-ons for **Acute and Rehabilitation Hospitals** are:
  - **$7,489** per inpatient admission
  - **$481** per outpatient visit
- SFY 2026 **New FFS** Access payment add-ons for **CAHs** are:
  - **$1,312** per inpatient admission
  - **$28** per outpatient visit

Estimated New CY 2025 Access Payment HMO Add-ons

- CY 2025 illustrative estimated **New HMO** access payment add-ons, subject to CMS approval, will be retroactively effective to **January 1, 2025, with a reconciliation at the end of CY 2025**
- CY 2025 **New HMO** Access payment add-ons for **Acute, and Rehabilitation Hospitals** are:
  - **$8,271** per inpatient admission
  - **$661** per outpatient visit
- CY 2025 **New HMO** Access payment add-ons for **CAHs** are:
  - **$2,424** per inpatient admission
  - **$379** per outpatient visit for BadgerCare Plus
  - **$292** per outpatient visit for SSI Medicaid Only

SFY 2025 Access Payment Update

- FFS claims "shut-off" occurred September 10, 2025
  - FFS claims submitted after September 10, 2025 for SFY 2025 dates of service did not have an access payment applied
- SFY 2025 reconciliation process will begin in October and continue into CY 2026
  - As part of 2025 Wisconsin Act 15, the Hospital Assessment Report release date has been pushed back to June 30th, 2026

Potentially Preventable Readmissions (PPRs)

Measurement Year (MY) 2024 PPRs

- MY 2024 PPR results were posted to the ForwardHealth Portal on 9/26/2025
- Hospitals have until 10/10/2025 to review
  - If you have any questions or concerns regarding the results, contact Alicia Koos
    - Email: alicia.koos@dhs.wisconsin.gov
- Payments will occur by 10/31/2025 pending hospital review

MY 2024 Readmission Rates

- Measurement Year (MY) 2024 final readmission results based on PPR grouper output have been calculated for each hospital
- MY 2025 Q2 readmission results have also been calculated and distributed
  - MY 2025 preliminary results are subject to change based on the next quarterly MMIS extract and do not represent the final PPR analyses and withholding impacts for MY 2025

Statewide Readmission Rates - FFS

FFS Amount	Final MY 2021	Final MY 2022	Final MY 2023	Final MY 2024
Readmission Rate	8.11%	7.28%	7.29%	7.23%
Full benchmark (100%)	7.66%	7.69%	7.68%	7.16%
Actual to Full Benchmark ratio	**1.060**	**0.946**	**0.949**	**1.010**
Target benchmark (92.5%)	7.08%	7.12%	7.11%	6.62%
Actual to Target Benchmark ratio	**1.146**	**1.022**	**1.026**	**1.092**

DHS' MY 2024 Hospital P4P guide listed a MY 2024 Goal Rate of **6.13%**

Sources:
Final MY 2021: Milliman September 20, 2022 report "Hospital Measurement Year 2021 Final Readmissions Results"
Final MY 2022: Milliman November 17, 2023 report "Hospital Measurement Year 2022 Final Readmissions Results"
Final MY 2023: Milliman December 6, 2024 report "Hospital Measurement Year 2023 Final Readmissions Results"
Final MY 2024: Milliman August 26, 2025 report "Hospital Measurement Year 2024 Final Readmissions Results"

Statewide Readmission Rates - HMO

HMO Amount	Final MY 2021	Final MY 2022	Final MY 2023	Final MY 2024
Badger Care Plus Readmission Rate	4.45%	4.45%	4.79%	4.57%
SSI Readmission Rate	10.73%	12.12%	12.49%	12.85%

Sources:
Final MY 2021: Milliman September 20, 2022 report "Hospital Measurement Year 2021 Final Readmissions Results"
Final MY 2022: Milliman November 17, 2023 report "Hospital Measurement Year 2022 Final Readmissions Results"
Final MY 2023: Milliman December 6, 2024 report "Hospital Measurement Year 2023 Final Readmissions Results"
Final MY 2024: Milliman August 26, 2025 report "Hospital Measurement Year 2024 Final Readmissions Results"

PPR Dashboard Access Process

- Milliman maintains an online PPR dashboard using PowerBI
- Interactive dashboard contains:
  - MY 2019 – MY 2024 Final Reports with benchmarks from two years prior
  - MY 2025 Q2 preliminary results with 2023 benchmarks are also available

PPR Dashboard Access Process

1. Submit request via email to DHS at **DHSDMSBRS@dhs.Wisconsin.gov** and provide:
   - Name
   - Organization Name
   - *Hospital only:* Requested hospital name(s) and MA ID#
   - Email Address
   - Phone Number
2. Once approved by DHS, Milliman will provide a temporary password via email (see User Guide)
3. PPR dashboard can be accessed at **https://app.powerbi.com/** (see User Guide)
4. Users must review and accept the user agreement

Other P4P Programs

MY 2024 Assessment P4P Program

- MY 2024 Assessment P4P results were posted to the ForwardHealth Portal on 9/26/2025
- Hospitals have until 10/10/2025 to review
  - If you have any questions or concerns regarding the results, contact Alicia Koos
    - Email: alicia.koos@dhs.wisconsin.gov
- Payments will occur by 10/31/2025 pending hospital review

MY 2025 Health Information Exchange (HIE) P4P Program

- 1.5% withhold is currently in place
  - 1% for psychiatric hospitals
- Hospitals with a "Live" status will receive their withheld funding per interface
  - Admission, Discharge, and Transfer (ADT)
  - Consolidation Clinical Document Architecture (CCDA)
  - Laboratory/Pathology/Radiology
    - Must meet all 3 to be eligible
    - Not required for psychiatric hospitals
- Hospitals who earn a "Live" status in all three interfaces will earn an incentive payment in addition to withheld funds
  - Incentive pool is derived from withheld funds
  - Psych hospitals need only obtain "Live" status in ADT and CCDA

MY 2025 HIE P4P Program

- Deadline for participation status is December 31, 2025

- MY2025 program results and payments will be available Fall 2026
  - Claims withhold requires 6 months runoff data once program measurement has concluded
  - Follows similar timing of 3% PPR Withhold program

Hospital Supplemental Payments

Hospital Supplemental Payments

- **SFY 2026 Supplemental Disproportionate Share Hospital (DSH) Payments**
  - Subject to CMS approval of the access payment changes, the Supplemental ("Big") DSH program will be discontinued effective SFY 2026
- **SFY 2022 Audit/Reallocation**
  - Providers who received DSH payments in previous years ("Big" or "Little") must still participate in DSH audits through SFY 2028
  - Payments for hospitals exceeding the SFY 2022 DSH limit will be recouped and reallocated to other qualifying hospitals in early spring 2026
    - This is part of the standard SFY 2022 audit process and is *not* a SFY 2026 DSH payment.

Hospital Supplemental Payments

- **SFY 2026 Standard ("Little") DSH**
  - "Little" DSH will continue for qualifying providers
  - SFY 2026 "Little" DSH Payments will be made in early 2026
- **SFY 2026 Rural Critical Care Supplement (CCS)**
  - CCS will continue for qualifying CAHs
  - SFY 2026 CCS payments will be made in early 2026
  - As more CAHs may qualify due to the DSH discontinuation, individual payments may be reduced in 2026

Additional Updates

Graduate Medical Education (GME) Grant Opportunities

- **GME Program Development Grant**
  - **Purpose:** Assist hospitals in developing accredited GME programs in medical specialties in rural and underserved areas of Wisconsin
  - Grants may also be used to establish new fellowship programs or to develop rural tracks
  - **Grant period**: Up to five years (*increased from three years per biennial budget*)
  - **Funding:** Up to $750,000
  - Annual DHS Request for Applications (RFA) released in March

Graduate Medical Education (GME) Grant Opportunities

- **GME Residency Expansion Grant**
  - **Purpose:** Expand residency positions in existing GME programs.
  - Priority specialties include primary care, general surgery and psychiatry. Other specialties may also be considered.
  - **Grant period**: Length of residency or fellowship, dependent on proposal
  - **Funding:** Up to $150,000 per new resident position with a maximum of three full time grant funded positions at any one time
    - *Per residency max increased from $75,000 per biennial budget*
  - Annual DHS Request for Applications (RFA) released in July

Additional Resources

- APR-DRG and EAPG calculators for RY 2026 will be posted on the FH Portal by EOY.
  - Past years' EAPG and APR-DRG calculators remain available.
- APR-DRG assignment tool and APR-DRG and EAPG manuals are always available to Wisconsin providers at https://www.aprdrgassign.com
  - Email DHSDMSBRS@dhs.wisconsin.gov for a registration code.

Additional Resources

- The Rates & Weights Page will be updated for RY 2026 after rates are finalized.
- Outpatient Covered Codes report is available on the ForwardHealth portal.
  - Includes all HCPCS codes covered on outpatient claims
  - Roughly one quarter delay between release date and inclusion in the report
  - Updated the last Monday of every quarter

Questions

All questions can be sent by email to:
DHSDMSBRS@dhs.Wisconsin.gov

Wisconsin
Department of Health Services

Caveats and Limitations

The terms of Milliman's contract #435400-O21-0818RATESET-00 with DHS apply to this presentation and its use. The results shown in this presentation are preliminary for discussion purposes and represent DHS' proposed rate year (RY) 2026 model rates, weights, and factors. Final RY 2026 hospital rates are subject to change based on public notice, final DHS policy decisions, and CMS approval.

The information contained in this presentation and communication has been prepared solely for the business use of DHS and related Divisions for a hospital stakeholder workgroup meeting presentation on October 2, 2025, and is not appropriate for other purposes. We understand DHS will share this report with Wisconsin Medicaid hospital stakeholders. This presentation and communication must not be shared with other third parties without Milliman's prior consent. To the extent that the information contained in this presentation or communication 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 presentation to third parties. Likewise, third parties are instructed that they are to place no reliance upon this presentation 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.

In performing the preliminary analysis supporting this presentation, we relied on data and other information provided by DHS, CMS, DHS' MMIS vendor Gainwell, and DSS vendor SAS. We have not audited or verified this data and other information. If the underlying data or information is inaccurate or incomplete, the results of our analysis used for this presentation may likewise be inaccurate or incomplete.

Milliman has developed certain models to estimate the values included in this presentation. We have reviewed the models, including their inputs, calculations, and outputs for consistency, reasonableness, and appropriateness to the intended purpose.

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