

MILLIMAN REPORT

Rate Year 2025 Preliminary Supporting Analyses Report

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Andrew Vidikan, MHSA, Senior Healthcare Consultant
Ben Mori, Principal and Senior Healthcare Consultant
Christine Bredfeldt, PhD, Senior Healthcare Consultant
Dave McManus, ASA, MAAA, Actuarial Manager

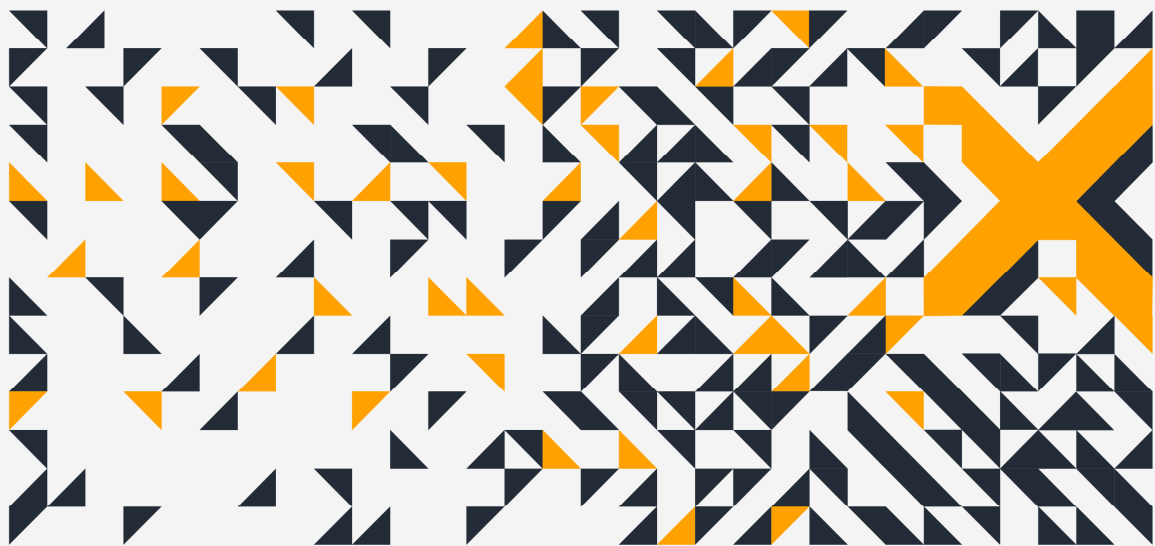




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Overview

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 11, 2024, to discuss DHS’ planned changes for rate year (RY) 2025 (concurrent with Calendar Year 2025) and to present preliminary supporting analyses. The terms of Milliman’s contract #435400-O21-0818RATESET-00 with DHS apply to this report along with its use.

The RY 2025 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 2025 hospital rate calculations will be conducted subsequent to these analyses. Readers should reference DHS’ June 11, 2024 MAHG meeting presentation, the Wisconsin Medicaid inpatient and outpatient state plan, and appropriate 3M/Solventum™ 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 2024 inpatient payment methodologies, as approved by the Centers for Medicare and Medicaid Services (CMS) in **Wisconsin State Plan 4.19-A sections 6000 and 8000¹**, and DHS’ proposed approach for RY 2025 are shown in Figure 1 below.

FIGURE 1 - WISCONSIN RY 2024 INPATIENT PAYMENT PARAMETERS AND RY 2025 PROPOSED APPROACH

Inpatient Payment Methodology Parameter	Current RY 2024 Description	New RY 2025 DHS Proposed Approach
DRG Grouper	DHS currently uses 3M/Solventum’s APR DRG Grouper version 40.1 for RY 2024, which contains 333 valid DRGs, each with four severity of illness (SOI) levels from 1-Minor to 4-Extreme (1,336 total valid DRG and SOI level combinations).	DHS proposes to update to version 41.0 for RY 2025, which has 334 valid DRGs.
DRG Relative Weights	DHS currently uses 3M/Solventum’s APR DRG version 40.1 “traditional” national weights, normalized by a factor of 1.1684 (to match modeled case mix under RY 2023 APR DRG version 39.1 weights).	DHS proposes to update to version 41.0 “traditional” national weights, normalized to modeled case mix under version 40.1, for RY 2025.

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

Inpatient Payment Methodology Parameter	Current RY 2024 Description	New RY 2025 DHS Proposed Approach
DRG Base Rates	<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 \$7,216.66 for RY 2024), based on RY 2023 rates increased for inflation and an adjustment to account for increases to hospital reimbursement in the State's biennial budget. The standardized amount is adjusted for differences in hospital wage indices and direct graduate medical education (GME) costs, as follows:</p> $[(\text{Statewide standardized amount}) \times (\text{Non-labor portion})] + [(\text{Statewide standardized amount}) \times (\text{Labor portion}) \times (\text{Wage index})] + (\text{Direct GME add-on})$ <p>The wage indices for RY 2024 are based on the Medicare inpatient prospective payment system (IPPS) wage indices effective for federal fiscal year (FFY) 2023.</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 2025 to:</p> <ul style="list-style-type: none"> Apply an annual inflation update based on changes in CMS input price index levels (subject to budget availability), and will evaluate expenditure impacts Update graduate medical education add-ons using the most recently available Medicare cost report data from the March 31, 2024 Hospital Cost Report Information System (HCRIS) extract Update wage indices to the FFY 2024 Medicare IPPS correction notice factors (or based on the county average for Medicare IPPS-exempt hospitals) For CAHs, update the cost-based DRG base rates using FFY 2023 model claims data and overlapping Medicare cost report data, inflated to RY 2025 based on changes in CMS inpatient market basket index levels
DRG Policy Adjusters	<p>DHS' 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 2024 are as follows (highest qualifying adjuster is applied):</p> <ul style="list-style-type: none"> 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 Behavioral Health (for in-state acute hospitals with DHS 61.71 certified inpatient behavioral health units): 1.80 Other services: 1.00 (no enhancement) 	<p>DHS has no planned methodology changes for RY 2025 and will evaluate the impact of current factors.</p>
DRG Base Payments	<p>The base DRG per-discharge payment is calculated as follows:</p> $(\text{DRG base rate}) \times (\text{APR DRG relative weight}) \times (\text{DRG policy adjuster})$ <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> $[(\text{Full DRG base payment}) / (\text{DRG average length of stay})] \times (\text{Claim Length of Stay} + 1)$	<p>DHS has no planned methodology changes for RY 2025.</p>
DRG Outlier Payments	<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"> Claim cost: $(\text{Claim billed charges}) \times (\text{Outlier cost-to-charge ratio})$ 	<p>DHS proposes for RY 2025 to:</p> <ul style="list-style-type: none"> Update outlier cost-to-charge ratios (CCRs) based on FFY 2024 Medicare IPPS outlier CCRs (or based on the estimated Medicaid aggregate CCR for Medicare IPPS-

Inpatient Payment Methodology Parameter	Current RY 2024 Description	New RY 2025 DHS Proposed Approach
	<ul style="list-style-type: none"> Outlier criteria: If (Claim cost) - (DRG base payment) > (Cost outlier threshold), the claim qualifies for an outlier payment Outlier payment: [(Claim cost) - (DRG base payment) - (Cost outlier threshold)] x (Marginal cost factor) <p>Cost outlier thresholds are calculated separately for general acute hospitals (\$46,587 in RY 2024) and CAHs (\$300 in RY 2024). There are separate marginal cost factors for SOI levels 1 and 2 (80% in RY 2024) and SOI levels 3 and 4 (95% for FY 2024).</p>	<p>exempt hospitals)</p> <ul style="list-style-type: none"> Evaluate the impact of other outlier factors
DRG Carve-outs	<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"> Psychiatric services Rehabilitation services Long Term Acute Care (LTAC) hospital services Ventilator assisted services: increased to \$1,612 in RY 2024 Brain injury care services: increased to \$2,249 in RY 2024 <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"> Department of Corrections services: paid based on the statewide average CCR Unusual cases (provider requests): alternative payment determined on a case-by-case basis Long-Acting Reversible Contraception (LARC): separate fee schedule 	<p>DHS has no planned methodology changes for RY 2025. DHS will update cost-based per diem rates using FFY 2023 Medicaid claims data and overlapping Medicare cost report data from the March 31, 2024 HCRIS extract, and inflated to RY 2025 based on changes in CMS inpatient market basket index levels with the applicable adjustment factor applied.</p>
Per Diem Payments	<p>Per diem payments are calculated as follows:</p> <p>(Per diem rate) X (Covered days)</p>	<p>DHS has no proposed methodology changes for RY 2025.</p>
Per Diem Rates	<p>Provider-specific average cost per day, based on model claims data and Medicare cost report data, inflated to the rate year. Current cost-based per diem rates have the following adjustment factors applied:</p> <ul style="list-style-type: none"> State-owned and operated psychiatric hospitals: 100% All other hospitals: 85.08% 	<p>DHS proposes to update the per diem rates using FFY 2023 model claims data and overlapping Medicare cost report data, inflated to RY 2025 based on changes in CMS inpatient market basket index levels. DHS has no proposed changes to the per diem adjustment factors.</p>

The preliminary analyses supporting the RY 2025 inpatient rate updates described in this report include the following:

- DRG relative weights: preliminary modeled APR DRG case mix and weight normalization factor
- DRG base rates: FFY 2024 Medicare IPPS wage indices and GME cost percentages
- DRG outlier payments: FFY 2024 Medicare IPPS outlier CCRs

OUTPATIENT EAPGS

Key payment policy parameters under Wisconsin's RY 2024 outpatient EAPG payment methodology, as approved by CMS in **Wisconsin State Plan 4.19-B section 4200²** and DHS' RY 2025 proposed approach are shown in Figure 2 below.

FIGURE 2 – WISCONSIN OUTPATIENT EAPG RY 2024 PAYMENT PARAMETERS AND RY 2025 PROPOSED APPROACH

Outpatient Payment Parameter	Current RY 2024 Description	New RY 2025 DHS Proposed Approach
EAPG Grouper	DHS uses 3M/Solventum's EAPG version 3.18 for RY 2024, which contains 666 valid EAPGs.	DHS proposes to update to EAPG version 3.18.24 for RY 2025. EAPG version 3.18.24 incorporates the latest set of ICD-10 codes and HCPCS, but contains no changes to the underlying EAPG grouping logic, EAPG assignments and descriptions, or number of EAPGs.
EAPG Relative Weights	DHS uses 3M/Solventum's EAPG version 3.18 national weights for RY 2024, normalized by a factor of 2.0 x 1.0819 (to match modeled case mix under RY 2023 EAPG 3.17 weights)	DHS proposes to update to EAPG version 3.18.24 national weights, normalized to modeled case mix under EAPG version 3.18, for RY 2025. EAPG 3.18.24 national weights are a "refresh," published by 3M/Solventum based on newer CY 2022 Medicare data, using the same grouper algorithm as EAPG version 3.18.
EAPG Base Rates	<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 \$113.85 for RY 2024), based on RY 2023 rates adjusted for inflation and additional increases to hospital reimbursement in the State's biennial budget. 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 2025 to:</p> <ul style="list-style-type: none"> Apply an annual inflation update based on changes in CMS input price index levels (subject to budget availability), and evaluate expenditure impacts Update graduate medical education add-ons using the most recently available Medicare cost report data from the March 31, 2024 HCRIS extract For CAHs, update the cost-based EAPG base rates using FFY 2023 model claims data and overlapping Medicare cost report data, inflated to RY 2025 based on changes in CMS inpatient market basket index levels For psychiatric hospitals, update the cost-based EAPG base rates using FFY 2023 Medicaid claims data and overlapping Medicare cost report data, inflated to RY 2025 based on changes in CMS inpatient market basket index levels with adjustment factor applied
EAPG Base Payments	<p>The base EAPG per-visit payment is calculated as follows:</p> $(\text{EAPG base rate}) \times (\text{EAPG DRG relative weight}) \times (\text{EAPG discounting factor})$	DHS has no planned methodology changes for RY 2025.
EAPG Discounting Factor	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	DHS has no planned methodology changes for RY 2025.

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

Outpatient Payment Parameter	Current RY 2024 Description	New RY 2025 DHS Proposed Approach
	of 0%). Other services without adjustments for discounting or packaging are paid the full EAPG base payment (adjusted by a factor of 100%).	
EAPG Carve-outs	<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"> ▪ 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)) ▪ Therapy Services ▪ Clinical Diagnostic Laboratory Services ▪ Durable Medical Equipment (DME) ▪ Provider-Based End Stage Renal Disease (ESRD) Services ▪ County Jail Inmates 	DHS has no planned methodology changes for RY 2025.

The preliminary analyses supporting the RY 2025 outpatient rates described in this report include the following:

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

Remaining RY 2025 rate calculations and payment impact estimates are currently being developed and will be shared at a future MAHG meeting using a more recent May 2024 claim extract from DHS.

Results and Methodology

The RY 2025 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 2024 version 40.1 and RY 2025 version 41.0, we used Medicaid inpatient fee-for-service (FFS) paid claims and Health Maintenance Organization (HMO) encounter data with FFY 2023 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/Solventum™ Grouper Plus Content Services (GPCS) Software input files and executed the 3M/Solventum™ APR DRG software under versions 40.1 and 41.0. We then excluded Medicare crossover claims, zero paid 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/Solventum™ national “standard” weights under versions 40.1 and 41.0 to the model claims dataset, matching on the applicable APR DRG version. We calculated APR DRG case mix under 3M/Solventum’s national weights for versions 40.1 and 41.0 by dividing the sum of the 3M/Solventum™ national weights by the number of FFY 2023 model claims.

At DHS’ direction and consistent with RY 2024, we calculated the “normalized” case mix under versions 40.1 and 41.0. Normalizing the APR DRG weights involves the application of a statewide adjustment factor to the 3M/Solventum™ 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/Solventum™ 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.³*

For modeled case mix under RY 2024 APR DRG version 40.1, we used DHS’ current RY 2024 APR DRG weights which contain a normalization factor of 1.1684 applied to the 3M/Solventum™ national weights. For RY 2025 version 41.0, we then calculated a preliminary normalization factor of 1.1831 applied to the 3M/Solventum™ national weights such that modeled normalized case mix under APR DRG version 41.0 equaled modeled normalized case mix under APR DRG version 40.1 on a statewide basis, as shown in Figure 3:

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

Value	Preliminary Modeled RY 2024 40.1 (Normalized)	Preliminary Modeled RY 2025 v41.0 (Unnormalized)	Preliminary Modeled RY 2025 v41.0 (Normalized)
Normalization factor	1.1684	1.0000	1.1831
Modeled case mix	1.0032	0.8402	1.0032

These preliminary APR DRG calculations do not represent final model totals and will be updated with more recent encounter submissions from the May 2024 claim extract.

³ 3M/Solventum™ APR DRG v41.0 national weight file “Readme” worksheet.

PRELIMINARY MODELED OUTPATIENT EAPG CASE MIX

To model EAPG case mix under both RY 2024 version 3.18 and RY 2025 version 3.18.24, we used Medicaid outpatient FFS paid claims and HMO encounter data with FFY 2023 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/Solventum™ GPCS Software input files and executed the 3M/Solventum™ EAPG software under versions 3.18 and 3.18.24. 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/Solventum™ national weights under versions 3.18 and 3.18.24 to the model claims dataset, matching on the applicable EAPG version (there is only one 3M/Solventum™ national weight set for each version). We adjusted the national weights by the EAPG discounting factor applicable to each EAPG version based on 3M/Solventum™ software output under Wisconsin Medicaid EAPG settings. 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/Solventum’s national weights for versions 3.18 and 3.18.24 by dividing the sum of the 3M/Solventum™ national weights across detail lines (including those adjusted for discounting) by the number of unique visits (based on 3M/Solventum™ software output).

At DHS’ direction and consistent with RY 2024, we calculated the “normalized” case mix under versions 3.18 and 3.18.24. Like the process described for APR DRGs, normalizing the EAPG weights involves the application of a statewide adjustment factor to the 3M/Solventum™ 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/Solventum™ 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.⁴

For modeled case mix under RY 2024 version 3.18, we used DHS’ current RY 2024 EAPG weights which contain a normalization factor of $2.0 \times 1.0819 = 2.1638$ applied to the 3M/Solventum™ national weights. For RY 2025 version 3.18.24, we then calculated a preliminary normalization factor of $2.0 \times 1.0693 = 2.1386$ such that modeled normalized case mix under EAPG version 3.18.24 equaled modeled normalized case mix under EAPG version 3.18 on a statewide basis, as shown in Figure 4:

FIGURE 4 – PRELIMINARY MODELED EAPG CASE MIX AND NORMALIZATION FACTOR

Value	Preliminary Modeled RY 2024 v3.18 (Normalized)	Preliminary Modeled RY 2025 v3.18.24 (Unnormalized)	Preliminary Modeled RY 2025 v3.18.24 (Normalized)
Normalization factor	$2.0 \times 1.0819 = 2.1638$	2.0000	$2.0 \times 1.0693 = 2.1386$
Modeled case mix	1.8846	1.7624	1.8846

These preliminary EAPG calculations do not represent final model totals and will be updated with more recent encounter submissions from the May 2024 claim extract.

⁴ 3M™ Enhanced Ambulatory Patient Groups (EAPG) Summary of Changes, version 3.18.24, 1/1/2024.

PRELIMINARY MODELED GRADUATE MEDICAL EDUCATION (GME) COST PERCENTAGES

For the purpose of developing RY 2025 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, 2024 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 2025 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 2025 rate-setting purposes, we extracted wage indices and outlier CCRs from the FFY 2024 Medicare IPPS correction notice for each in-state and major border acute hospital, as follows:

- *Wage indices:* Per Wisconsin State Plan 4.19B section 6243, we extracted provider-specific Medicare FFY 2024 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 2024 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, with weights based on FFY 2023 Medicaid APR DRG model claim and encounter paid amounts.
- *Outlier CCRs:* Per Wisconsin State Plan 4.19B section 6330, we extracted the most recently effective provider-specific Medicare FFY 2024 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 2023 Medicaid APR DRG claims and encounter data (from the May 2024 Medicaid Management Information System (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 ancillary cost center CCRs and routine cost center cost per diems to detail claims data using the revenue code crosswalk
 - Identify detail line revenue codes without a Medicare cost report CCR or cost per diem and assigned a proxy
 - Estimate claim detail data costs by multiplying ancillary charges by the crosswalked CCR and routine days by the crosswalked cost per diem, 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 2023 model claims data, the preliminary RY 2025 outlier CCR is 0.315, based on the sum of the Wisconsin statewide urban operating and capital default outlier CCRs in the FFY 2024 Medicare IPPS.

See **Appendix B** for the preliminary RY 2025 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 2023 model claims data, the preliminary RY 2025 outlier CCRs will be provided subsequent to this report in a separate exhibit.

Data Sources and Assumptions

The RY 2025 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.

PROVIDER LIST

The provider list was based on DHS' list of in-state and major border hospitals and hospital types, provided by DHS on March 11, 2024.

3M/SOLVENTUM™ GROUPEX PLUS CONTENT SERVICES SOFTWARE

3M/Solventum™ 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/SOLVENTUM™ NATIONAL WEIGHTS

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

- APR DRG version 40.1 traditional weights: "apr400_wgths_traditional.xlsx" file
- APR DRG version 41.0 traditional weights: "apr410_wgths_traditional.xlsx" file
- EAPG version 3.18 weights: "EAPG_3.18_nat_wts.xlsx" file
- EAPG version 3.18.24 weights: "EAPG_3.18_nat_wts_Jan2024.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 2024, extracted by DHS' MMIS data warehouse vendor SAS. These claims included service dates in FFY 2023 and paid through December 2023. We reviewed the provided data for reasonableness and compared our results to the prior RY 2024 analysis, but we did not audit the data provided by DHS. DHS selected FFY 2023 model claims data for RY 2025 modeling as it was the most recently available 12-month time period with sufficient claim runout.

Final RY 2025 analyses will be updated with a new May 2024 MMIS claim extract from DHS.

RY 2024 HOSPITAL RATES AND WEIGHTS

Milliman used DHS' current RY 2024 hospital rates and weights as posted on the DHS website⁵ and developed during the RY 2024 hospital rate setting process.

HCRIS DATA

We extracted CMS Form 2552-10 Medicare hospital cost report data from CMS' March 31, 2024 HCRIS release, downloaded from the CMS website.⁶ For each Wisconsin hospital and major out-of-state border hospital, we

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

⁶ <https://www.cms.gov/data-research/statistics-trends-and-reports/cost-reports/hospital-2552-2010-form>

extracted Medicare cost report data from the most recent reporting periods overlapping the FFY 2023 model claims data, which was a combination of hospital fiscal year ending (FYE) 2022 and 2023 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
GME cost percentage calculation	
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
Imputed outlier CCR calculation	
Total days	Worksheet S-3 Part I, column 8
Billed Charges	Worksheet C Part I, columns 6 and 7
Total Costs less Medical Education	Worksheet C Part I, column 5 (else column 3 if not available)
Medical Education Costs	Worksheet B Part I, columns 21 and 22

FFY 2024 MEDICARE IPPS FACTORS

We extracted the following FFY 2024 Medicare IPPS data:

- **Wage indices:** Medicare FFY 2024 IPPS wage indices based on the FFY 2024 Medicare IPPS Correction Notice “Table 2” and “Table 3” from the file “CMS-1785-FR and CN Tables 2, 3, 4A, 4B.xlsx” downloaded from the CMS website.⁷
- **Outlier CCRs:** Provider-specific outlier CCRs based on the “CCR” (operating CCR) and “CPCSTCHG” (capital CCR) fields from the FFY 2024 Medicare IPPS Provider Specific File “IPSF_INP_LRO_2024-04-01.xlsx,” dated April 5, 2024, downloaded from the CMS website.⁸ FFY 2024 Medicare IPPS statewide default outlier CCRs were based on the file “CMS-1785-F Tables 8A, 8B, 8C.xlsx” downloaded from the CMS website.⁹

⁷ <https://www.cms.gov/medicare/payment/prospective-payment-systems/acute-inpatient-pps/fy-2024-ips-final-rule-home-page>

⁸ <https://www.cms.gov/medicare/payment/prospective-payment-systems/provider-specific-data-public-use-text-format>

⁹ <https://www.cms.gov/medicare/payment/prospective-payment-systems/acute-inpatient-pps/fy-2023-ips-final-rule-home-page>

Caveats and Limitations

The terms of Milliman's contract #435400-O21-0818RATESET-00 with Wisconsin Department of Health Services (DHS) apply to this report and its use.

This report contains information produced, in part, by using the 3M/Solventum™ 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/Solventum Company. All copyrights in and to the 3M/Solventum™ Software are owned by 3M/Solventum Company or its affiliates. All rights reserved.

The information contained in this report has been prepared for discussion purposes for a meeting between DHS, Milliman, the Wisconsin Hospital Advisory Hospital Group (MAHG), and the Wisconsin Hospital Association (WHA) on June 11, 2024 to discuss DHS' planned changes for rate year (RY) 2025 (effective January 1, 2025) and to present preliminary supporting analyses. The RY 2025 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 2025 hospital rate calculations will be conducted subsequent to these analyses. Readers should reference DHS' June 11, 2024 MAHG meeting presentation, the Wisconsin Medicaid inpatient and outpatient state plan, and appropriate 3M/Solventum™ 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 2025 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 DHS, CMS, DHS' prior MMIS vendor Gainwell Technologies, DHS' current data warehouse vendor SAS, 3M/Solventum, and DHS' 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 (from unwinding related to the COVID-19 public health emergency), provider utilization and service mix, 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 2025 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 Final (F - G)	Total Adj. Hospital Cost With GME Cost (E + H)	% GME (E + I)
				FY End Date	Report Record Number								
11013700	520096	AH	Ascension - All Saints	6/30/2023	757074	\$3,948,373	\$0	\$3,948,373	\$253,648,933	\$0	\$253,648,933	\$257,597,306	1.53%
11010300	520051	AH	Ascension Columbia St. Mary's Hospital - Milw.	6/30/2023	757784	\$8,052,245	\$0	\$8,052,245	\$545,116,488	\$0	\$545,116,488	\$553,168,733	1.46%
11006700	520009	AH	Ascension NE Wis. - St Elizabeth	6/30/2023	757783	\$1,265,527	\$0	\$1,265,527	\$316,944,186	\$0	\$316,944,186	\$318,209,713	0.40%
100099167	520009	AH	Ascension NE Wisconsin - Mercy Campus	6/30/2023	757783	\$1,265,527	\$0	\$1,265,527	\$316,944,186	\$0	\$316,944,186	\$318,209,713	0.40%
11019400	520136	AH	Ascension SE Wisconsin - Elmbrook	6/30/2023	758207	\$4,921,584	\$0	\$4,921,584	\$335,149,165	\$0	\$335,149,165	\$340,070,749	1.45%
11017100	520136	AH	Ascension SE Wisconsin - St. Joseph's	6/30/2023	758207	\$4,921,584	\$0	\$4,921,584	\$335,149,165	\$0	\$335,149,165	\$340,070,749	1.45%
100079350	520136	AH	Ascension SE Wisconsin Hospital - Franklin Campus	6/30/2023	758207	\$4,921,584	\$0	\$4,921,584	\$335,149,165	\$0	\$335,149,165	\$340,070,749	1.45%
100095321	520030	AH	Aspirus Plover Hospital	6/30/2023	757626	\$1,781,625	\$0	\$1,781,625	\$495,075,359	\$31,415,135	\$463,660,224	\$465,441,849	0.38%
11000700	520019	AH	Aspirus Rhinelander Hospital fka Sacred Heart -St Mary's	6/30/2023	758206	\$106,586	\$0	\$106,586	\$188,066,007	\$122,348,350	\$65,717,657	\$65,824,243	0.16%
11008500	520030	AH	Aspirus Wausau Hospital	6/30/2023	757626	\$1,781,625	\$0	\$1,781,625	\$495,075,359	\$31,415,135	\$463,660,224	\$465,441,849	0.38%
11021600	520102	AH	Aurora Lakeland Medical Center	12/31/2022	743903	\$288,254	\$0	\$288,254	\$69,818,905	\$0	\$69,818,905	\$70,107,159	0.41%
100013538	520207	AH	Aurora Medical Center - Grafton LLC	12/31/2022	744000	\$460,113	\$0	\$460,113	\$237,927,464	\$0	\$237,927,464	\$238,387,577	0.19%
11022500	520189	AH	Aurora Medical Center - Kenosha	12/31/2022	743643	\$47,586	\$0	\$47,586	\$236,934,502	\$0	\$236,934,502	\$236,982,088	0.02%
100190675	520189	AH	Aurora Medical Center - Mount Pleasant	12/31/2022	743643	\$47,586	\$0	\$47,586	\$236,934,502	\$0	\$236,934,502	\$236,982,088	0.02%
11020400	520138	AH	Aurora Sinai Medical Center Inc.	12/31/2022	743905	\$35,696,383	\$0	\$35,696,383	\$1,443,475,864	\$2,850,707	\$1,440,625,157	\$1,476,321,540	2.42%
11017200	520138	AH	Aurora St Luke's Medical Center	12/31/2022	743905	\$35,696,383	\$0	\$35,696,383	\$1,443,475,864	\$2,850,707	\$1,440,625,157	\$1,476,321,540	2.42%
100061838	520138	AH	Aurora St. Luke's South Shore	12/31/2022	743905	\$35,696,383	\$0	\$35,696,383	\$1,443,475,864	\$2,850,707	\$1,440,625,157	\$1,476,321,540	2.42%
11017300	520139	AH	Aurora West Allis Med. Ctr.	12/31/2022	743906	\$236,060	\$0	\$236,060	\$239,375,765	\$0	\$239,375,765	\$239,611,825	0.10%
11019700	523300	AH	Children's Hospital of Wisconsin	12/31/2022	743325	\$39,119,834	\$0	\$39,119,834	\$654,407,631	\$375,626	\$654,032,005	\$693,151,839	5.64%
11000400	520177	AH	Froedtert Memorial Lutheran Hospital	6/30/2023	755692	\$131,486,365	\$0	\$131,486,365	\$1,930,424,674	\$0	\$1,930,424,674	\$2,061,911,039	6.38%
11014300	520103	AH	Froedtert Menomonee Falls Hospital	6/30/2023	756130	\$4,132,272	\$0	\$4,132,272	\$262,698,205	\$0	\$262,698,205	\$266,830,477	1.55%
11012900	520087	AH	Gundersen Lutheran Medical Center	12/31/2022	748491	\$18,247,322	\$0	\$18,247,322	\$1,175,922,060	\$18,836,704	\$1,157,085,356	\$1,175,332,678	1.55%
11012100	520075	AH	HSR St Vincent Hospital	6/30/2023	762864	\$3,455,874	\$0	\$3,455,874	\$284,213,059	\$4,809,205	\$279,403,854	\$282,859,728	1.22%
100070193	520037	AH	Marshfield Med. Ctr. - Marshfield	12/31/2022	744570	\$19,334,119	\$0	\$19,334,119	\$616,614,709	\$0	\$616,614,709	\$635,948,828	3.04%
11011800	520070	AH	Mayo Clinic Health System-Eau Claire	12/31/2022	743996	\$2,880,057	\$0	\$2,880,057	\$489,274,486	\$4,739,522	\$484,534,964	\$487,415,021	0.59%
11006300	520004	AH	Mayo Clinic Health System-Franciscan Healthcare	12/31/2022	743527	\$2,732,070	\$0	\$2,732,070	\$311,709,565	\$0	\$311,709,565	\$314,441,635	0.87%
11011400	520066	AH	Mercy Health System Corporation	6/30/2023	757258	\$5,173,182	\$0	\$5,173,182	\$264,746,450	\$1,282,954	\$263,463,496	\$268,636,678	1.93%
100005464	520205	AH	Midwest Orthopedic Specialty Hospital, LLC	12/31/2022	744572	\$19,313	\$0	\$19,313	\$50,062,976	\$0	\$50,062,976	\$50,082,289	0.04%
100190015	520008	AH	ProHealth Waukesha Memorial - Mukwonago Campus	9/30/2023	765450	\$3,952,271	\$0	\$3,952,271	\$479,114,695	\$0	\$479,114,695	\$483,066,966	0.82%
11006600	520008	AH	ProHealth Waukesha Memorial Hospital Inc	9/30/2023	765450	\$3,952,271	\$0	\$3,952,271	\$479,114,695	\$0	\$479,114,695	\$483,066,966	0.82%
11008400	520028	AH	SSM Health Monroe Hospital fka Monroe Clinic	12/31/2022	743993	\$1,864,243	\$0	\$1,864,243	\$149,009,567	\$2,514,427	\$146,495,140	\$148,359,383	1.26%
11022800	520057	AH	SSM Health St Clare Hospital - Baraboo	12/31/2022	742820	\$690,750	\$0	\$690,750	\$55,697,732	\$0	\$55,697,732	\$56,388,482	1.22%
11022900	520083	AH	SSM Health St Marys Hospital - Madison	12/31/2022	743997	\$10,133,235	\$0	\$10,133,235	\$493,735,735	\$5,193,107	\$488,542,628	\$498,675,863	2.03%
11019000	520160	AH	ThedaCare Regional Med. Ctr. - Appleton	12/31/2022	748296	\$4,456,784	\$0	\$4,456,784	\$307,918,938	\$0	\$307,918,938	\$312,375,722	1.43%
100199724	520160	AH	ThedaCare Regional Med. Ctr. - dba Orthopedics, Spine & Pain	12/31/2022	748296	\$4,456,784	\$0	\$4,456,784	\$307,918,938	\$0	\$307,918,938	\$312,375,722	1.43%
11001700	520089	AH	Unity Point Health - Meriter Hospital	12/31/2022	743998	\$9,805,143	\$0	\$9,805,143	\$432,289,650	\$1,486,474	\$430,803,176	\$440,608,319	2.23%
11022000	520098	AH	University of WI Hospital & Clinics Authority	6/30/2023	757075	\$79,478,087	\$0	\$79,478,087	\$1,755,327,637	\$23,775,719	\$1,731,551,918	\$1,811,030,005	4.39%

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 2025 Wage Indices and Outlier CCRs



State of Wisconsin
Department of Health Services
Division of Medicaid Services
Preliminary Rate Year 2025 Inpatient Wage Indices and Outlier Cost-to-Charge Ratios (CCRs)
Based on FFY 2024 Medicare Inpatient Prospective Payment System (IPPS) factors

Appendix B
DRAFT FOR DISCUSSION PURPOSES - NOT FINAL RATES

Medicaid ID	Medicare ID	Hospital Name	City	County	State	FFY 2024 Medicare IPPS Geographic CBSA	Preliminary RY 2025 Wage Index	Imputed ¹ Wage Index	Preliminary RY 2025 Outlier CCR	Imputed ² CCR
In-State Acute Care Hospitals										
11013700	520096	Ascension - All Saints	Racine	Racine	WI	39540	1.0061	N	0.3220	N
11012400	520078	Ascension - St. Francis Hospital	Milwaukee	Milwaukee	WI	33340	0.9528	N	0.4490	N
100197969	520027	Ascension Columbia St. Mary's - Ozaukee	Glendale	Ozaukee	WI	33340	0.9528	N	0.2570	N
11010300	520051	Ascension Columbia St. Mary's Hospital - Milw.	Glendale	Milwaukee	WI	33340	1.0061	N	0.2720	N
11006700	520009	Ascension NE Wis. - St Elizabeth	Appleton	Outagamie	WI	11540	0.9355	N	0.4120	N
100099167	520009	Ascension NE Wisconsin - Mercy Campus	Oshkosh	Winnebago	WI	11540	0.9355	N	0.4120	N
11019400	520136	Ascension SE Wisconsin - Elmbrook	Brookfield	Waukesha	WI	33340	0.9528	N	0.3230	N
11017100	520136	Ascension SE Wisconsin - St. Joseph's	Milwaukee	Milwaukee	WI	33340	0.9528	N	0.3230	N
100079350	520136	Ascension SE Wisconsin Hospital - Franklin Campus	Franklin	Milwaukee	WI	33340	0.9528	N	0.3230	N
100197924	520214	Ascension Wis. Hospital - Greenfield Campus	Greenfield	Milwaukee	WI	33340	0.9528	N	0.9270	N
100197953	520214	Ascension Wis. Hospital - Menomonee Falls Campus	Menomonee Falls	Waukesha	WI	33340	0.9528	N	0.9270	N
100197944	520214	Ascension Wis. Hospital - Waukesha Campus	Waukesha	Waukesha	WI	33340	0.9528	N	0.9270	N
11009500	520041	Aspirus Divine Savior Healthcare Inc	Portage	Columbia	WI	31540	0.9928	N	0.4860	N
11013300	520091	Aspirus Howard Young Medical Center	Woodruff	Oneida	WI	52	0.9240	N	0.6510	N
100095321	520030	Aspirus Plover Hospital	Stevens Point	Portage	WI	48140	0.9240	N	0.3430	N
11000700	520019	Aspirus Rhineland Hospital	Woodruff	Oneida	WI	52	0.9240	N	0.3200	N
11008800	520033	Aspirus Riverview Hospital & Clinics, Inc	Wis. Rapids	Wood	WI	52	0.9240	N	0.3220	N
11006100	520002	Aspirus Stevens Point	Stevens Point	Portage	WI	52	0.9240	N	0.4070	N
11008500	520030	Aspirus Wausau Hospital	Wausau	Marathon	WI	48140	0.9240	N	0.3430	N
11023500	520193	Aurora BayCare Medical Center	Milwaukee	Brown	WI	24580	0.9339	N	0.3230	N
11021600	520102	Aurora Lakeland Medical Center	Milwaukee	Walworth	WI	52	1.0052	N	0.2970	N
100091842	520113	Aurora Medical Center - Bay Area	Marinette	Marinette	WI	52	0.9314	N	0.3380	N
100275282	520198	Aurora Medical Center - Fond du Lac	Milwaukee	Fond Du Lac	WI	36780	0.9339	N	0.3360	N
100013538	520207	Aurora Medical Center - Grafton LLC	Milwaukee	Ozaukee	WI	33340	0.9528	N	0.2530	N
11022500	520189	Aurora Medical Center - Kenosha	Milwaukee	Kenosha	WI	29404	1.0052	N	0.3010	N
100190675	520189	Aurora Medical Center - Mount Pleasant	Milwaukee	Racine	WI	29404	1.0052	N	0.3010	N
100009852	520206	Aurora Medical Center in Summit	Milwaukee	Waukesha	WI	33340	0.9542	N	0.3350	N
11008900	520034	Aurora Medical Center of Manitowoc Co Inc	Milwaukee	Manitowoc	WI	52	0.9266	N	0.3410	N
11024300	520198	Aurora Medical Center of Oshkosh	Milwaukee	Winnebago	WI	36780	0.9339	N	0.3360	N
11009200	520038	Aurora Medical Center of Washington County Inc	Milwaukee	Washington	WI	33340	0.9542	N	0.3080	N
100203316	520035	Aurora Medical Center Sheboygan County (new)	Milwaukee	Sheboygan	WI	43100	0.9528	N	0.3370	N
11010900	520059	Aurora Memorial Hospital - Burlington	Milwaukee	Racine	WI	39540	1.0052	N	0.3160	N
11020400	520138	Aurora Sinai Medical Center Inc	Milwaukee	Milwaukee	WI	33340	1.0061	N	0.2170	N
11017200	520138	Aurora St Luke's Medical Center	Milwaukee	Milwaukee	WI	33340	1.0061	N	0.2170	N
100061838	520138	Aurora St. Luke's South Shore	Milwaukee	Milwaukee	WI	33340	1.0061	N	0.2170	N
11017300	520139	Aurora West Allis Med. Ctr.	Milwaukee	Milwaukee	WI	33340	0.9528	N	0.2510	N
11010200	520049	Bellin Memorial Hospital	Green Bay	Brown	WI	24580	0.9321	N	0.4170	N
11014000	520100	Beloit Memorial Hospital Inc	Beloit	Rock	WI	27500	1.0623	N	0.2520	N
11019700	523300	Children's Hospital of Wisconsin	Milwaukee	Milwaukee	WI	33340	0.9979	Y	TBD	Y
11023400	523302	Children's Hospital of Wisconsin - Fox Valley	Milwaukee	Winnebago	WI	36780	0.9285	Y	TBD	Y
11011900	520071	Fort HealthCare	Fort Atkinson	Jefferson	WI	52	0.9528	N	0.3890	N
100182836	520213	Froedtert Community Hospital - Mequon	Mequon	Ozaukee	WI	33340	0.9528	N	1.0000	N
100134259	520213	Froedtert Community Hospital - New Berlin	New Berlin	Waukesha	WI	33340	0.9528	N	1.0000	N
100183379	520213	Froedtert Community Hospital - Oak Creek	Oak Creek	Milwaukee	WI	33340	0.9528	N	1.0000	N
100135070	520213	Froedtert Community Hospital - Pewaukee	Pewaukee	Waukesha	WI	33340	0.9528	N	1.0000	N
100161517	520107	Froedtert Holy Family Memorial Medical Center	Manitowoc	Manitowoc	WI	52	0.9321	N	0.4390	N
11000400	520177	Froedtert Memorial Lutheran Hospital	Menomonee Falls	Milwaukee	WI	33340	1.0061	N	0.2690	N
11014300	520103	Froedtert Menomonee Falls Hospital	Menomonee Falls	Waukesha	WI	33340	0.9528	N	0.3730	N
11007800	520021	Froedtert South - Froedtert Kenosha Hospital	Kenosha	Kenosha	WI	29404	1.0052	N	0.3720	N
11011200	520063	Froedtert West Bend Hospital	Menomonee Falls	Washington	WI	33340	0.9528	N	0.4230	N
11012900	520087	Gundersen Lutheran Medical Center	La Crosse	La Crosse	WI	29100	1.0081	N	0.6570	N
11013800	520097	HSHS St Mary's Hospital Medical Center	Green Bay	Brown	WI	24580	0.9321	N	0.2400	N
11009800	520044	HSHS St Nicholas Hospital	Sheboygan	Sheboygan	WI	43100	0.9515	N	0.2680	N
11012100	520075	HSHS St Vincent Hospital	Green Bay	Brown	WI	24580	0.9339	N	0.2380	N
11006900	520011	Marshfield Clinic Health System - Lakeview Med. Ctr.	Rice Lake	Barron	WI	52	0.9240	N	0.7290	N
100085640	520210	Marshfield Med. Ctr. - Eau Claire	Eau Claire	Eau Claire	WI	20740	0.9311	N	0.6680	N
100070193	520037	Marshfield Med. Ctr. - Marshfield	Marshfield	Wood	WI	52	0.9240	N	0.4240	N
100102130	520212	Marshfield Med. Ctr. - Minocqua	Minocqua	Oneida	WI	52	0.9240	N	0.7430	N



State of Wisconsin
Department of Health Services
Division of Medicaid Services
Preliminary Rate Year 2025 Inpatient Wage Indices and Outlier Cost-to-Charge Ratios (CCRs)
Based on FFY 2024 Medicare Inpatient Prospective Payment System (IPPS) factors

Appendix B
DRAFT FOR DISCUSSION PURPOSES - NOT FINAL RATES

Medicaid ID	Medicare ID	Hospital Name	City	County	State	FFY 2024 Medicare IPPS Geographic CBSA	Preliminary RY 2025 Wage Index	Imputed ¹ Wage Index	Preliminary RY 2025 Outlier CCR	Imputed ² CCR
100198692	520215	Marshfield Med. Ctr. - River Region	Stevens Point	Portage	WI	52	0.9240	N	0.9380	N
100102362	520202	Marshfield Medical Center - Weston	Weston	Marathon	WI	48140	0.9240	N	0.5420	N
11012200	520076	Marshfield Medical Center Beaver Dam	Beaver Dam	Dodge	WI	52	0.9542	N	0.5400	N
11011800	520070	Mayo Clinic Health System-Eau Claire	Eau Claire	Eau Claire	WI	20740	1.0198	N	0.4690	N
11006300	520004	Mayo Clinic Health System-Franciscan Healthcare	Eau Claire	La Crosse	WI	29100	1.0081	N	0.4960	N
11011400	520066	Mercy Health System Corporation	Janesville	Rock	WI	27500	0.9528	N	0.2220	N
100005464	520205	Midwest Orthopedic Specialty Hospital, LLC	Franklin	Milwaukee	WI	33340	0.9528	N	0.3170	N
11014700	520109	Mile Bluff Medical Center (aka Hess Memorial)	Mauston	Juneau	WI	52	0.9240	N	0.4030	N
11023800	520196	Oakleaf Surgical Hospital	Altoona	Eau Claire	WI	20740	0.9311	N	0.4970	N
11023600	520194	Orthopaedic Hospital of Wisconsin - Glendale	Glendale	Milwaukee	WI	33340	0.9528	N	0.3060	N
11011100	520062	ProHealth Oconomowoc Memorial Hospital	Waukesha	Waukesha	WI	33340	0.9528	N	0.3400	N
100190015	520008	ProHealth Waukesha Memorial - Mukwonago Campus	Waukesha	Waukesha	WI	33340	0.9528	N	0.3370	N
11006600	520008	ProHealth Waukesha Memorial Hospital Inc	Waukesha	Waukesha	WI	33340	0.9528	N	0.3370	N
11013600	520095	Sauk Prairie Memorial Hospital	Prairie du Sac	Sauk	WI	52	0.9542	N	0.4830	N
11008400	520028	SSM Health Monroe Hospital	Fitchburg	Green	WI	31540	0.9928	N	0.2860	N
11013000	520088	SSM Health St Agnes Hospital - Fond du Lac	Fitchburg	Fond Du Lac	WI	22540	0.9542	N	0.3770	N
11022800	520057	SSM Health St Clare Hospital - Baraboo	Fitchburg	Sauk	WI	52	0.9542	N	0.3430	N
11022900	520083	SSM Health St Marys Hospital - Madison	Fitchburg	Dane	WI	31540	0.9928	N	0.3260	N
100021887	520208	SSM Health St. Mary's Hospital - Janesville	Fitchburg	Rock	WI	27500	1.0052	N	0.2790	N
11009900	520045	ThedaCare Medical Center - Neenah	Neenah	Winnebago	WI	36780	0.9240	N	0.4650	N
11019000	520160	ThedaCare Regional Med. Ctr. - Appleton	Appleton	Outagamie	WI	11540	0.9355	N	0.4900	N
100199724	520160	ThedaCare Regional Med. Ctr. - dba Orthopedics, Spine & Pain	Appleton	Outagamie	WI	11540	0.9355	N	0.4900	N
11001700	520089	Unity Point Health - Meriter Hospital	Madison	Dane	WI	31540	0.9928	N	0.2770	N
11022000	520098	University of WI Hospital & Clinics Authority	Madison	Dane	WI	31540	0.9928	N	0.2770	N
100051765	520116	Watertown Regional Med Ctr	Watertown	Dodge	WI	52	0.9528	N	0.3490	N
Major Out-of-State Border Hospitals										
100252580	240002	Essentia Health St. Mary's Medical Center - Duluth	Duluth	Minnesota (Border Status)	MN	20260	1.0198	N	0.4040	N
11005400	240066	Lakeview Memorial	Stillwater	Minnesota (Border Status)	MN	33460	1.0326	N	0.4030	N
11005600	240106	Regions Hospital	St. Paul	Minnesota (Border Status)	MN	33460	1.0326	N	0.3300	N
11002400	140239	Rockford Memorial	Rockford	Illinois (Border Status)	IL	40420	0.9762	N	0.2200	N
11004500	240047	St. Luke's	Duluth	Minnesota (Border Status)	MN	20260	1.0198	N	0.3510	N
11004100	240010	St. Mary's	Rocheater	Minnesota (Border Status)	MN	40340	1.0432	N	0.3770	N
11000900	240038	United Hospital c/o Allina Health System	Minneapolis	Minnesota (Border Status)	MN	33460	1.0326	N	0.3020	N

Sources:

RY 2025 wage indices are based on the wage indices published by CMS in its FFY 2024 Medicare IPPS correction notice, unless imputed.

RY 2025 outlier CCRs are based on the sum of the most recently available operating and capital outlier CCRs published by CMS in its January 2024 IPPS provider specific file, unless imputed as indicated.

For new hospitals without FFY 2024 Medicare IPPS data or FFY 2023 Medicaid model claims data, the preliminary RY 2025 outlier CCR is 0.315, based on the sum of the Wisconsin statewide urban operating and capital defaults in the FFY 2024 Medicare IPPS.

Notes:

1. Per SPA requirements, for IPPS participating hospitals without wage indices published by CMS in its FFY 2024 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.
2. For current hospitals without FFY 2024 Medicare IPPS data but with FFY 2023 Medicaid model claims data, the RY 2025 outlier CCRs are calculated based on a detail costing methodology using the revenue to cost center crosswalk posted on the Wisconsin Forward Health website and FFY 2023 claims data.



Medicaid ID	Medicare ID	Hospital Name	City	County	FFY 2024 Medicare IPPS Wage Index ⁽¹⁾	RY 2025 Model Inpatient Claims Data Paid Amounts ⁽²⁾	Proportion of Total	Allocated Wage Index ⁽³⁾
Milwaukee County Hospitals with FFY 2024 Medicare IPPS Wage Index								
11012400	520078	Ascension - St. Francis Hospital	Milwaukee	Milwaukee	0.9528	\$ 5,841,809	1.93%	0.0184
11010300	520051	Ascension Columbia St. Mary's Hospital - Milw.	Glendale	Milwaukee	1.0061	\$ 32,729,972	10.82%	0.1089
11017100	520136	Ascension SE Wisconsin - St. Joseph's	Milwaukee	Milwaukee	0.9528	\$ 21,156,490	7.00%	0.0667
100079350	520136	Ascension SE Wisconsin Hospital - Franklin Campus	Franklin	Milwaukee	0.9528	\$ 1,994,437	0.66%	0.0063
100197924	520214	Ascension Wis. Hospital - Greenfield Campus	Greenfield	Milwaukee	0.9528	\$ 95,742	0.03%	0.0003
11020400	520138	Aurora Sinai Medical Center Inc	Milwaukee	Milwaukee	1.0061	\$ 29,848,805	9.87%	0.0993
11017200	520138	Aurora St Luke's Medical Center)	Milwaukee	Milwaukee	1.0061	\$ 55,369,065	18.31%	0.1842
100061838	520138	Aurora St. Luke's South Shore	Milwaukee	Milwaukee	1.0061	\$ 5,388,345	1.78%	0.0179
11017300	520139	Aurora West Allis Med. Ctr.I	Milwaukee	Milwaukee	0.9528	\$ 16,757,596	5.54%	0.0528
100183379	520213	Froedtert Community Hospital - Oak Creek	Oak Creek	Milwaukee	0.9528	\$ 76,464	0.03%	0.0002
11000400	520177	Froedtert Memorial Lutheran Hospital	Menomonee Falls	Milwaukee	1.0061	\$ 132,577,292	43.84%	0.4411
100005464	520205	Midwest Orthopedic Specialty Hospital, LLC	Franklin	Milwaukee	0.9528	\$ 118,137	0.04%	0.0004
11023600	520194	Orthopaedic Hospital of Wisconsin - Glendale	Glendale	Milwaukee	0.9528	\$ 466,483	0.15%	0.0015
Preliminary Milwaukee County Default Wage Index						\$ 302,420,640	100.00%	0.9979

Notes:

1. Based on Medicare FFY 2024 IPPS wage indices from the FFY 2024 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 2023 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 2024 Medicare IPPS Wage Index ⁽¹⁾	RY 2025 Model Inpatient Claims Data Paid Amounts ⁽²⁾	Proportion of Total	Allocated Wage Index ⁽³⁾
Winnebago County Hospitals with FFY 2024 Medicare IPPS Wage Index								
100099167	520009	Ascension NE Wisconsin - Mercy Campus	Oshkosh	Winnebago	0.9355	\$ 3,701,263	19.87%	0.1858
11024300	520198	Aurora Medical Center of Oshkosh	Milwaukee	Winnebago	0.9339	\$ 4,111,556	22.07%	0.2061
11009900	520045	ThedaCare Medical Center - Neenah	Neenah	Winnebago	0.924	\$ 10,818,468	58.07%	0.5365
Preliminary Winnebago County Default Wage Index						\$ 18,631,287	100.00%	0.9285

Notes:

1. Based on Medicare FFY 2024 IPPS wage indices from the FFY 2024 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 2023 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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CONTACT

Andrew Vidikan
andrew.vidikan@milliman.com

Ben Mori
ben.mori@milliman.com

Christine Bredfeldt
christine.bredfeldt@milliman.com

David McManus
david.mcmanus@milliman.com