

DEPT. OF MEDICAL ASSISTANCE SERVICES
Methods and Standards for Establishing Payment Rates—
Inpatient Hospital Services

Page 1 of 1

12VAC 30-70-391. Recalibration and rebasing policy

A. The department recognizes that claims experience or modifications in federal policies may require adjustment to the DRG payment system policies provided in this part. The state agency shall recalibrate (evaluate and adjust the DRG relative weights and hospital case-mix indices) and rebase (review and update the base year standardized operating costs per case and the base year standardized operating costs per day) the DRG payment system at least every three years. Recalibration and rebasing shall be done in consultation with the Medicaid Hospital Payment Policy Advisory Council noted in 12 VAC 30-70-490. When rebasing is carried out, if new rates are not calculated before their required effective date, hospitals required to file cost reports and freestanding psychiatric facilities licensed as hospitals shall be settled at the new rates, for discharges on and after the effective date of those rates, at the time the hospitals' cost reports for the year in which the rates become effective are settled.

B. ~~Effective from July 1, 2003 through June 30, 2004, although most hospital rates will be based on the 2001 base year, rates~~ Rates for freestanding psychiatric facilities licensed as hospitals shall continue to be based on the 1998 base year until rates for all inpatient hospitals are rebased subsequent to SFY 2005. ~~That is, the rebasing of rates effective in SFY2004, shall be effective for all hospitals except freestanding psychiatric facilities licensed as hospitals. Effective July 1, 2004, rates for freestanding psychiatric facilities licensed as hospitals, will be set pursuant to the applicable policy in this section.~~