

**Basic Health Care Services** (continued)

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**Inpatient  
Hospital  
Services**

Inpatient hospital services must be medically necessary and be:

- Provided in an acute care hospital,
- Provided to hospital inpatients,
- Provided by or under the direction of a physician, and
- Provided for the care and treatment of patients.

Payment Standard. For the hospital in which the inpatient services were provided, use the **Hospital Inpatient Payment** lists that are located on the Health and Human Services Commission website at <http://www.hhsc.state.tx.us/rad/hospital-svcs/inpatient.shtml>. These lists will be used to calculate the payment rate using either the Percent Standard or the Diagnosis-Related Group (DRG) Standard.

**Note:** If you are unable to locate payment information for a facility, complete Form 111 Facility Payment Rate Request.

- Inpatient RCC Rates List - Hospitals on this list are paid using the Percent Standard. The percent listed in the Inpatient Rate column reflects all applicable rate reductions.
- Hospital Prospective Standard Dollar Amount (SDA) List - Hospitals on this list are paid using the DRG Standard. The SDA listed in the Final Add-on SDA column reflects all applicable rate reductions.
- Texas APR-DRG Grouper List - This list provides the DRG Code, APR-DRG Title, Relative Weights, Mean Length of Stay (LOS), and Day Threshold needed when using the DRG Standard.

**Percent Standard.** This standard reimburses hospitals based on a percent of the hospital's total billed amount.

1. From the total billed amount, subtract the cost of services that are not a CIHCP benefit; and
2. Use the Inpatient Rate listed on the Inpatient RCC Rates List, then
3. Multiply the remaining billed amount by the Inpatient Rate listed.

**DRG Standard.** This standard reimburses hospitals at a predetermined rate for services based on the patient's diagnosis. In some cases, the reimbursement will be more than the actual cost of providing services for that stay; in other cases, the reimbursement will be less than the hospital's actual cost. In either case, use the calculated DRG payment.

The DRG Standard incorporates the DRG code that is assigned to the hospital stay, the Relative Weight (Rel. Wt.) and the Mean Length Of Stay that are assigned to the DRG code, and the Standard Dollar Amount (SDA), which is the blended average dollar amount a hospital recovers for any given patient account.

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**Basic Health Care Services** (continued)

**Inpatient  
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To calculate a full or partial DRG payment use the [APR-DRG Version 29](#) of the Core Grouping Software™ along with the DRG Code, Relative Weight, Mean Length of Stay, and the SDA which are located at <http://www.hhsc.state.tx.us/rad/hospital-svcs/inpatient.shtml>.

Determine the type of DRG Payment based on the following information:

- When one hospital provided the patient care or one hospital provided the majority of the days of care, calculate a full DRG payment.
- When one hospital provided the lesser days of care or when two hospitals provided equal days of care, calculate a partial DRG payment.
- If the patient was CIHCP-eligible for any part of the hospital stay, calculate the full DRG payment.
- If the patient was Medicaid-eligible for any part of the hospital stay, there is no CIHCP payment.

Full DRG Payment. To calculate, proceed as follows:

1. Assign the DRG code using Core Grouping Software™,
2. Refer to the assigned DRG code's Relative Weight,
3. Refer to the hospital's SDA, and
4. Multiply the SDA by the Relative Weight.

Partial DRG Payment. To calculate, proceed as follows:

1. Calculate the full DRG payment,
2. Refer to the assigned DRG code's Mean Length of Stay,
3. Divide the full DRG payment by the Mean Length of Stay, and
4. Multiply the result by the CIHCP-allowed number of days of care.

**DRG Software.** 3M Health Information Systems Division is the supplier of the [APR-DRG Version 29 Core Grouping Software™](#), which is used to assign a three-digit group or "code" based on the diagnosis code(s). For more information, contact: [www.3mhis.com](http://www.3mhis.com)

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Basic Health Care Services (continued)

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**Outpatient  
Hospital  
Services**

Outpatient hospital services must be medically necessary and be:

- Provided in an acute care hospital or hospital-based ambulatory surgical center (HASC),
- Provided to hospital outpatients,
- Provided by or under the direction of a physician, and
- Diagnostic, therapeutic, or rehabilitative.

Payment Standard. For the hospital in which the outpatient services were provided, use the **Outpatient RCC Rates** list that is located on the Health and Human Services Commission website at <http://www.hhsc.state.tx.us/rad/hospital-svcs/outpatient.shtml>. This list will be used to calculate the payment rate using the Percent Standard.

Outpatient RCC Rates List - Hospitals on this list are paid using the Percent Standard. The percent listed in the Outpatient Rate column reflects all applicable rate reductions.

1. Use the Outpatient Rate listed on the Outpatient RCC Rates List, and
2. Multiply the billed amount by the Outpatient Rate listed.

Exception: If the outpatient service is for a scheduled surgery, the county may use the Fee Schedule for Texas Medicaid Hospital Ambulatory Surgical Center (HASC) Group Rate Amounts and HASC Group # at [www.tmhp.com](http://www.tmhp.com).

A hospital-based ASC service should be billed as one inclusive charge on a UB-04.