

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State of NEW MEXICO
Methods and Standards for Establishing Payment Rates :
Inpatient Hospitals

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4. Initial relative weights are computed by calculation of the average Medicaid charge for each DRG category divided by the average charge for all DRGs.
5. Where the New Mexico Medicaid-specific claims and charge data are insufficient to establish a stable relative weight, a relative weight is imported from other sources such as the CHAMPUS or Medicare prospective payment systems. Weights obtained from external sources are normalized so that the overall case mix is 1.0.
6. The relative weights computed as described above shall remain in effect until the next year. At that time, the relative weights will be recalibrated using whatever DRG Grouper version is currently in use by Medicare.

C. Computation of Hospital Prospective Payment Rates

1. Rebasing of Rates

Beginning October 1, 1997, the Department will discontinue the rebasing of rates every three years. Hospital rates will be reviewed each year. The prospective payment rate updates will be made after considering the global inflation factor located on Medicaid.gov. Changes in payment rates will be made with public notice and meet the requirements of 42 CFR 447.205.

2. Base Year Discharge and Cost Data

- a. The State's fiscal agent will provide the Department with Title XIX discharges from audited or desk reviewed cost reports for reporting periods ending in calendar year 1993 and inflated forward to the midpoint of federal fiscal year 1997 using the update factors specified in III.C.8

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