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| LOCAL COMMISSIONERS MEMORANDUM |  
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Transmittal No: 91 LCM-165

Date: September 17, 1991

Division: Medical Assistance

TO: Local District Commissioners

SUBJECT: Pro Rata Calculation of Medicaid Reimbursement for Certain  
DRG Inpatient Stays

ATTACHMENTS: None

It has recently come to my attention that there is some confusion regarding the availability of Medicaid reimbursement under the Diagnosis Related Groups (DRGs) payment system when the Medical Assistance (MA) recipient is determined ineligible for Medicaid on the first day(s) of hospitalization but becomes eligible at some time during the inlier period of the hospital stay.

In the event that an individual enters a hospital and is subsequently determined ineligible for MA for the first day(s) of hospitalization, Medicaid reimbursement is appropriate only for that portion of hospitalization for which the individual has been determined eligible. For example, an individual hospitalized for the period May 28th through June 3rd is determined to be ineligible for MA for the month of May but eligible for the month of June. Medicaid reimbursement is available for only the period June 1st through 3rd.

In order for MMIS to calculate the amount Medicaid will pay hospitals in situations when an individual is not Medicaid eligible for the first day(s) of hospitalization, but is eligible at some time during the inlier period of a hospital stay, the following procedures will be used:

1. Divide the total number of Medicaid-eligible days that occurred during the period from admission date to the Long Stay Threshold (or discharge date if earlier) by the total number of days in the inlier period.
2. Multiply the DRG Medicaid payment by the percent developed in (1) above.

The result is the Medicaid reimbursement available for the portion of the inlier period of a hospital stay for which the client is Medicaid eligible.

These procedures do not impact outlier claims, which are paid based on day-to-day eligibility and not prorated. Prorated claims must be paid off-line. Local districts should inform hospitals to submit these claims to:

MMIS Division of Medical Assistance  
PO Box 1935  
Albany, NY 12201

ATTENTION: Al Bush

The Department will advise hospitals of the correct billing procedures by a provider letter and an update to the MMIS Inpatient Hospital Provider Manual. However, an understanding of the proration policy is also necessary for district MA eligibility staff, who may, in the interim, need to explain the prorated calculation and billing procedures to hospitals.

Any questions regarding this matter should be referred to your Medical Assistance Eligibility County Representative at 1-800-342-3715, extension 3-7581.

Thank you for your continued assistance and cooperation.

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Jo-Ann A. Costantino  
Deputy Commissioner  
Division of Medical Assistance