

Special Bulletin

For facility providers in Pennsylvania

March 31, 2025

Reimbursement Changes for Highmark Inpatient DRG Methodologies for Acute Care Facilities

Highmark is updating its inpatient DRG reimbursement methodologies applicable to acute care facilities. These changes will impact acute care facilities that are paid cost outliers under a Highmark inpatient DRG reimbursement method.

Descriptions of the changes to the Highmark DRG reimbursement methodologies will be implemented through issuance of an updated *Hospital Inpatient Facility Manual for the Medicare Severity Diagnosis Related Grouping (MS-DRG) Based Payment Methodology* (or DRG Manual) which will be effective **May 30, 2025**.

Changes to the DRG Manual

Highmark is updating the language in the cost outlier provisions regarding “covered charges” and how those charges are calculated. Prior to this change, covered charges were not defined for purposes of the cost outlier calculation. Language has been added to the DRG Manual noting that “covered charge(s)” shall mean those services rendered to members which qualify for payment or reimbursement pursuant to the terms of the applicable Plan Document, the Agreement, and the Administrative Requirements, as outlined in your Highmark contract.

The DRG Manual has also been updated to note when Highmark will apply the hospital’s inpatient cost to charge ratio (CCR) as a multiplier or when other multipliers will be used (specifically for implants and drugs) so that those covered charges more appropriately reflect realized costs for purposes of the cost outlier calculation.

During the week of March 31, 2025, Highmark will email updated DRG Manuals to applicable in-network facilities in Pennsylvania.

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