

Physician and Utilization Review:

Two items were removed from the original DRG and outlier payments shown in the calendar year 2006 claim set utilized for the rate calculation:

Hospital based physician reduction: Hospital based physician payments were removed from the 2008 budgeted amount for inpatient acute hospital services by dividing the total 2006 Medicaid inpatient payments, which was inflated to 2008 dollars, by the physician factor included in the current DRG payments

Utilization review reduction: The 2008 total budgeted amount for inpatient acute hospital services was reduced by \$3.7 million for utilization review, since hospitals will no longer be paying for utilization review services. This amount represents the Medicaid inpatient portion of each hospital's 1988 utilization review costs paid to hospitals in the current rates.