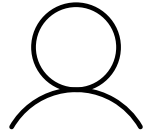


Delaware GHIP Allowed Amount per Admission Compared to Reimbursement Benchmarks for Diagnosis- Related Groups (DRGs)

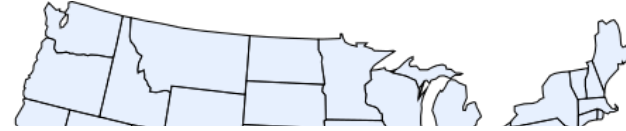
May 11, 2026
SEBC Meeting

Reimbursement Benchmarks[®]

The Challenge



I need a better understanding of how my negotiated rates compare across the market

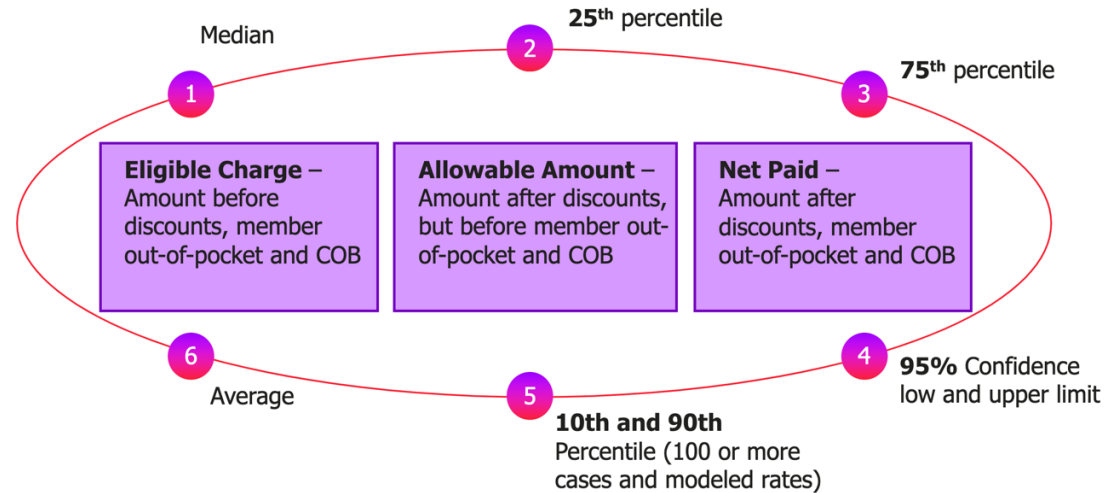


Available at the geographic market level (Core Based Statistical Area)



The Solution

Estimates of reimbursement rates by procedure code/DRG and type of bill based on the MarketScan Commercial database



What is it?

- Developed in 2012
- Includes actual paid amounts from the MarketScan Commercial database
- Sourced from over 350 large, self-insured employers across the United States

Use Cases



Reimbursement Benchmarks

- This presentation is limited to DRGs for the commercial (non-Medicare population) and excludes procedure-based comparisons.
- FY25 incurred claims (benchmarks are from CY24).
- Comparisons are made to the Philadelphia-Wilmington Metropolitan Statistical Area (MSA).
- Limited to Delaware hospitals.
- Limited to in-network payments.
- Facility and professional claims are reported separately.
- Top 20 DRGs are limited to those with 20 or more admissions in FY25.

Summary of Findings (All DRGs)

- A total of \$136,267,493 (allowed amount) spread across 414 DRGs.
 - Facility: \$123,981,518 (3,980 Admissions)
 - Professional: \$12,285,975 (3,794 Admissions)
- Based on admissions, allowed amount and the **median** benchmarks for each DRG:
 - There was an excess of **\$51.8 m** in facility costs
 - There was an excess of \$2.6 m in professional costs
 - Total excess: **\$54.4 m**

Summary of Findings (All DRGs)

Utilization and Cost Outliers

- **Coverage**

- Full spectrum of inpatient DRGs across **behavioral health, maternity/neonatal, cardiac, GI, infectious, respiratory, orthopedic, endocrine, trauma**, including MCC/CC stratification.

- **Utilization pattern**

- High frequency: **Normal newborn (795), Neonate w other significant problems (794), Vaginal delivery (807), Cesarean (788/787)**.
- Behavioral health remains common (**885 Psychoses; 897 Substance use**), with highly variable costs.

- **Cost dispersion & outliers**

- Routine OB/newborn DRGs cluster at low per-case cost (typically **\$4K–\$15K**).
- High-acuity outliers include **ECMO/Trach (DRG 3), transplants, extreme prematurity (790)** with six-figure per-case costs.
- Dramatic **facility/professional skew** on many DRGs (facility high, professional modest).

Summary of Findings (All DRGs)

Takeaways

- **Bottom-line Takeaways**
 - **Maternal/neonatal DRGs dominate volume; NICU & high-acuity DRGs dominate excess.**
 - **Facility payments** represent the actionable savings lever; professional savings are minimal.
 - Prioritize **neonatal ICU (790/794/793), sepsis (871), major bowel (329/330), PCI (247)** for contracting, clinical pathway, and site-of-service work.

Highest Priority – Quartile 4

Rank	Facility/Professional	DRG	DRG Title	Admissions	Allowed / Admit	Total Spend
1	Facility	790	Extreme immaturity / neonatal RDS	41	\$163,390	\$6.7M
2	Facility	807	Vaginal delivery, no CC/MCC	439	\$13,690	\$6.0M
3	Facility	3	ECMO / trach w MV >96 hrs	5	\$914,056	\$4.6M
4	Facility	871	Sepsis w MCC (no MV >96)	77	\$51,497	\$4.0M
5	Facility	788	C-section, no CC/MCC	161	\$21,121	\$3.4M
6	Facility	789	Neonates died or transferred	20	\$38,998	\$0.8M
7	Facility	791	Prematurity w major problems	10	\$39,118	\$0.4M
8	Professional	871	Sepsis w MCC (professional)	76	\$3,485	\$0.3M
9	Professional	789	Neonates died/transferred (prof)	20	\$10,081	\$0.2M
10	Professional	100	Seizures w MCC	12	\$11,085	\$0.1M

Quartile 4 Takeaways

- **Facility dominates Q4 savings** (order-of-magnitude larger than Professional) OB + neonatal DRGs appear repeatedly → **volume × pricing problem** Best levers: Facility contracting & case rates
- OB / NICU episode-based payments
- Center of Excellence (COE) steering for ultra-high-cost cases (ECMO, NICU, sepsis)

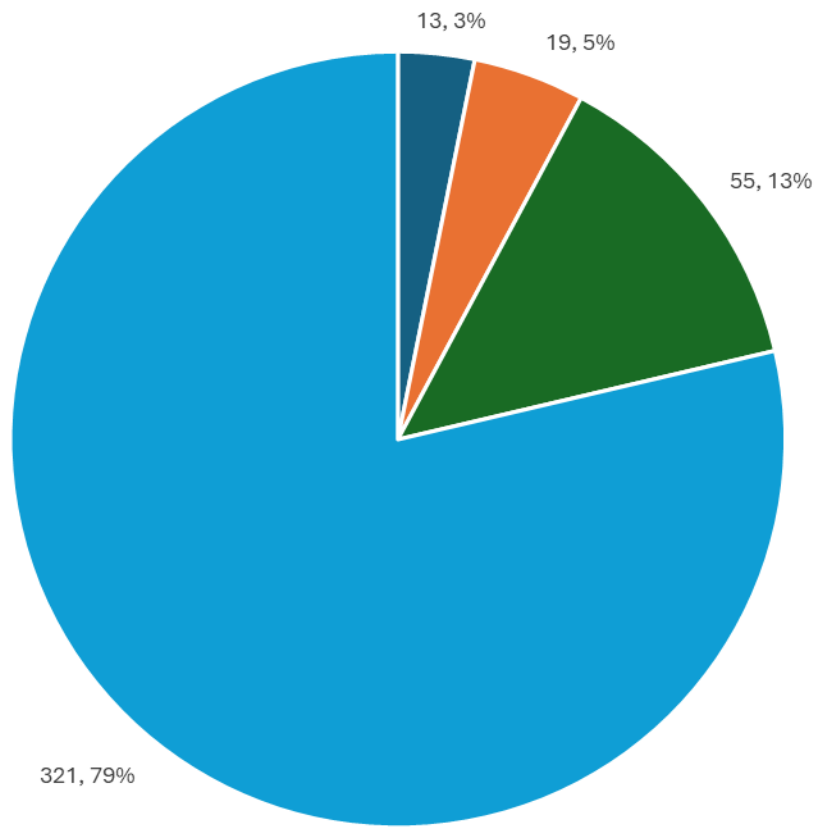
Emerging Risks – Quartile 3

Rank	Facility/Professional	DRG	DRG Title	Admissions	Allowed / Admit	Total Spend
1	Facility	329	Major small & large bowel procedures w MCC	20	\$83,073	\$1.66M
2	Facility	193	Simple pneumonia & pleurisy w MCC	42	\$22,457	\$0.94M
3	Facility	270	Other major cardiovascular procedures w MCC	8	\$102,829	\$0.82M
4	Facility	207	Resp dx w ventilator support >96 hrs	6	\$122,006	\$0.73M
5	Facility	870	Sepsis w MV >96 hrs	5	\$141,722	\$0.71M
6	Professional	790	Extreme immaturity / neonatal RDS	41	\$11,512	\$0.47M
7	Professional	794	Neonate w other significant problems	430	\$674	\$0.29M
8	Professional	793	Full-term neonate w major problems	90	\$1,844	\$0.17M
9	Professional	330	Major small & large bowel procedures w CC	29	\$5,062	\$0.15M
10	Professional	329	Major small & large bowel procedures w MCC	21	\$6,321	\$0.13M

Quartile 3 Takeaways

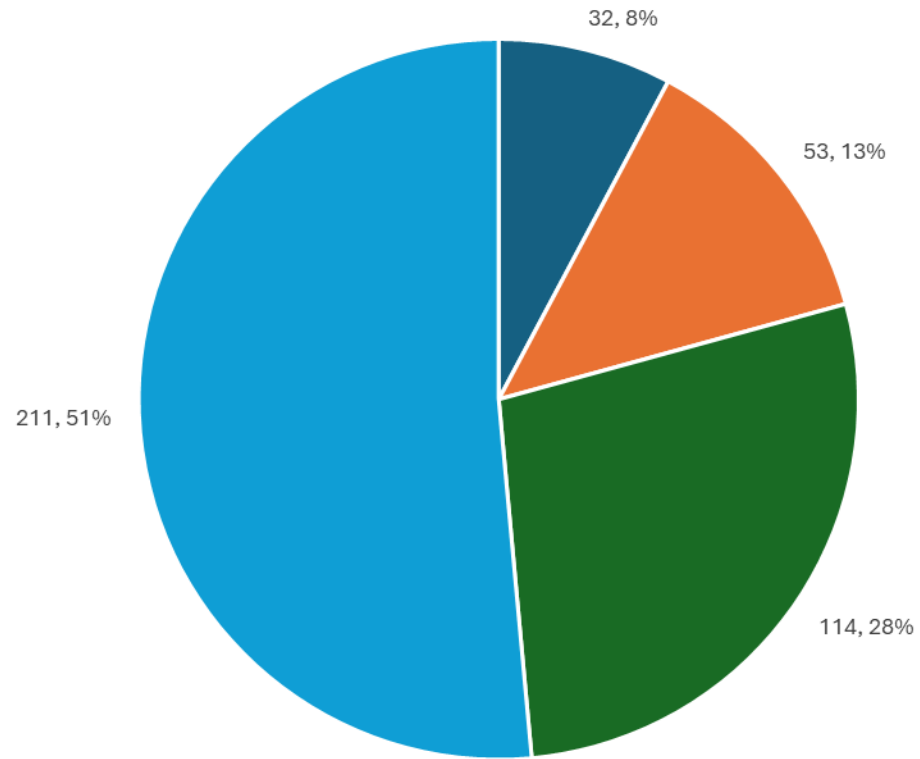
- Q3 is **heavily inpatient medical + surgical**. Several DRGs already exceed **\$500K–\$1.5M** in annual spend.
- Best levers:
 - Pre-authorization & Length of Stay (LOS) controls
 - Surgical case mix review
 - Early intervention to avoid Q4 drift

Distribution of Facility DRGs by Benchmark Quartile



■ Quartile 1 ■ Quartile 2 ■ Quartile 3 ■ Quartile 4

Distribution of Professional DRGs by Benchmark Quartile



■ Quartile 1 ■ Quartile 2 ■ Quartile 3 ■ Quartile 4

Summary of Top 20 (in Allowed Amount) DRGs

- Top 20 DRGS for facility claims totaled \$43,982,710 (2,145 admissions) – about 32% of total allowed amount for facilities.
- If Delaware paid at the median for the DRG benchmarks \$17 m could have been saved or about 38%.
- Top 20 DRGs for professional claims totaled \$5,411,727 (about 35% of total allowed amount for professionals).
- If Delaware paid at the median for the DRG benchmarks \$82 k could have been saved or about 1.5%.

Top 20 Facility and Professional DRGs

- What dominates:

Maternal & Newborn care drives volume and spend: 807 Vaginal delivery (w/o CC/MCC), 788/787/786 Cesarean variants, 794/795/793/790/789 Neonatal DRGs.

High-acuity medical/surgical DRGs drive cost intensity: 871 Sepsis (w MCC), 329/330 Major bowel procedures, 247 PCI w drug-eluting stent, 291 Heart failure & shock (w MCC).

- Largest **excess per admit**:

- 790 Extreme immaturity (~\$99K/admit),
- 871 Sepsis (~\$26K),
- 329/330 Major bowel procedures (~\$15–20K),
- 247 PCI (Percutaneous Cardiovascular Procedures) (~\$41K).

Top 20 Facility and Professional DRGs (by Allowed Amount)

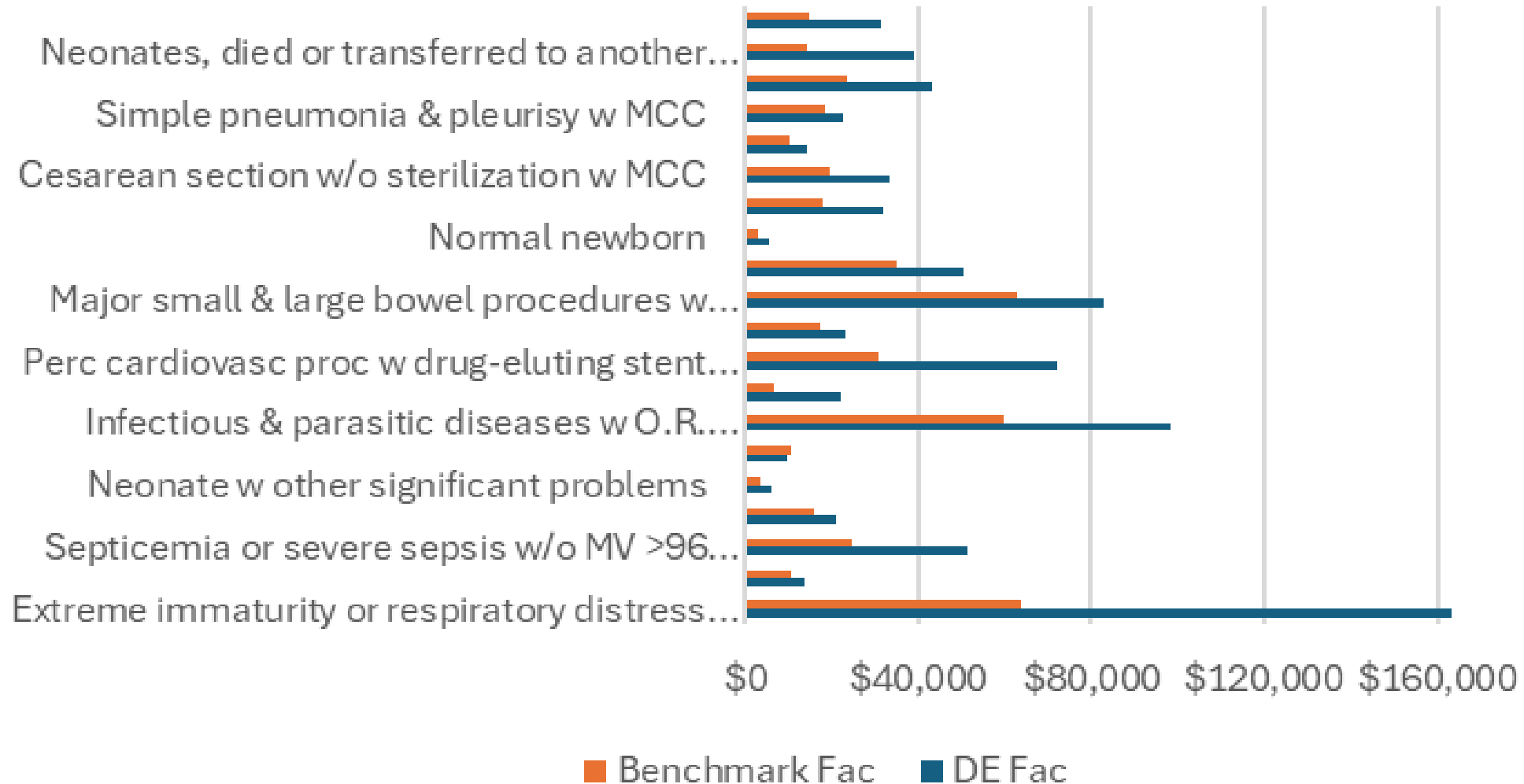
- **Professional vs Facility**

- **Facility** payments account for nearly all savings opportunity.
- **Professional** payments are close to benchmark ($\approx 1-2\%$ opportunity), with some negative excess (paid below benchmark) for routine OB DRGs.

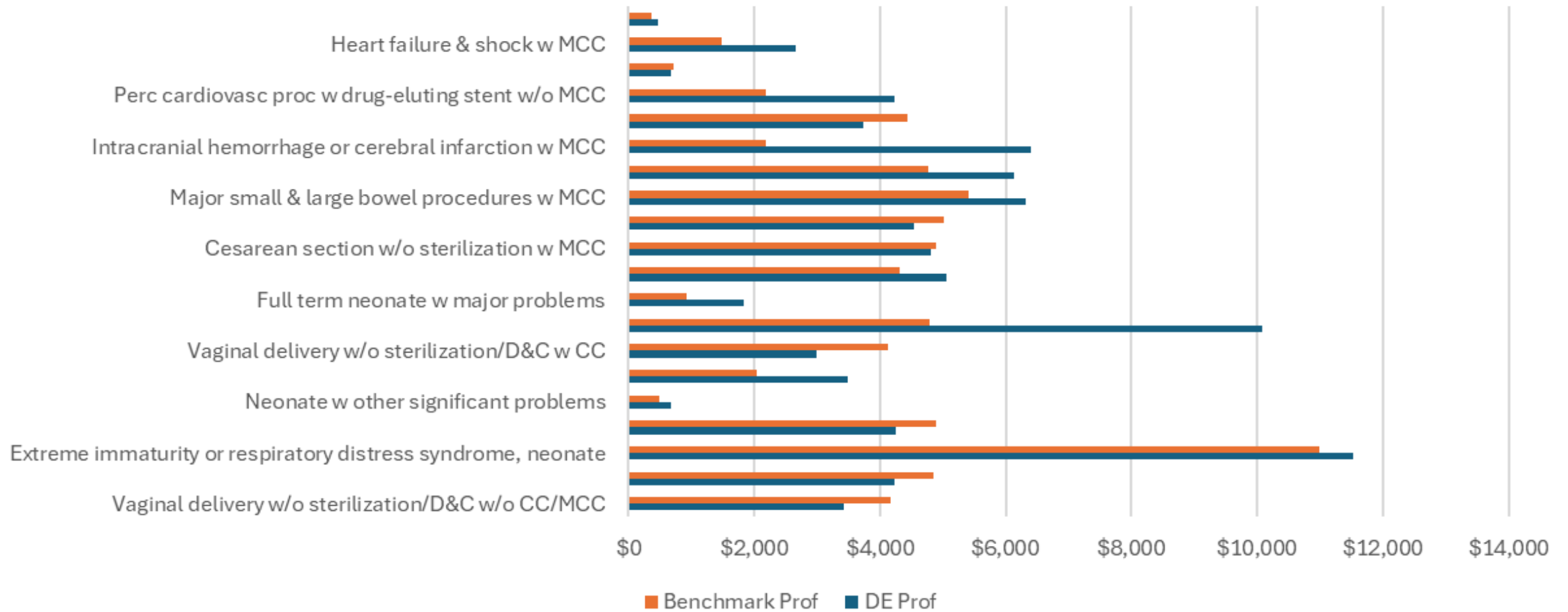
- **Implication**

- Near-term savings focus should be **facility contracts/utilization** for neonatal ICU, sepsis, bowel surgery, and PCI.

Top 20 Facility DRGs



Top 20 Professional DRGs



Top 20 Facility DRGs, FY25

DRG CODE	Allowed Fac	Facility Admits	Allowed per Admit Fac	DRG Title	DE Fac	Benchmark Fac	Savings if at	
							DE Excess	Benchmark
790	\$6,698,981	41	\$163,390	Extreme immaturity or respiratory distress syndrome, neonate	\$163,390	\$63,922	\$99,468	\$4,078,195
807	\$6,009,848	439	\$13,690	Vaginal delivery w/o sterilization/D&C w/o CC/MCC	\$13,690	\$10,743	\$2,947	\$1,293,667
871	\$3,965,267	77	\$51,497	Septicemia or severe sepsis w/o MV >96 hours w MCC	\$51,497	\$24,876	\$26,621	\$2,049,815
788	\$3,400,508	161	\$21,121	Cesarean section w/o sterilization w/o CC/MCC	\$21,121	\$16,105	\$5,016	\$807,592
794	\$2,791,618	442	\$6,316	Neonate w other significant problems	\$6,316	\$3,731	\$2,585	\$1,142,623
885	\$2,365,043	238	\$9,937	Psychoses	\$9,937	\$10,670	(\$733)	(\$174,428)
853	\$2,059,976	21	\$98,094	Infectious & parasitic diseases w O.R. procedure w MCC	\$98,094	\$59,783	\$38,311	\$804,541
793	\$1,956,132	89	\$21,979	Full term neonate w major problems	\$21,979	\$6,874	\$15,105	\$1,344,310
247	\$1,868,600	26	\$71,869	Perc cardiovasc proc w drug-eluting stent w/o MCC	\$71,869	\$30,908	\$40,961	\$1,064,996
787	\$1,792,606	77	\$23,281	Cesarean section w/o sterilization w CC	\$23,281	\$17,627	\$5,653	\$435,303
329	\$1,661,459	20	\$83,073	Major small & large bowel procedures w MCC	\$83,073	\$62,932	\$20,141	\$402,819
330	\$1,462,616	29	\$50,435	Major small & large bowel procedures w CC	\$50,435	\$34,948	\$15,487	\$449,113
795	\$1,295,349	240	\$5,397	Normal newborn	\$5,397	\$2,871	\$2,526	\$606,208
291	\$1,212,012	38	\$31,895	Heart failure & shock w MCC	\$31,895	\$18,006	\$13,889	\$527,796
786	\$995,168	30	\$33,172	Cesarean section w/o sterilization w MCC	\$33,172	\$19,433	\$13,739	\$412,173
806	\$965,522	67	\$14,411	Vaginal delivery w/o sterilization/D&C w CC	\$14,411	\$10,132	\$4,279	\$286,710
193	\$943,177	42	\$22,457	Simple pneumonia & pleurisy w MCC	\$22,457	\$18,237	\$4,220	\$177,234
64	\$863,430	20	\$43,172	Intracranial hemorrhage or cerebral infarction w MCC	\$43,172	\$23,789	\$19,383	\$387,650
789	\$857,962	22	\$38,998	Neonates, died or transferred to another acute care facility	\$38,998	\$14,516	\$24,482	\$538,610
812	\$817,436	26	\$31,440	Red blood cell disorders w/o MCC	\$31,440	\$15,108	\$16,332	\$424,634
Totals	\$43,982,710	2145	---		---	---	---	\$17,059,562

Top 20 Professional DRGs, FY25

DRG CODE	Allowed Prof	Prof Admits	Allowed Per Admit Prof	DRG Title	DE Prof	Benchmark Prof	Savings if at	
							DE Excess	Benchmark
807	\$1,486,599	433	\$3,433	Vaginal delivery w/o sterilization/D&C w/o CC/MCC	\$3,433	\$4,168	(\$734)	(\$317,972)
788	\$663,511	157	\$4,226	Cesarean section w/o sterilization w/o CC/MCC	\$4,226	\$4,852	(\$626)	(\$98,298)
790	\$471,973	41	\$11,512	Extreme immaturity or respiratory distress syndrome, neonate	\$11,512	\$10,985	\$527	\$21,605
787	\$328,078	77	\$4,261	Cesarean section w/o sterilization w CC	\$4,261	\$4,888	(\$627)	(\$48,260)
794	\$290,027	430	\$674	Neonate w other significant problems	\$674	\$489	\$185	\$79,744
871	\$264,864	76	\$3,485	Septicemia or severe sepsis w/o MV >96 hours w MCC	\$3,485	\$2,046	\$1,439	\$109,368
806	\$203,410	68	\$2,991	Vaginal delivery w/o sterilization/D&C w CC	\$2,991	\$4,122	(\$1,131)	(\$76,907)
789	\$201,625	20	\$10,081	Neonates, died or transferred to another acute care facility	\$10,081	\$4,795	\$5,286	\$105,716
793	\$165,988	90	\$1,844	Full term neonate w major problems	\$1,844	\$931	\$914	\$82,222
330	\$146,802	29	\$5,062	Major small & large bowel procedures w CC	\$5,062	\$4,310	\$752	\$21,821
786	\$139,732	29	\$4,818	Cesarean section w/o sterilization w MCC	\$4,818	\$4,895	(\$76)	(\$2,216)
785	\$136,149	30	\$4,538	Cesarean section w sterilization w/o CC/MCC	\$4,538	\$5,018	(\$480)	(\$14,391)
329	\$132,737	21	\$6,321	Major small & large bowel procedures w MCC	\$6,321	\$5,401	\$919	\$19,308
853	\$128,712	21	\$6,129	Infectious & parasitic diseases w O.R. procedure w MCC	\$6,129	\$4,771	\$1,358	\$28,521
64	\$128,100	20	\$6,405	Intracranial hemorrhage or cerebral infarction w MCC	\$6,405	\$2,179	\$4,226	\$84,529
768	\$119,733	32	\$3,742	Vaginal delivery w O.R. proc except steril &/or D&C	\$3,742	\$4,442	(\$700)	(\$22,411)
247	\$109,973	26	\$4,230	Perc cardiovasc proc w drug-eluting stent w/o MCC	\$4,230	\$2,191	\$2,038	\$52,998
885	\$101,723	150	\$678	Psychoses	\$678	\$729	(\$51)	(\$7,639)
291	\$96,134	36	\$2,670	Heart failure & shock w MCC	\$2,670	\$1,480	\$1,190	\$42,845
795	\$95,857	199	\$482	Normal newborn	\$482	\$374	\$108	\$21,479
Totals	\$5,411,727	1985	---		---	---	---	\$82,062



Action Plan and Leadership Decisions

Prioritize Contract Renegotiation

Focus on reviewing and renegotiating contracts for top savings-driving DRGs to set benchmark targets and reduce costs.

Optimize Clinical Pathways

Standardize clinical protocols and care pathways to improve outcomes and reduce length of stay and readmissions.

Governance and Performance Tracking

Establish executive leadership ownership with KPIs and quarterly reviews to sustain performance improvements.

Focus Resources Strategically

Deprioritize low-return interventions to concentrate efforts on high financial impact areas.