3M Science.
Applied to Life.™

3M Health Information Systems

The standard for yesterday, today and tomorrow:

3M™ All Patient Refined DRGs

From one patient to one population

The **3M™ APR DRG Classification System** set the standard from the very start.

Since its debut in the early 1990s, the 3M APR DRG Classification System remains the healthcare industry's leading methodology to measure inpatient severity of illness (SOI) and risk of mortality (ROM) for an individual patient or a patient population.

What makes the 3M™ APR DRGs the methodology of choice for so many organizations? And how does 3M play a role in the move to population health?
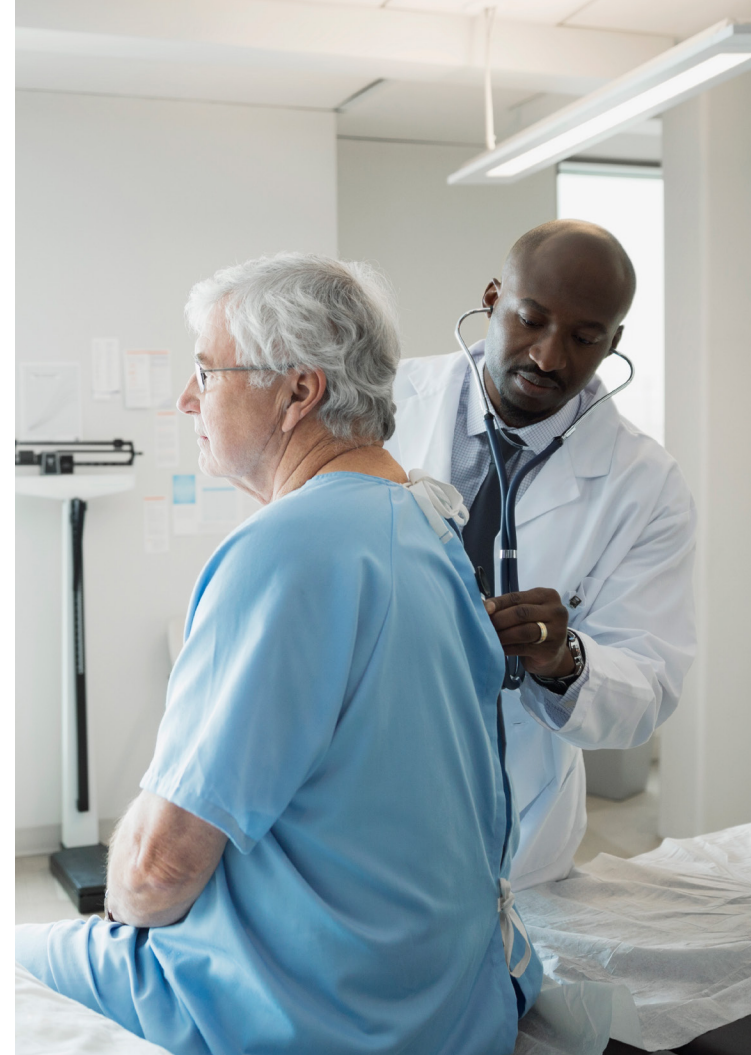
First, all patients means all patients

Unlike MS-DRGs, 3M™ APR DRGs are not limited to the Medicare population. They categorize all possible reasons for hospitalization into mutually exclusive groups, encompassing diagnoses for all patients, including children and women. That means enrollees of any type of health plan.

Diagnosis related groups (DRGs) classify patients into distinct groups. The patients grouped into each DRG are similar in terms of both clinical characteristics and the hospital resources they consume.

3M APR DRGs expand the basic DRG structure by adding four subclasses to capture patient differences relating to SOI and ROM.

The 3M™ APR DRG Classification System assigns each patient a base 3M APR DRG for the underlying condition, an SOI subclass and an ROM subclass. For both SOI and ROM, the subclass can be minor, moderate, major or extreme.

Extreme SOI or ROM is usually associated with multiple co-morbid conditions involving two or more organ systems. Patients with high SOI or ROM tend to have poor outcomes in spite of receiving more frequent and intensive treatment. The subclasses within 3M APR DRGs accurately represent the health status and resource burden of patients with high SOI or ROM.

Second, deployed nationwide

Essentially, 3M™ APR DRGs allow an apples-to-apples comparison of physician and hospital performance. That is precisely what makes them useful for broad application by providers, payers, patient safety organizations and others in the healthcare industry.

3M APR DRGs are built on a clinical categorical model, so the results are clinically relevant, providing a common language that physicians, case workers, quality assurance managers and clinical documentation specialists alike can understand.

In all, more than 30 state and federal agencies use 3M to adjust for SOI and ROM in profiles comparing facilities.

The results produce a more complete and accurate comparison of the type and quality of care provided to different patient populations.

Fee-for-service payment

In general, patients with a high SOI are expected to incur greater costs than patients with the same DRG but lower SOI. 3M APR DRGs can help improve pricing and reimbursement accuracy by capturing SOI differences among patients.

As of 2018, nearly 30 Medicaid programs are using 3M APR DRG for inpatient payment, including the eight largest in the country.

Third, quality is key

Organizations throughout the country use 3M™ APR DRGs to risk-adjust measures of length of stay, readmissions, complications, mortality and overall cost of care.

- Since 1997, *U.S. News & World Report* magazine has used the 3M APR DRG methodology to adjust the data it uses to rank hospitals for risk of mortality in its annual report on the top 100 hospitals in the U.S.

- Researchers who developed the Agency for Healthcare Research and Quality (AHRQ) Quality Indicators used 3M APR DRGs to adjust for ROM. This comprehensive set of metrics helps to flag potential quality problems, identify areas that need further study and track changes over time.

3M™ APR DRGs are the foundational logic for potentially preventable readmissions (PPRs) and potentially preventable complications (PPCs). Likewise, 3M APR DRGs complement the 3M™ Enhanced Ambulatory Patient Grouping (EAPG) System for measuring outpatient care.

And now, payment transformation and population health

As payers progress from managing individual services for individual members to managing population health, 3M APR DRGs are playing a definitive role.

How? We align the care provided in the hospital with how it's paid. 3M APR DRG data helps organizations understand their population's health and care across the continuum.

Commercial health plans and Medicaid agencies that use 3M APR DRGs for fee-for-service payment have made an incremental shift away from volume-based payment. By adjusting per-unit pricing for patient acuity, they have shifted payment to align with value, at the same time adopting a reliable metric to segment hospital populations for care management.

How does 3M design and determine clinical validity?

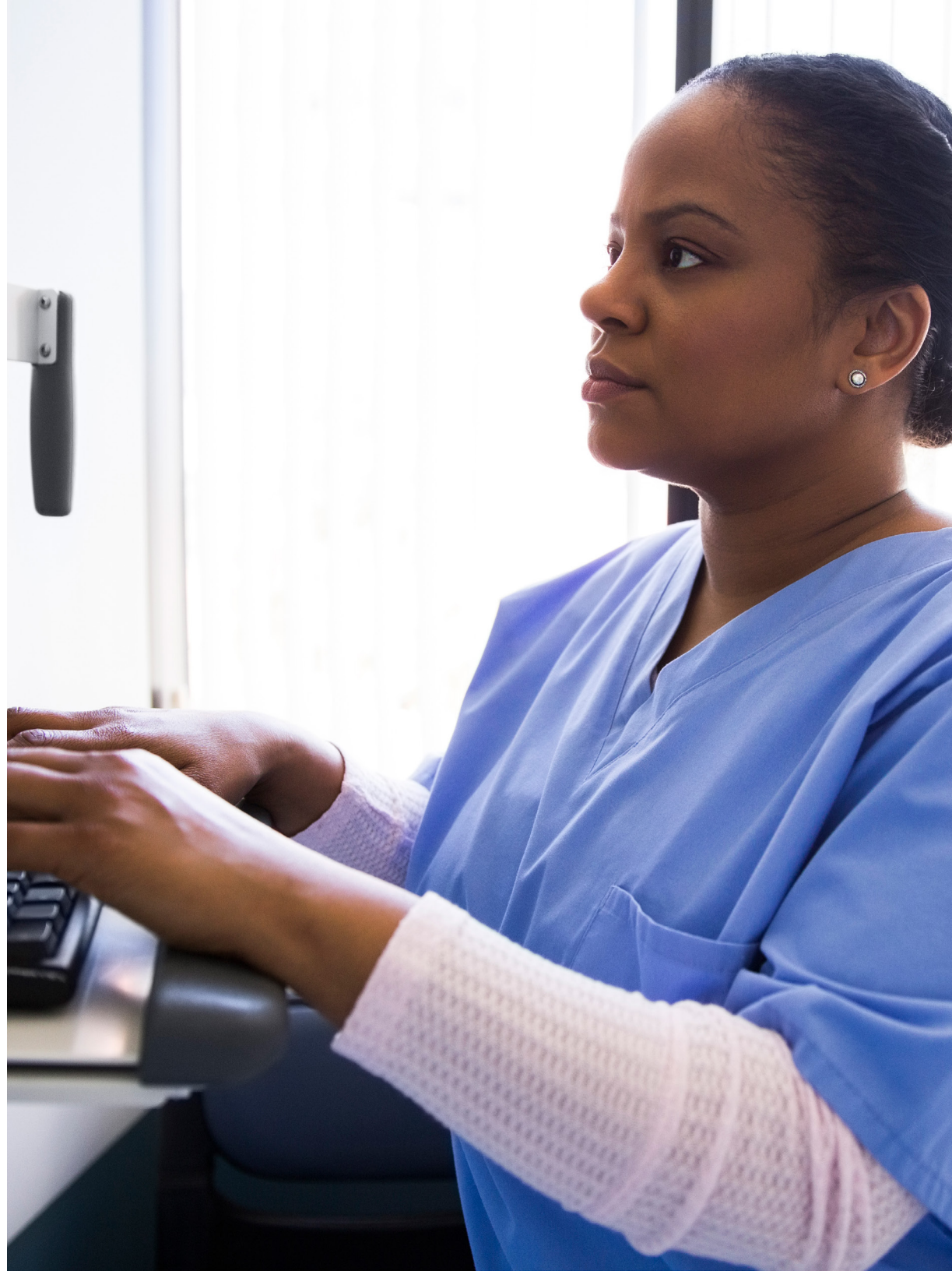We design our proprietary methodology and logic with:

- **Open clinical logic.** The 3M™ APR DRG Classification System publicly offers a detailed overview of the logic. All users receive complete definitions manuals for review and comment.

- **Input from health professionals and academic researchers.** We developed each 3M™ APR DRG based on separate clinical models that were tested by physicians, other health professionals and researchers against clinical hypotheses and evaluated against historical data.

- **Categorical clinical structure.** The 3M APR DRGs are a categorical clinical model. Each patient is assigned to a single, clinically meaningful category. In contrast, other SOI models based on statistical techniques—such as linear or logistic regression—do not result in clinically meaningful patient categories, making it difficult for physicians to interpret the data.

- **Comprehensive pediatric logic.** In collaboration with 3M, the National Association of Children's Hospitals and Related Institutions (NACHRI, now part of the Children's Hospital Association) developed the pediatric portion of the 3M APR DRGs. As a result, the system includes the complete pediatric logic essential to measuring and evaluating non-Medicare populations.

- **Continuous improvement and updating.** The classification system is updated with changes in codes sets, and 3M continuously refines the clinical models.

All for one

The 3M™ APR DRGs are widely available from many vendors besides 3M. In fact, many healthcare computer system users may not realize it is 3M's proprietary methodology providing functionality in their health information or EHR systems.

- 3M APR DRGs use the familiar DRG structure, making them easy for physicians and hospitals to recognize.

- 3M APR DRGs are based on readily available claims data. They don't require additional data collection or computation.

- Normative data sets are available for the entire country and by region, payer and hospital type to facilitate convenient comparative profiling.

- The 3M APR DRGs support ICD-10 and will continue to be updated as the Centers for Medicare & Medicaid Services releases new ICD-10-based rules.

- 3M APR DRGs are available on a wide variety of computer platforms so organizations can easily integrate them into existing systems. Most major HIS vendors already partner with 3M to embed the 3M APR DRGs within their systems and applications.

- So many states now use the system that they can share 3M APR-DRG-based data, methods, report formats and processing.

The 3M advantage

3M drives the standards with more than 35 years of experience. Nobody understands severity- and risk-adjustment methodologies better. We built them. We develop and refine them. We know how they impact your organization. And we can show you how to use them to improve quality of care, lower costs and enhance population health.

With 3M™ APR DRGs at their core, our solutions lead the industry:

- 3M™ 360 Encompass™ System
- 3M™ Performance Matrix Platform
- 3M™ DRG Assurance™ Program
- 3M™ Clinical Documentation Improvement (CDI) System
- 3M grouping applications, including 3M™ Core Grouping Software (CGS) and 3M™ Grouper Plus Content Services (GPCS)
- 3M's suite of payer-focused solutions

For more information on how 3M software and services can assist your organization, contact your 3M sales representative, call us toll-free at **800-367-2447**, or visit us online at **www.3m.com/his**.

3M