

Fact Sheet

MEDICARE PAYMENT AND VOLUME INFORMATION FOR CONSUMERS

Updated Information Available at www.hospitalcompare.hhs.gov

Overview

Beginning in March, 2008, the Centers for Medicare & Medicaid Services (CMS) began posting information on Hospital Compare about selected inpatient hospital stays provided to Medicare patients. The new information shows how often Medicare patients were admitted to the hospital for these conditions and what Medicare pays for those services. This new information will give consumers even more insight into the quality of the health care that is available at their local hospitals and what Medicare pays for those services.

By making this information available, CMS is meeting two of the Secretary of Department of Health and Human Services' four cornerstones for Value-Driven Health Care – to measure and publish quality and price information. By clicking on www.hospitalcompare.hhs.gov, users will see how hospitals are delivering care to their patients through nationally standardized process of care and outcome measures, and cost information for individual hospitals – all of which can help them make informed choices when selecting a hospital.

Pricing and Volume Information

The pricing and volume information reflects inpatient hospital services provided by hospitals under the Inpatient Prospective Payment System (IPPS) to Medicare beneficiaries. This information is shown for several Diagnosis Related Groups (DRGs). DRGs are payment groups and patients who have similar clinical characteristics and similar costs are assigned to a particular DRG. The DRG is associated with a fixed payment amount based on the average cost of patients in the group.

Payment information for 43 of the 44 DRGs currently displayed at Hospital Compare has been available at www.cms.hhs.gov since 2007. The DRGs selected are the type of inpatient stays that are common among Medicare beneficiaries such as treatment for diabetes and heart bypass surgery. The 44th DRG, *Acute Myocardial Infarction (AMI) without Complications*, was added because it more closely aligned with the existing AMI quality measures available on Hospital Compare.

Where applicable, the appropriate quality measure is displayed for each DRG. However, there is not a direct relationship between the pricing and volume information and the quality measure information. The quality measure information does not include the same cases associated with each DRG.

The volume displayed is the number of Medicare patient discharges for the selected DRGs between October, 2005 and September, 2006. The state and

national amounts shown are the range of payments (between the 25th percentile and the 75th percentile) for the most typical cases treated in the area. This payment information does not include atypical cases that received substantially higher or lower payments than are common for the DRG and only one number appears in the field when the 25th and 75th percentiles are the same.

Medicare Payment Information

For individual hospitals, the average Medicare payment is the total Medicare payment made to the hospital divided by the number of discharges for each DRG.

The average hospital payments for the same DRG can vary. A hospital can get a higher payment for any or all of the following reasons:

- It is classified as a teaching hospital
- It treats a high percentage of low-income patients (called a disproportionate share hospital)
- It may treat unusually expensive cases (outlier payments)
- It pays its employees more compared to the national average because the hospital is in a high-cost area. Note: A hospital's Medicare payments are adjusted based on the wage rates paid by area hospitals based on their payroll records, contracts and other wage related documentation.

The pricing and volume information can provide users with a general overview of hospitals' experience with the DRG's and cost. CMS has posted this information for the public to see the cost to the Medicare program of treating beneficiaries with certain illnesses in their community. A better understanding of the cost of care leads to more informed decision making, one more way beneficiaries can help improve the longer term financial health of the Medicare program.

It's important to remember that this information does not replace talking with the patient's provider nor should it serve as the only source of information when selecting a hospital.

More information about selecting a hospital can be found at www.medicare.gov.

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