

## Medicare Inpatient Hospital Dashboard Glossary

**Average Inpatient Payment Per Claim:** This amount is calculated by dividing Total Inpatient Payment by Total Inpatient Volume.

**Data Updated Through Date:** The “Data Updated” date at the top of the CMS Dashboard refers to the latest date for which claims included in the CMS Dashboard are processed by CMS. This “process date” is different from the discharge date in that the facility may not submit a claim to CMS for processing and payment until many months after the patient was discharged from the facility.

**Diagnosis-Related Group (DRG):** A classification system that groups patients according to diagnosis, type of treatment, age, and other relevant criteria. Under the prospective payment system, hospitals are paid a set fee for treating patients in a single DRG category, regardless of the actual cost of care for the individual. Through the Federal rule making process, changes, additions and deletions can be made in the DRG system each year so a DRG number from one Federal fiscal year may not necessarily correspond to the same category of illness in a different federal fiscal year. In Federal Fiscal Year 2008 the DRG system underwent a significant redesign to better account for severity of illness by expanding from approximately 538 DRGs to approximately 746 DRGs. As of FY 2008 forward the IPPS DRGs are referred to as MS-DRGs but for purposes of this Dashboard the term DRG encompasses both the old DRG system and the MS-DRG system.

**Fiscal Year:** The fiscal year for the government begins on October 1st and ends on September 30th of the following year.

**Inpatient Discharge Date Range:** The discharge date on an inpatient claim is the date the beneficiary was discharged from the facility or died. The discharge date range at the top of the CMS Dashboard refers to the range of discharge dates on inpatient claims included in the CMS Dashboard. If an inpatient claim has a discharge date outside of this range, it is not included in the CMS Dashboard, even if the processed date is recent.

**Inpatient Hospital:** A facility, other than psychiatric, which primarily provides diagnostic, therapeutic (both surgical and nonsurgical) and rehabilitation services by or under the supervision of physicians, to patients admitted for a variety of medical conditions.

**Inpatient Prospective Payment System (IPPS):** Medicare Part A (Hospital Insurance) based on prospectively set rates. This payment system is referred to as the inpatient prospective payment system (IPPS). Under the IPPS, each case is categorized into a diagnosis-related group (DRG). Each DRG has a payment weight assigned to it, based on the average resources used to treat Medicare patients in that DRG.

#### CORE ELEMENTS OF A PPS PAYMENT

- The standardized amounts, which are the basic payment amounts.
- A wage index to account for differences in hospital labor costs.
- The DRG relative weights, which account for differences in the mix of patients treated across hospitals.
- An add-on payment for hospitals that serve a disproportionate share of low-income patients.
- An add-on payment for hospitals that incur indirect costs of medical education.
- An additional payment for cases that are unusually costly, called outliers.

All of these factors are updated each year through notice and comment rulemaking. The dashboard excludes PPS exempt units (rehabilitation and psychiatric) and waiver state (Maryland) hospitals and territories not paid under PPS.

**Major Diagnosis Categories:** The Major Diagnostic Categories (MDC) are formed by dividing all possible principal diagnoses (from -ICD-9-CM) into 25 mutually exclusive diagnosis areas.

**Total Inpatient Payment Amount:** The claim payment amount that Medicare pays based on the DRG. This payment amount includes the DRG outlier approved payment amount, the disproportionate share, the indirect medical education, the DRG amount, and any capital payments.

**Total Inpatient Volume:** The distinct count of inpatient PPS discharges

\*\* Updated 2/4/2011