

national trends in charges, cost, and Medicare IPPS payment

The Centers for Medicare & Medicaid Services (CMS) recently made headlines by releasing charge and Inpatient Prospective Payment System (IPPS) payment information at the MS-DRG level for hospitals nationwide. Although this information has long been publicly available, having it provided in a more easily accessible format resulted in it being reported by numerous media outlets. Unfortunately, this data release was not accompanied by expert information explaining what the numbers mean, creating a demand for hospitals to respond, once again, to aggressive inquiries regarding their billing practices.

The figures released include Medicare allowable charges and IPPS payment for claims during FY11. Missing from this release is any historical comparison or information regarding the costs incurred by hospitals for having provided inpatient medical care. For the purpose of this analysis, we considered a basic summary of claims data in the Medicare Provider Analysis and Review (MedPAR) file, similar to the data released by CMS for FY07 through FY11. Only acute care hospital IPPS claims were included. For estimated cost-of-care figures, total charges are reported instead of Medicare allowable charges. Medicare allowable charges are not available in the MedPAR file at a departmental level to accommodate detailed cost estimation.

The IPPS data in our national summary indicate a fairly stable number of reporting hospitals with a small decline in the number of cases (claims) for the study period accompanied by a slightly more substantial decline in the number of patient days. Even with the influx of the Baby Boomer generation becoming Medicare eligible, it would appear that, through the continued shift of services from the inpatient to outpatient setting, fewer patients are being admitted to hospitals for care and those being admitted are experiencing shorter hospital stays.

On the financial side, we see a continued rise in charges, cost, and payment. Charges increased 22 percent overall during the study period. It is this kind of dynamic increase that has inspired the headlines aimed at stirring public opinion. Not reported is the failure of payment to keep pace with cost. During the same study period, we see that estimated cost has increased 11 percent, while the payment has lagged with an 8 percent growth.

Hospitals should be prepared to continue defending their practices as this information becomes more commonly available. By following national or regional trends, hospitals may be better prepared to account for the difficult environment in which they operate. ●

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IPPS CLAIMS DATA: NATIONAL SUMMARY, FY07-FY11

Year	Facilities	Cases	Days	Charges	Estimated Cost	Payment
2011	3,532	11,019,112	56,031,931	\$463,089,673,376	\$136,142,069,383	\$107,657,418,295
2010	3,546	11,007,100	56,346,547	\$438,552,063,580	\$130,659,954,954	\$107,219,172,246
2009	3,590	11,091,822	57,865,152	\$419,515,701,265	\$130,506,708,929	\$105,527,014,915
2008	3,640	11,325,879	60,383,416	\$399,226,355,601	\$127,571,269,612	\$102,490,101,916
2007	3,653	11,521,650	61,568,070	\$379,025,999,962	\$123,018,196,189	\$99,725,506,240