

Medicare Hospital Version

Assumptions

A patient had a complex vaginal hysterectomy (58290), assigned to Comprehensive APC 5416.
 The procedure was provided in a hospital in Chicago, IL (wage index 1.0380).
 The patient had fully satisfied their 2023 deductible.
 The hospital had not elected to accept reduced coinsurance.

CMS Constants:

Percentage of the payment rate subject to wage index	60%
Inpatient deductible:	\$ 1,600.00

Inputs:

National Payment Rate for the HCPCS Code:	\$ 6,925.56	(Addendum B)
National Unadjusted Coinsurance for HCPCS Code:	\$ 1,404.15	(Addendum B)
Applicable Wage Index for the Hospital's Area:	1.0380	(Table 3)

Calculation:

Step 1: Determine the geographically **ADJUSTED PAYMENT RATE** by applying the hospital's wage index.

$$\begin{array}{rclclclclcl}
 \$ 6,925.56 & \times & 60\% & = & \$ 4,155.34 & \times & 1.0380 & = & \$ 4,313.24 \\
 \$ 6,925.56 & \times & 40\% & = & \$ 2,770.22 & & & = & \$ 2,770.22 \\
 & & & & & & & & \underline{\$ 7,083.46}
 \end{array}$$

Step 2: If procedure has a National Unadjusted Copayment, determine the **COINSURANCE PERCENTAGE**.

$$\frac{\$ 1,404.15}{\$ 6,925.56} = 20.27\%$$

Step 3: Determine the **PATIENT COINSURANCE AMOUNT** by multiplying the geographically adjusted payment rate by the coinsurance percentage (the greater of 20% or the amount from Step 2) and compare the result to the inpatient deductible. The **patient coinsurance amount** is the calculated amount if it is less than the inpatient deductible, otherwise the **patient coinsurance amount** is equal to the inpatient deductible.

$$\$ 7,083.46 \times 20.27\% = \$ 1,436.16 \quad \text{if less than} \quad \$ 1,600.00$$

Step 4: Determine the **MEDICARE PAYMENT AMOUNT** by subtracting the patient coinsurance from the geographically adjusted payment rate.

$$\$ 7,083.46 - \$ 1,436.16 = \$ 5,647.30$$

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Assumptions

- A hospital provided an outpatient surgical service to a Medicare beneficiary.
- The surgical service was separately payable under OPPS.
- No other separately payable services were furnished on the date of the procedure.
- The wage index adjusted allowable for the procedure is \$4000.
- The case required extensive use of packaged items and services (all covered by Medicare).
- Total charges were \$38,000, including the surgical charges and all packaged charges.
- The hospital's outpatient cost-to-charge ratio is 35%.

Facts:

Total Covered Charges:	\$38,000
Wage Index Adjusted Payment Rate:	\$4,000
Cost-to-Charge Ratio:	35.00%
Outlier Multiplier Threshold	1.75
Fixed Dollar Threshold	\$8,625
Outlier Payment Percentage	50%

Step One: Calculate Qualifying Thresholds

Qualifying Outlier Cost Threshold	\$4,000	x	1.75	=	\$7,000
Qualifying Fixed Dollar Threshold	\$4,000	+	\$8,625	=	\$12,625
Costs must exceed higher of the two					= \$12,625

Step Two: Calculate Costs

Covered Charges X CCR	\$38,000	x	35.00%	=	\$13,300
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Step Three: Calculate Outlier Payment

Outlier Payment Threshold	\$4,000	x	1.75	=	\$7,000
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(Cost - Outlier Payment Threshold) X Outlier Payment Percentage

\$13,300	-	\$7,000	=	\$6,300	x	50%	=	\$3,150
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