

Setting DRG Payment Rates for Hospitals 1983

- Pay single bundled rate for each of 383 patient episodes (stay) in hospitals (each type of patient has relative weight--see next slide for examples)
- Bundled services all into one fixed rate in order to encourage better care integration (tests, surgery, ICU, daily PT after surgery, OR suite charges)
- Adjustments for special cases--- rural, teaching, etc.
- Rate per patient=(**National** Base rate) * (**National** episode wgt) * (**hosp** adj factors)

gets adjusted by CMS
every year or when they
rebase the system and add
new clinical categories

now up to over
500 DRGs because
of new technology
and procedures

teaching I & R /bed
rural

So the rate paid for a lung transplant (see next table) would be the same in all Medicare Patients In all hospitals except if it was a teaching hospital (where the amount they get paid is related to how many Interns and residents per bed there are--- generally about 1/3 more) or a rural hospital