Medicare Fee-For-Service Provider Utilization & Payment Data Inpatient Public Use File: A Methodological Overview

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1. Background

The Centers for Medicare & Medicaid Services (CMS) has prepared a public dataset, the Medicare Inpatient Hospitals (herein referred to as "Inpatient dataset"), with information on services and procedures provided to Medicare beneficiaries by hospital facilities. The Inpatient dataset contains hospital-specific charges for the more than 3,000 U.S. hospitals that receive Medicare Inpatient Prospective Payment System (IPPS) payments based on a rate per discharge using the Medicare Severity Diagnosis Related Group (MS-DRG). The Inpatient dataset reflect 100% final-action (i.e., all claim adjustments have been resolved) IPPS discharges for the Medicare fee-for-service (FFS) population.

2. Key data sources

The primary data source for these data is CMS's Medicare Provider Analysis and Review (MEDPAR) inpatient data based on calendar year. The MEDPAR data contain 100% of Medicare final action discharges for beneficiaries who are enrolled in the FFS program. The types of discharges in the MEDPAR inpatient data include: IPPS short term, long term care, critical access hospital, religious non-medical, rehabilitation and psychiatric. Discharges, covered charges, total payments and MS-DRG information presented in the Inpatient dataset are restricted to IPPS short term hospitalizations for the FFS population.

Inpatient provider demographics are also incorporated in the Inpatient dataset and include name and complete address. The inpatient provider name and address are derived from CMS's Provider of Service (POS) data, a resource that provides characteristics associated with institutional facilities.

3. Population

The Inpatient dataset includes data on FFS beneficiaries rendering services from inpatient hospital providers that submitted Medicare Part A IPPS short term institutional claims during the calendar year. To protect the privacy of Medicare beneficiaries, any aggregated records which are derived from 10 or fewer discharges are excluded from the Inpatient dataset.

4. Data Contents

4.1 Detailed Data File

Medicare Inpatient Hospitals by Provider and Service Dataset

The detailed Inpatient dataset (Provider and Service) contains information on utilization, payment (total payment and Medicare payment), and submitted charges aggregated to the following:

a) Medicare Provider CMS Certification Number (CCN), and
b) Medicare Severity Diagnosis Related Group (MS-DRG).

The provider identifier is the numeric (CCN) assigned to a Medicare certified facility. MS-DRGs are a classification system that groups similar clinical conditions (diagnoses) and the procedures furnished by the hospital during the stay. Each hospital discharge is assigned to an MS-DRG. There can be multiple records for a given provider (CCN) based on the number of distinct MS-DRG codes that were billed.

4.2 Summary Tables

Two summary type tables have been created to supplement the information reported in the detailed Inpatient dataset: 1) aggregated information by Provider (CCN); and 2) aggregated information by Geography and Service (MS-DRG). The aggregated reports are not restricted to the redacted data reported in the detailed Inpatient dataset but are aggregated based on all Medicare IPPS discharges.

Medicare Inpatient Hospitals by Provider Dataset

The Provider summary table contains information on discharges, payments (total amount and Medicare payment), and submitted charges organized by Provider CCN. In addition, beneficiary demographic and health characteristics are provided which include age, sex, race, Medicare and Medicaid entitlement, chronic conditions and risk scores.

Please see the data dictionary for more detailed information on the specific variables included in this table.

Medicare Inpatient Hospitals by Geography and Service Dataset

The Geography and Service summary table contains information on discharges, payments (total amount and Medicare payment), and submitted charges organized by MS-DRG in the national table and organized by MS-DRG and Provider State in the state table.

Please see the data dictionary for more detailed information on the specific variables included in this table.

5. Data Limitations

Although the Inpatient dataset has a wealth of payment and utilization information about many Medicare Part A inpatient services, the dataset also has some limitations that are worth noting.

The data in the Inpatient dataset may not be representative of a hospital's entire population served. The data in the file only has information for Medicare beneficiaries with Part A fee-for-service coverage, but hospitals typically treat many other patients who do not have that form of coverage.

The Inpatient dataset does not have any information on patients who are not covered by Medicare, such as those with coverage from other federal programs (like the Federal Employees Health Benefits Program or Tricare), those with private health insurance (such as an individual policy or employer-sponsored coverage), or those who are uninsured. Even within Medicare, the Inpatient dataset does not include information for patients who are enrolled in any form of Medicare Advantage (MA) plan.

The Inpatient dataset only contains cost and utilization information, and for the reasons described in the preceding paragraph, the volume of procedures presented may not be fully inclusive of all procedures performed by the hospital.

The state of Maryland has a unique waiver that exempts providers from Medicare's prospective payment systems for inpatient care. Maryland instead uses an all-payer rate setting commission to determine its payment rates. Medicare claims for hospitals in other states break out additional payments for indirect medical education (IME) costs and disproportionate share hospital (DSH) adjustments.

6. Additional Information

HCCs (hierarchical condition categories): CMS developed a risk-adjustment model that uses HCCs (hierarchical condition categories) to assign risk scores. Those scores estimate how beneficiaries' FFS spending will compare to the overall average for the entire Medicare population. Beneficiaries with scores greater than the average risk score are expected to have above-average spending, and vice versa. Risk scores are based on a beneficiary's age and sex; whether the beneficiary is eligible for Medicaid, first qualified for Medicare on the basis of disability, or lives in an institution (usually a nursing home); and the beneficiary's diagnoses from the previous year.

The HCC model was designed for risk adjustment on larger populations, such as the enrollees in an MA plan, and generates more accurate results when used to compare groups of beneficiaries rather than individuals. Please visit HCC risk score for more information.

7. Updates

April 2023:

We have updated all available data years of the detailed Inpatient datasets and supporting summary tables to replace the MEDPAR source data from fiscal year to calendar year. In addition, we have created a new supporting aggregated dataset (Medicare Inpatient Hospitals by Geography and Service Dataset) organized by Provider CCN that includes utilization, payments and beneficiary characteristics. This new supporting summary table is available for all data years.