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

June 1, 2015

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1. Background

As part of the Obama Administration's efforts to make our healthcare system more transparent, affordable, and accountable, the Centers for Medicare & Medicaid Services (CMS) has prepared a public data set, the Provider Utilization and Payment Data Inpatient Public Use File (herein referred to as "Inpatient PUF"), with information on services and procedures provided to Medicare beneficiaries by hospital facilities. The Inpatient PUF contains hospital-specific charges for the more than 3,000 U.S. hospitals that receive Medicare Inpatient Prospective Payment System (IPPS) payments for the top 100 most frequently billed discharges, paid under Medicare based on a rate per discharge using the Medicare Severity Diagnosis Related Group (MS-DRG). This PUF is based on information from CMS's Medicare Provider Analysis and Review (MEDPAR) inpatient data. The data in the Inpatient PUF contains 100% final-action (i.e., all claim adjustments have been resolved) IPPS discharges for the Medicare fee-for-service (FFS) population. The Inpatient PUF is available for fiscal years 2011 through 2013.

2. Key data sources

The primary data source for these data is CMS's MEDPAR inpatient data based on fiscal year (October 1st through September 30th). The NCH MEDPAR data contain 100 percent of Medicare final action discharges for beneficiaries who are enrolled in the FFS program as well as some managed care discharges. 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 PUF are restricted to IPPS short term hospitalizations for the FFS population.

Inpatient provider demographics are also incorporated in the Inpatient PUF and include name, complete address and hospital referral region (HRR). 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. HRRs are geographic units of analysis based on facility location zip codes that were developed by the Dartmouth Atlas of Health Care to delineate regional health care markets in the United States. For additional information on the POS data, please visit http://www.cms.gov/Research-Statistics-Data-and-Systems/Files-for-Order/NonIdentifiableDataFiles/ProviderofServicesFile.html. For additional information on HRR, please visit http://www.dartmouthatlas.org/data/region/.

3. Population

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

4. Classification and Summarization

The spending and utilization data in the Inpatient PUF is aggregated to the following levels:

a) the provider identifier, and
b) Medicare Severity Diagnosis Related Group (MS-DRG)

The provider identifier is the numeric CMS Certification Number (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 identifier based on the number of distinct MS-DRG codes that were billed.

5. Data Contents

DRG Definition: The code and description identifying the MS-DRG. MS-DRGs are a classification system that groups similar clinical conditions (diagnoses) and the procedures furnished by the hospital during the stay.

Provider Id: The CMS Certification Number (CCN) assigned to the Medicare certified hospital facility.

Provider Name: The name of the provider.

Provider Street Address: The provider's street address.

Provider City: The city where the provider is located.

Provider State: The state where the provider is located.

Provider Zip Code: The provider's zip code.

Provider HRR: The Hospital Referral Region (HRR) where the provider is located.

Total Discharges: The number of discharges billed by the provider for inpatient hospital services.

Average Covered Charges: The provider's average charge for services covered by Medicare for all discharges in the DRG. These will vary from hospital to hospital because of differences in hospital charge structures.

Average Total Payments: The average total payments to all providers for the MS-DRG including the MS-DRG amount, teaching, disproportionate share, capital, and outlier payments for all cases. Also included in average total payments are co-payment and deductible amounts that the patient is responsible for and any additional payments by third parties for coordination of benefits.

Average Medicare Payments: The average amount that Medicare pays to the provider for Medicare's share of the MS-DRG. Average Medicare payment amounts include the MS-DRG amount, teaching, disproportionate share, capital, and outlier payments for all cases. Medicare payments DO NOT include beneficiary co-payments and deductible amounts nor any additional payments from third parties for coordination of benefits. Note: In general, Medicare FFS claims with dates-of-service or

dates-of-discharge on or after April 1, 2013, incurred a 2 percent reduction in Medicare payment. This is in response to mandatory across-the-board reductions in Federal spending, also known as sequestration. For additional information, visit http://www.cms.gov/Outreach-and-Education/Outreach/FFSProvPartProg/Downloads/2013-03-08-standalone.pdf

6. Data Limitations:

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

The data in the Inpatient PUF 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 PUF 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 PUF does not include information for patients who are enrolled in any form of Medicare Advantage plan. Importantly, the data is limited to only the top 100 DRGs and thus does not necessarily include all Medicare discharges from a given hospital.

The file 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 it 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.