

FAQ:

Q. Will discounts offered by a hospital to all uninsured patients that are not based on individualized determinations of need, but, rather, are offered solely on the basis of the patient's uninsured status, affect Medicare payment for outlier or new technology cases?

A. In the context of the question above, when a hospital discounts charges to non-Medicare patients, such as uninsured patients, there is no effect on outlier payments under either Medicare's Hospital Inpatient Prospective Payment System or Medicare's Hospital Outpatient Prospective Payment System. Only Medicare reimbursable cost and the undiscounted Medicare covered charges from the Medicare claims are used to calculate the cost-to-charge ratio. The cost-to-charge ratio is applied to the undiscounted Medicare covered charges from each Medicare claim to calculate the outlier threshold and the outlier payment. Similarly, to the extent that other payments, including new technology add-on payments, under the Medicare program are derived by use of a cost-to-charge ratio, the cost-to-charge ratio is applied to the undiscounted Medicare covered charges to calculate the Medicare payment amount.