

August 30, 1988

SUBJECT: INSURANCE

WITHDRAWN

Circular Letter No. 18 (1988)

TO: AUTOMOBILE SELF-INSURERS & INSURERS LICENSED TO WRITE AUTOMOBILE INSURANCE IN NEW YORK

RE: REIMBURSEMENT FOR HOSPITAL INPATIENT SERVICES UNDER NO-FAULT FOR TREATMENT RENDERED ON AND AFTER JANUARY 1, 1988

This Circular Letter supplements Circular Letter No. 11 (1988), and is designed to provide guidance respecting the relatively complicated procedures that automobile no-fault payors must understand in reimbursing hospitals for inpatient services under the new DRG (Diagnosis-Related Group) system, which became effective January 1, 1988 in New York pursuant to Chapter 2 of the Laws of 1988; Hospital reimbursement for outpatient services remains subject to fee schedules issued by this Department by periodic Circular Letter.

The DRG system establishes a reimbursement methodology dramatically different and more difficult than that previously in force for no-fault payors. Under the new law, a no-fault payor must reimburse the appropriate DRG amount, regardless of the hospital's billed charges. How a no-fault payor verifies a hospital's DRG billing is quite complex and can be confusing, however.

Therefore, several sample calculations and rate schedules accompany this Circular Letter, to help you understand the DRG system in practice and to assist your claims personnel in making appropriate and timely DRG payments:

Schedule	Attachment
** 1988 Workers' Compensation/ No-Fault Case Payment Rates	M
** 1988 Workers' Compensation/ No-Fault Exempt Hospital/Unit Rates	N
** 1988 Workers' Compensation No/Fault ALC Rates	P
** Short Stay and Transfer Capital Per Diem	Q
** 1988 SPARCS Allowances Calculations	R
** DRG Descriptions	S

## Schedule

## Attachment

\*\* 1988 Case Payment Data Elements for Rate Setting

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In practice, the majority of no-fault inpatient hospitalizations will be computed essentially as shown in the first sample calculation. The remaining sample calculations represent other typical hospitalization situations, as described in the headings for each illustration.

The correctness of a DRG classification should be confirmed prior to reimbursement using the UBF-1 information supplied by the hospital.. The UBF-1 Form should be completed and submitted by the hospital with all statements seeking reimbursement from no-fault and other third-party payors. The principal diagnosis (box 42 on UBF-I) plus any secondary diagnosis (boxes 48-51) are grouped to determine the DRG classification.

These diagnostic designations by the hospital can be verified by review of the underlying hospital record, which the no-fault payor is entitled to inspect upon timely request. No-fault payors should consider inspecting hospital records for this purpose on a random or selective basis.

The Insurance Department is concerned that there has been inadequate comprehension of, and compliance with, the DRG reimbursement system to date. The Department is also conducting a special study to evaluate the cost impact of conversion and compliance.

Any questions or problems in connection with DRG implementation involving no-fault insurers should be brought to the attention of Barbara Neidich (212-602-0334), Associate Examiner in the Department's Property & Casualty Insurance Bureau, at the above address.

Very truly yours,

[SIGNATURE]

JAMES P. CORCORAN

SUPERINTENDENT OF INSURANCE

#### EXAMPLE

(1) NO-FAULT 1988 CALCULATION OF INPATIENT HOSPITALIZATION BILLS FOR INLIERS (HOSPITALIZATION WITHIN TRTMPOINTS)

(2) NO-FAULT 1988 PAYMENT CALCULATION OF SHORT STAY OUTLIER DRG

(3) NO-FAULT 1988 PAYMENT CALCULATION FOR LONG STAY OUTLIER DRG

(4) NO-FAULT ALTERNATE LEVEL OF CARE

(5) NO-FAULT 1988 TRANSFER PAYMENT WITH ALTERNATE LEVEL. OF CARE CARED TO INLIER PAYMENT

(6) NO-FAULT 1988 SHORT STAY OR TRANSFER PAYMENT CALCULATION

(7) NO-FAULT 1988 TRANSFER PAYMENT WITH ALTERNATE LEVEL OF CARE COMPARED TO LONG STAY OUTLIER PAYMENT

(8) NO-FAULT HIGH COST OUTLIER WITH ALTERNATE LEVEL OF CARE

(9) NO-FAULT DETERMINATION OF EXEMPT UNIT (HOSPITAL) ACUTE CARE PAYMENT

(10) NO-FAULT DETERMINATION OF ALTERNATE LEVEL OF CARE PAYMENT-EXEMPT HOSPITAL OR UNIT

EXAMPLE

(1) Inlier

This calculation is used for an inpatient hospitalization where the stay is within the trimpoints as listed on Table S for that specific DRG and No alternate level of care (ALC) is required.

(2) Short Stay Outlier

This calculation is used for an inpatient hospitalization where the stay is less than the short trimpoint listed on Table S for that specific DRG.

(3) Long Stay Outlier

This calculation is used for an inpatient hospitalization where the stay is longer than the long trimpoint listed on Table S for that specific DRG. This calculation will provide the additional amount to be paid over a regular DRG (Inlier).

(4) Alternate Level of Care (ALC)

This calculation is for an additional amount to be paid over the calculated amount for the DRG when the patient is awaiting for the DRG when the patient is awaiting release from the hospital either to a non acute facility or when arrangements are being made for home health care.

(5), (6) and (7)

These calculations are made by a hospital which is transferring a patient to another acute facility. The transfer amount cannot exceed the amount of inlier, short stay outlier or long stay inlier DRG.

(8) This calculation is used when a hospital's actual charges are far in excess of a calculated inlier DRG payment only. It does not apply on a short stay outlier, long, stay outlier, or transfers. There are test Checks within this calculation which are in accordance with New York State Health Department Laws [subpart 86.1.55(c)(2)] and should be followed carefully when determining any additional payment to be made.

(9) This calculation is for an exempt unit (hospital) - medical rehabilitation, Psychiatric, AIDS center, Alcohol Rehabilitation, etc.

(10) This calculation is for a patient in an exempt facility awaiting release to a non acute facility or awaiting arrangements for home health care. NO-FAULT

## EXAMPLE 1

NO-FAULT  
 1988 CALCULATION OF INPATIENT HOSPITALIZATION BILLS  
 FOR INLIERS (HOSPITALIZATIONS WIMIN TRD4POINTS)

SAMPLE  
 CALCULATION

(1)	Case Mix Neutral Cost Per Discharge x 1.13	Table M, Col. 1	\$ 2,712.00
(2)	DRG Classification	UBF-1	27
(3)	Per Case Service Intensity Weight (SIW) for DRG Classification	Table S, Col. 3	2.8738
(4)	Inlier DRG	Line 1 x Line 3	\$ 7,793.75
(5)	Capital Cost Per Discharge x 1.13	Table M, Col. 2	\$ 316.40
(6)	Inlier DRG Before Add -Ons	Line 4 x Line 5	\$ 8,110.15
(7)	Bad Debt Regional % Add-On	Table M, Col. 3	3.80%
(8)	Bad Debt and Charity Care Amount	Line 6 x Line 7	\$ 308.19
(9)	Excess Physicians' Malpractice Per Discharge x 1.13	Table M, Col. 4	\$ 67.80
(10)	SPARCS Allowance		

## EXAMPLE 1

NO-FAULT  
 1988 CALCULATION OF INPATIENT HOSPITALIZATION BILLS  
 FOR INLIERS (HOSPITALIZATIONS WIMIN TRD4POINTS)

SAMPLE  
 CALCULATION

	a. Per Discharge	Table R, Col. K	1.50
	b. Increase by 13%	Line 10a x 1.13	1.70
(11)	Total No-Fault-Inlier	Line 6 + Line 8 + Line 9 + Line 10b	\$ 8,487.84

## EXAMPLE 2

NO-FAULT  
 1988 PAYMENT CALCULATION OF SHORT STAY  
 OUTLIER DRG \*

SAMPLE  
 CALCULATION

(1)	Case Mix Neutral Cost Per Discharge x 1.13	Table M, Col. 1	\$ 2,712.00
(2)	DRG Classification	UBF-1	27
(3)	Per Case Service Intensity Weight (SIW) for DRG Classification	Table S, Col. 3	2.8738
(4)	Subtotal	Line 1 x Line 3	\$ 7,793.60
(5)	Group Average Arithmetic Inner Length of Stay for DRG	Table S, Col. 6 OR 7	13
(6)	Subtotal	Line 4 + Line 5	\$ 599.52
(7)	Short Stay Adjustment Factor	Subpart	150.00%

## EXAMPLE 2

NO-FAULT  
 1988 PAYMENT CALCULATION OF SHORT STAY  
 OUTLIER DRG \*

SAMPLE  
 CALCULATION

86-1.55(a)

(8)	Short Stay Outlier DRG Cost Per Day	Line 6 x Line 7	\$ 899.28
(9)	a. Short Stay Captial Per Diem	Table Q	\$ 35.00
	b. Increase by 13%	Line 9a x 1.13	\$ 39.55
(10)	Short Stay Outlier Cost Per Day	Line 8, + Line 9b	\$ 938.83
(11)	Number of Total Days	UBF-1	1
(12)	Short Trimpoint	Table S, Col. 4	2
*NOTE: PROCEED ONLY IF LINE 11 IS LESS THAN 12 OR SAME WY /MISSION AND DISCHARGE			
(13)	Subtotal	Line 10 x Line 11	\$ 938.83
(14)	Bad Debt Regional % Add-On	Table WI, Col. 3	3.80%
(15)	Bad. Debt and Charity Care Amount	Line 13 x Line 14	\$ 35.68

NO-FAULT

1988 PAYMENT CALCULATION OF SHORT STAY

OUTLIER DRG\*

## SAMPLE CALCULATION

(16) Excess Physicians'

Malpractice Per

Discharge x 1.13 Table Id, Col. 4 \$ 67.80

(17) SPARCS Allowance

a. Per Discharge Table R, Col. K 1.50

b. Increase by 13% Line 17a x 1.13 \$ 1.70

(18) Total No-Fault Short Stay

Outlier Payment Line 13 + Line 15 +  
Line 16 + Line 17b \$ 1,044.01

\* DO NOT USE THIS METHODOLOGY FOR PATIENTS ASSIGNED TO A DRG SPECIFICALLY DESIGNATED AS A DRG FOR TRANSFERRED PATIENT'S ONLY; BURNS TRANSFERRED TO ANOTHER ACUTE FACILITY (DRG 456), NEONATE, TRANSFERRED 4. 4 DAYS OLD (DRG 601); NORMAL NEWBORN (111Gs 620 629); NORMAL DELIVERY am 373); AND TRANSFERS. SUBPART 86.150(8)(2)

(1) Long Stay Group Price

x 1.13 Table M, Col. S \$ 2,881.50

(2) DRG Classification UBF-1 27

(3) Per Case Service Intensity

Weight (SIW) For DRG

Classification Table S, Col. 3 2,8738

(4) Subtotal Line 1 x Line 3 \$ 8,280.85

(5) Group Average

Arithmetic Inner Length

of Stay for DRG\$ HTable S, Col. 6 OR 7 13

(6) Subtotal Line 4 + Line 5 \$ 636.99

(7) Long Stay Outlier Cost

Adjustment Factor Subpart 86-1.55(b) 0.60

(8) Subtotal Line 6 x Line 7 \$ 382.19

(9) Price Component Percent Subpart 86-1.53 10.00%

(10) Long Stay Outlier DRG

Cost Per Day Line 8 x Line 9 \$ 38.22

(11) Number of Total Days UBF-1 54

(12) Long Trimpoint Table S, Col. 5 44

(13) Number of Long Stay Days Line 11 - Line 12 10

(14) Long Stay Outlier DRG Line 10 x Line 13 \$ 382.20

(15) Bad Debt Regional % Add-On Table NI, Col. 3 3.80%

(16) Bad Debt and Charity Care

Amount Line 14 x Line 15 \$ 14.52

(17) Total No-Fault Payment		
a. Long Length of Stay Outlier		
	Line 14 + Line 16	\$ 396.72
b. Inlier		
	(Must Compute as Illustrated	\$ 8,487.84
c. Total No-fault payment		
	Line 17a + Line 17b	\$ 9,395.26
(1) Alternate Level of Care Case payment		
Increased by 13%		
	Table P, Col. 1	\$ 98.40
(2) Bad Debt Regional % Add-On		
	Table M, Col. 3	3.80%
(3) Bad Debt and Charity Care Amount		
	Line 1 x Line 2	\$ 3.74
(4) ALC Per Diem Rate		
	Line 1 Line 3	\$ 102.14
(5) Number ALC Days in Billing Period		
	UBF-1 Box 144	5
(6) Total Alternate Level of Care Payment		
	Line 4 x Line 5	\$ 510.70

\*NOTE: ADD TO INLIER PAYMENT, INLIER AND LONG STAY OUTLIER PAYMENT, HIGH COST OUTLIER PAYMENT OR TRANSFER PAYMENT PDR TOTAL PAYMENT ALTERNATE LEVEL OF CARE EMMERT HAS TO BE ADDED TO ANOTHER DRG PAYMENT COMPONENT. THIS ALTERNATE LEVEL OF CARE PAYMENT CANNOT BE USED WITH EXEMPT UNITS OR EXEMPT HOSPITALS

(1) Case Mix Neutral Cost		
Per Discharge x 1.13	Table M, Col. 1	\$ 2,712.00
(2) DRG Classification		
	UBF-1	27
(3) Per Case Service Intensity Weight (SIW) for DRG Classification		
	Table S, Col. 3	2.8738
(4) Subtotal		
	Line 1 x Line 3	\$ 7,793.15
(5) Group Average Arithmetic Inlier Length of Stay for DRG		
	Table S, Col. 6 or 7	13
(6) Subtotal		
	Line 44-Line 5	\$ 599.52
(7) Transfer Adjustment Factor		
	Subpart 86-1.55(1)	120.00%
(8) Transfer DRG Cost Per Day		
	Line 6 x Line 7	\$ 719.42
(9) Number of Transfer Days		
	UBF-1 (Field 199-S)	10
(10) Transfer ERG. Cost		
	Line 8 x Line 9	\$ 7,194.20

\*\*\*A NOTE: TOTAL TRANSF/311 PAYMENT CAN NOT EXCEED AMOUNT THAT WOULD HAVE BEEN PAID IF THE PATIENT HAD BEEN DISCHARGED (SUBPART 86-1.54(1))\*\*\*

## (11) Discharge DRG Test

a. Inlier DRG	Example (1), Line 4	\$ 7,793.75
b. Long Stay Outlier DRG	Example (3), Line 14	
c. Short Stay Outlier DRG		
1. Short Stay Outlier DRG Cost Per Day	Example (2), Line 8	
2. Number of Days	Example (2), Line 11	
3. Short Stay Outlier DRG	Line 11c1 x Line 11c2	
d. Total	Line 11a + Line 11b + Line 11c3	\$ 7,793.75
e. Transfer DRG Less Than Discharge DRG	Line 10 < Line 11d	\$ 7,194.20
f. Transfer DRG Greater Than Discharge DRG	Line 10 > Line 11d	

\*\*\*NOTE: PROCEED ONLY IF LINE 10 IS LESS THAN LINE 11d \*\*\*

## (12) a. Transfer Capital Per

Diem	Table Q	\$ 35.00
b. Increase by 13%	Line 12a x 1.13	\$ 39.55
c. Total Transfer Capital	Line 9 x Line 12b	\$ 395.50
(13) Subtotal	Line 11e + Line 12c	\$ 7,589.70
(14) Bad Debt Regional % Add-On	3.80% Table M, Col. 3	
(15) Bad Debt and Charity Care Amount	Line 13 x Line 14	\$ 288.41
(16) Excess Physicians' Malpractice Per Discharge x 1.13	Table M, Col. 4	\$ 67.80
(17) SPARCS Allowance		
a. Per Discharge	Table R, Col. K	1.50
b. Increase by 13%	Line 17a x 1.13	1.70
(18) Total No-Fault Payment		
a. Transfer	Line 13 + Line 15 +	\$ 7,947.61
b. Alternate Level		

of Care	Example 4	\$ 510.70
c. Total	Line 18a + Line 18b	\$ 8,458.31

\*DO NOT USE THIS METHODOLOGY FOR PATIENTS ASSIGNED TO A TRG SPECIFICALLY DESIGNATED AS A DRG FOR TRANSFERRED PATIENTS ONLY. BURNS TRANSFERRED 1X) AN THER ACUT E F A CILITY (DRG 456), NEONATE, TRANSFERRED <= 4 DAYS OLD (DRG 601 SUBPART 86-1.50(j)

NO-FAULT 1988 SHORT STAY OR TRANSFER PAYMENT CALCULATION\*

SAMPLE  
CALCULATION

(1)	Case Mix Neutral Cost Per Discharge x 1.13	Table M, Col. 1	\$ 2,712.00
(2)	DRG Classification	UBF-1	27
(3)	Per Case Service Intensity Weight (SIW) For DRG Classification	Table S, Col. 3	2.8738
(4)	Subtotal	Line 1 x Line 3	\$ 7,793.75
(5)	Group Average Arithmetic Inlier Length of Stay For DRG	Table S, Col. 6 or 7	13
(6)	Subtotal	Line 4/Line 5	\$ 599.52
(7)	Transfer Adjustment Factor	Subpart 86-1.55(1)	120.00%
(8)	Transfer DRG Cost Per Day	Line 6 x Line 7	\$ 719.42
(9)	Number of Transfer Days	UBF-1	1
(10)	Transfer DRG Cost	Line 8 x Line 9	\$ 719.42

\*\*\*\* NOTE: TOTAL TRANSFER PAYMENT CAN NOT EXCEED AMOUNT THAT WOULD

SAMPLE  
CALCULATION

HAVE BEEN PAID IF THE PATIENT HAD BEEN DISCHARGED

(SUBPART 86-1.54(1) \*\*\*\*)

(11)	Discharge DRG Test		
	a. Inlier DRG	Line 4 on Example (1)	
	b. Long Stay Outlier DRG	Line 14 on Example (3)	
	c. Short Stay Outlier DRG		
	1. Short Stay Outlier DRG Cost Per Day	Line 8 on Example (2)	\$ 899.28
	2. Number of Days	Line 11 on Example (2)	1
	3. Short Stay Outlier DRG	Line 11c.1 x 11c.2	\$ 899.28
	d. Total	Line 11a + Line 11b + Line 11c.3	\$ 899.28
	e. Transfer DRG Less Than Discharge DRG		\$ 719.42
	f. Transfer DRG Greater Than Discharge DRG		
	**** NOTE: PROCEED ONLY IF LINE 10 IS LESS THAN LINE 11d ****		
(12)	a. Transfer Capital Per Diem	Table Q	\$ 35.00
	b. Increase by 13%	Line 12a x 1.13	\$ 39.55
	c. Total Transfer Capital	Line 9 x Line 12b	\$ 39.55

			SAMPLE CALCULATION
(13)	Subtotal	Line 11e + Line 12c	\$ 758.97
(14)	Bad Debt Regional % Add-On	Table M, Col. 3	3.80%
(15)	Bad Debt and Charity Care Amount	Line 13 x Line 14	28.84
(16)	Excess Physicians' Malpractice Per Discharge x 1.13	Line M, Col. 4	67.80
(17)	SPARCS Allowance		
	a. Per Discharge	Table R Col. K	1.50
	b. Increase by 13%	Line 17a x 1.13	1.70
(18)	Total No-Fault Payment		
	a. Transfer	Line 13 + Line 15 + Line 16 + Line 17b	\$ 857.31
	b. Alternate Level of Care	Example 4 Line 6	
	c. Total	Line 18a x Line 18b	\$ 857.31

\*DO NOT USE THIS METHODOLOGY FOR PATIENTS ASSIGNED TO A DRG SPECIFICALLY DESIGNATED AS A DRG FOR TRANSFERRED PATIENTS ONLY. BURNS TRANSFERRED TO ANOTHER ACUTE FACILITY (DRG 456), NEONATE, TRANSFERRED<= 4 DAYS OLD (DRG 601) SUBPART 86-1.50(j)

NO-FAULT 1948 TRANSFER PAYMENT WITH ALTERNATE LEVEL OF CARE COMPARED TO LONG STAY OUTLIER PAYMENT\*

			SAMPLE CALCULATION
(1)	Case Mix Neutral' Cost Cost Per Discharge		

		SAMPLE CALCULATION
	x 1.13	\$ 2,712.00
(2)	DRG Classification	27
(3)	Per Case Service Intensity Weight (SIW) for DRG Classification	2.8738
(4)	Subtotal	\$ 1,793.75
(5)	Group Average Arithmetic Inlier Length of Stay for DRG Col. 6 or 7	13
(6)	Subtotal	\$ 599.52
(7)	Transfer Adjustment Factor	120.00%
(8)	Transfer DRG Cost Per Day Line	\$ 719.42
(9)	Number of Transfer Days	54
(10)	Transfer DRG Cost	\$ 38,848.68

\*\*\*\* NOTE: TOTAL TRANSFER PAYMENT CAN NOT EXCEED AMOUNT THAT WOULD  
HAVE BEEN PAID IF THE PATIENT HAD BEEN DISCHARGED  
(SUBPART 86-1.54(1) \*\*\*\*)

(11)	Discharge DRG Test	
	a. Inlier DRG	\$ 7,793.75
	b. Long Stay Outlier DRG	\$ 382.20

SAMPLE  
CALCULATION

c. Short Stay Outlier DRG

1. Short Stay Outlier DRG Cost Per Day	Example (2), Line 8	
2. Number of Days	Example (2), Line 11	
3. Short Stay Outlier DRG	Line 11c.1 x 11c.2	
d. Total	Line 11a + Line 11b + Line 11c.3	\$ 8,175.95
e. Transfer DRG Less Than Discharge DRG	Line 10 < Line 11d	
f. Transfer DRG Greater Than Discharge DRG	Line 10 > Line 11d	\$ 38 848.68

\*\*\*\* NOTE: PROCEED ONLY IF LINE 10 IS LESS THAN LINE 11d \*\*\*\*

- (12) a. Transfer Capital  
Per Diem
- b. Increase by 13%
- c. Total Transfer Capital
- (13) Subtotal
- (14) Bad Debt Regional % Add-On
- (15) Bad Debt and Charity  
Care Amount
- (16) Excess Physicians'

SAMPLE  
CALCULATION

- Malpractice Per Discharge  
x 1.13
  
- (17) SPARCS Allowance
  - a. Per Discharge
  - b. Increase by 13%
  
- (1) Total No-Fault Payment
  - a. Transfer
  - b. Alternate Level of Care
  - c. Total

\*DO NOT USE THIS METHODOLOGY FOR PATIENTS ASSIGNED TO A DRG SPECIFICALLY DESIGNED AS A DRG FOR TRANSFERRED PATIENTS ONLY. BURNS TRANSFERRED TO ANOTHER ACUTE FACILITY (DRG 456), NEONATE, TRANSFERRED 4<=4 DAYS OLD (DRG 601) SUBPART 86-1.50(j)

NO-FAULT HIGH COST OUTLIER WITH ALTERNATE LEVEL OF CARE\*

- (1) High Cost Outlier Charge Converter Table T, Col. 11
  
- (2) Total Inpatient Gross Charges Per Patient UBF-1 UBF-1, Field 197
  
- (3) Adjustment to Total Inpatient Gross Charges
  - a. Telephone and Telegraph UBF-1, Field 196, Code 561
  - b. Television and Radio

	Rentals	UBF-1 Field 196, Code 584
	c. Private Room	
	Differential	UBF-1 Field 193, Code 2031-
	d. Blood	UBF-1, Field 187
	e. Other	UBF-1 Field 193 or 196
(4)	Total Inpatient Gross Charges for Cost Centers 201-234	Line 2-(Line 3a + Line 3b + Line 3c + Line 3d + Line 3e)
(5)	Total Gross Inpatient Charges Reduced to Cost	Line 1 x Line 4
(6)	Inlier DRG Before Add-Ons	Example 1, Line 6
(7)	Twice Inlier DRG Before Add-Ons	Line 6 x 2 [Subpart 86-1.55(C)(2)]
(8)	Inlier Blended Acute Cost Per Discharge Increased by 13%	Example 1, Line 1
(9)	Hospital Specific Average Non-Medicare Case Mix In- dex	Table T, Col. 11
(10)	Subtotal	Line 8 x Line 9
(11)	Capital Cost Per Discharge Increased by 13%	Example 1, Line 5

SAMPLE  
CALCULATION

(1)	High Cost Outlier Charge Converter	0.850007
(2)	Total Inpatient Gross Charges Per Patient UBF-1	\$ 31,883.71
(3)	Adjustment to Total Inpatient Gross Charges	
	a. Telephone and Telegraph	20.00
	b. Television and Radio Rentals	60.00
	c. Private Room Differential	
	d. Blood	
	e. Other	
(4)	Total Inpatient Gross Charges for Cost Centers 201-234	\$ 31,803.71
(5)	Total Gross Inpatient Charges Reduced to Cost	\$ 27,033.38
(6)	Inlier DRG Before Add-Ons	\$ 8,110.15
(7)	Twice Inlier DRG Before Add-Ons	\$ 16,220.30

SAMPLE  
CALCULATION

(8)	Inlier Blended Acute Cost Per Discharge Increased by 13%	\$ 2,712.00
(9)	Hospital Specific Average Non-Medicare Case Mix Index	1.4435
(10)	Subtotal	\$ 3,914.77
(11)	Capital Cost Per Discharge Increased by 13%	\$ 316.40

## EXAMPLE 8

## NO-FAULT

## HIGH COST OUTLIER WITH ALTERNATE LEVEL OF CARE\*

SAMPLE  
CALCULATION

(12)	Average Cost Per Discharge	Line 10 + Line 11	\$ 4,231.17
(13)	Six Times Average Cost Per Discharge	Line 12 x Line 6  [Subpart 86-1.55(c)(2)]	  \$ 25,387.02
(14)	Greater of Twice Inlier DRG Before Add-Ons or Six Times Average Cost Per Discharge	Line 7 > Line 13 Line 13 > Line 7 [Subpart 86-1.55(c)(2)]	  \$ 25,387.02
(15)	Total Co Gross Inpatient Covered Charge Reduced To Cost Less Greater of Twice Inlier DRG Before Add-Ons or Six Time Average Cost Per Discharge	Line 5 - Line 14 [Subpart 86-1.55(c)(2)]	     \$ 1,646.36

SAMPLE  
CALCULATION

(16)	Alternate Level of Care		
	a. Operating Per Diem	Example 4, Line 1	\$ 98.40
	b. Number of ALC Days	Example 4, Line 5	5
	c. Total	Line 16a x Line 16b	\$ 492.00
(17)	Total Gross Inpatient Covered Charges Reduced to Cost Less Greater of Twice Inlier DRG Before Add-Ons or Six Times Average Cost Per Discharge and Less Alternate Level of Care	Line 15 - Line 16c	\$ 1,154.36
	**** NOTE: CONTINUE CALCULATION STEPS ONLY IF LINE 5 GREATER THAN LINE 17 ****		
(18)	Bad Debt Regional % Add-On	Example 1, Line 7	3.80%
(19)	Bad Debt and Charity Care Amount	Line 17 x Line 18	\$ 43.87
(20)	Total No-Fault. Payment		
	a. High Cost Outlier	Line 17 + Line 19.	\$ 1,198.23
	b. Inlier	Example 1, Line 11	\$ 8,487.84
	c. alternate Level of Care	Example 4, Line 6	\$ 510.70
	d. Total	Line 20a + Line 20b + LINE 11c	\$ 10,196.77

THIS CALCULATION IS USED WHEN A HOSPITAL'S ACTUAL CHARGES EXCEED THE DRG PAYMENT BY A WIDE MARGIN. THIS CALCULATION MAY GENERATE A HIGHER PAYMENT THAN COMPUTED IN EXAMPLE 1 + EXAMPLE 4

NOTE: HIGH COST OUTLIER PAYMENT DOES NOT APPLY TO CASES THAT QUALIFY AS LONG STAY OUTLIERS, SHORT STAY OUTLIERS OR TRANSFERS (OTHER THAN PATIENTS ASSIGNED TO TRANSFER DRGS) SUBPART 86-1.55 (c)(3)

EXAMPLE 9

NO-FAULT

DETERMINATION OF EXEMPT UNIT (HOSPITAL) ACUTE CARE PAYMENT (MEDICAL REHAB., ALCOHOL REHAB., PSYCH, AIDS CENTER, CHILDREN, CENTER, CHILDREN, CANCER, MENTAL RETARDATION, HOSPICE)

1988 PAYMENT CALCULATION WORKSHEETS

SAMPLE  
CALCULATION

(1)	Per Diem x 1.13	Table N, Col. 1,3,5,7,9,11 (whichever col. applies)	\$ 406.80
(2)	Bad Debt Regional Add-On	Line 14, Col. 3	3.80%
(3)	Bad Debt and Charity Care Per Diem Amount	Line 1 x Line 2	\$ 15.46
(4)	Excess Malpractice Per Diem x 13%	Table N, Col. 2,4,6,8,10,12 (whichever col. applies)	7.12
(5)	SPARCS Allowance		
	a. Per Day	Table R, Col. G	0.25
	b. Increase by 13%	Line Sa x 1.13	0.28
(6)	Exempt Unit Acute Care Rate Per Day	Line 1 + Line 3 + Line 4 + Line Sb	\$ 429.66
(7)	Number of Exempt Unit Days	UBF-1, Field 199- Field 5	15

SAMPLE  
CALCULATION

(8)	Total No-Fault Exempt Unit (Hospital) Acute Care Payment	Line 6 x Line 7	\$ 6,444.90
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EXAMPLE 10

NO-FAULT

DETERMINATION OF ALTERNATE LEVEL OF CARE PAYMENT

EXEMPT HOSPITAL OR UNIT

SAMPLE  
CALCULATION

(1)	Alternate Level of Care Increased by 13%	Table P, Col. 2,3,4,5,6, or 7	\$ 114.50
(2)	Bad Debt Regional % Add-On	Table M, Col. 3	3.80%
(3)	Bad Debt and Charity Care Amount	Line 1 x Line 2	\$ 4.35
(4)	Excess Malpractice Per Diem x 13%	Table N, Col. 2,4,6,8,10 or 12	7:12
(5)	SPARCS Allowance		
	a. Per Day	Table Col. G	0.25
	b. Increase by 13%	Line Sa x 1.13	0.28
(6)	Exempt Unit or Hospital Alternate Level of Care Rate Per Day	Line 1 + Line 3 + Line 4 + Line 5b	\$ 126.25
(7)	Number of ALC Days in Billing Period	UBF-1	5

SAMPLE  
CALCULATION

(8)	Total No-Fault Exempt Unit or Hospital Alternate Level of Care Payment	Line 6 x Line 7	\$ 631.25
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NOTE: DO NOT USE THIS ALC PAYMENT CALCULATION WITH INLIER, LONG STAY, SHORT STAY, TRANSFER, OR HIGH COST OUTLIER PAYMENT CALCULATIONS. THIS ALC PAYMENT CALCULATION USES DATA FOR FOR THE UNIT OR HOSPITAL IN WHICH THE PATIENT RECEIVED SERVICES (E.G., MEDICAL REHABILITATION).