



★ ★ COMMITTEE ON ★ ★
WAYS AND MEANS
CHAIRMAN PAUL RYAN

The Medicare Crosswalk Hospital Code Development Act of 2015

Summary

On June 15, 2015, the Medicare Payment Advisory Commission (MedPAC) published its [June 2015 Report to Congress](#). Chapter seven of the June report did an analysis of short hospital stays. In its analysis, MedPAC found that Medicare is paying more for similar services depending on which payment system it uses—either outpatient or inpatient.

To ensure that the diagnosis codes, which are in different coding systems for inpatient and outpatient admissions, were comparable, MedPAC used a crosswalk to convert the principal diagnosis and procedure codes of outpatient claims into inpatient Medicare Severity Diagnosis Related Groups (MS-DRGs). MedPAC's data analysis explored the top 10 surgical MS-DRGs (in number of inpatient one-day stays). For these 10 surgical MS-DRGs, MedPAC found that Medicare paid roughly \$4,240 more, on average, for an inpatient stay than for a comparable outpatient surgery.

Because surgery is a clearly defined service, it is possible to develop site-neutral payment for similar inpatient and outpatient surgeries. Criteria could be developed for identifying surgeries appropriate for site-neutral payment, such as similarity in care delivered or resources used across inpatient and outpatient settings. For surgeries meeting these criteria, Medicare could pay hospitals a comparable rate regardless of where the patient was admitted.

This legislation would create a crosswalk—that creates a Healthcare Common Procedure Classification System (HCPCS) version of MS-DRGs—that will serve as a guide to connecting the inpatient and outpatient coding and payment systems for hospitals. Once the crosswalk is developed it can be used for payment reform.