**How to Determine a Hospital’s Inpatient Cost-to-Charge Ratio**

To assist self insured employers in bill pricing, BWC is providing a list of the 2013 inpatient CCRs currently in our system. However, if the hospital has not previously done business with BWC, then the CCR will not be included in the document. In those cases, the self insured employer can access the Medicare public files to identify the hospital’s inpatient CCR.

1. **Identifying the hospital-specific CCR in the Medicare Inpatient Provider Specific Files (IPSFs)**
2. The hospital-specific Medicare CCRs for this methodology come from the October 2012 inpatient provider specific file (IPSF) in use by Medicare. There are four separate files used: inpatient, inpatient rehab, long term care and inpatient psychiatric facility. They can be found on the Medicare Web site: [Home](http://www.cms.gov/index.html)  >  [Medicare](http://www.cms.gov/Medicare/Medicare.html)  >  [Prospective Payment Systems - General Information](http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/ProspMedicareFeeSvcPmtGen/index.html) > Provider Specific Data for Public Use in Text Format, or click on the following link:

<http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/ProspMedicareFeeSvcPmtGen/psf_text.html>

Select the appropriate provider specific file. Users can convert this text file to an Excel file or other format for ease of use. Information about the formatting and data in the IPSFs can be found in the Medicare Claims Processing Manual, Chapter 3, Addendum A at the following link:

<http://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/clm104c03.pdf>

The October 2012 IPSFs are to be used for the entire rate year beginning February 1, 2013. Subsequent Medicare IPSF updates should not be used.

1. Find the hospital using their numeric or alpha-numeric Medicare provider number, also known as the OSCAR number and/or the National Provider ID (NPI). If the text file was converted to an Excel file, the NPI can be found in column A; the OSCAR number can be found in column B.
2. Next, find the latest effective date listed for that hospital. If the file was converted to an Excel file, this will be in column C. Dates are formatted in this field as YYYYMMDD.
3. The CCR to be used in pricing the bill can be found under the column labeled “Operating CCR.” If the file was converted to an Excel file, this will be in column Y. To use this number to calculate reimbursement, you will need to add a decimal point at the beginning of the number.

In the example in the table below, the last effective date would be 20120101 or 01/01/2012. The CCR to be used for dates of service on or after 2/1/2013 is .359.

|  |  |  |  |
| --- | --- | --- | --- |
| Column A | Column B | Column C | Column Y |
| **NPI** | **OSCAR** | **Eff Date** | **Operating CCR** |
| 1234567890 | 987654 | 20070101 | 405 |
| 1234567890 | 987654 | 20071001 | 393 |
| 1234567890 | 987654 | 20080101 | 393 |
| 1234567890 | 987654 | 20090101 | 399 |
| 1234567890 | 987654 | 20100101 | 366 |
| 1234567890 | 987654 | 20110101 | 364 |
| 1234567890 | 987654 | 20120101 | 359 |

1. Next, multiply the CCR by 1.14 (114% of cost). Please note, the final CCR used in this calculation should be capped at .70.

Using the previous example from the above table to calculate the final CCR:

.359 x 1.14 = .409

The final CCR (.409) is then multiplied by the allowed charges to arrive at the appropriate reimbursement rate.

1. **Identifying the CCR for a hospital not listed in the IPSFs:**

Some hospitals will not be listed in the IPSFs (e.g. new hospitals that have not yet submitted a cost report; critical access hospitals, etc.). In that case, rule 4123-6-37.1 allows the self insured employer paying under this methodology to utilize the appropriate urban or rural statewide average inpatient CCR instead of the hospital-specific CCR in the aforementioned calculation.

1. Identify the address for the physical location of the facility. Specifically, locate the correct county and state. A good resource for identifying the county is [www.zipinfo.com](http://www.zipinfo.com).
2. Access the Medicare wage index files for the appropriate rate year. The wage index files are published in the Inpatient Prospective Payment System (IPPS) final rule. The link to the wage index files is on the Medicare website at [Home](http://www.cms.gov/index.html)  >  [Medicare](http://www.cms.gov/Medicare/Medicare.html)  >  [Acute Inpatient PPS](http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/AcuteInpatientPPS/index.html)  >  [Wage Index Files Items](http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/AcuteInpatientPPS/Wage-Index-Files.html) > Details for Title : FY 2013 Wage Index Home Page, or click on the following link: <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/AcuteInpatientPPS/Wage-Index-Files-Items/CMS1252760.html>.
3. Using the county and state use worksheet 4E to determine if the facility county is located in a designated core based statistical area (CBSA). If the county is assigned to a CBSA record the CBSA number (it is 5 digits). **This facility is an urban facility**.
4. If the county is not located in a CBSA according to worksheet 4E; then the facility is in a rural area. To locate the state rural CBSA number utilized worksheet 4B. Once the state has been identified, record the state CBSA number (it is 2 digits). **This facility is a rural facility**.
5. Use table 8A, located in the acute inpatient PPS page, <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/AcuteInpatientPPS/FY-2013-IPPS-Final-Rule-Home-Page.html>. Choose the final rule tables, then choose tables 8A, 8B and 8C. Open the excel file and use tab “8A OPER SWA”.
6. Locate the state and urban or rural figure based on the urban/rural determination made during the wage index CBSA assignment process (steps C and D above).
7. The self insured employer shall then multiply this Medicare CCR by 1.14 (114% of cost). Please note, the final CCR used in this calculation should be capped at .70.
8. The final CCR is then multiplied by the allowed charges to arrive at the appropriate reimbursement rate.