

# Medicare Margins Analysis - 4Q2017 Update

-Version 1, March 2018-

## Analysis Description

The Medicare Margins Analysis shows the trends in Medicare margins over the most recent ten-year period (FFY 2007 through FFY 2016). The margins are shown graphically for hospitals and for various comparison groups.

Medicare margins are shown for the following areas/units: inpatient, outpatient, Graduate Medical Education (GME), psychiatric unit (IPF), rehabilitation unit (IRF), skilled nursing unit (SNF), and swing beds. The hospital can be specified by changing the Provider ID in the drop-down box on the Hospital Report sheet.

### Data Source

The source for the Medicare margin information in this model is the Healthcare Cost Report Information System (HCRIS) database provided by Centers for Medicare and Medicaid Services (CMS). The HCRIS database includes Medicare Cost Report data for all hospitals in the U.S. and is updated on a quarterly basis. This version reflects data from the 4Q2017 data release. Approximately 90% of hospitals have provided their FFY 2016 cost reports at the time of CMS' release.

### DSH IME Option

This worksheet provides options for margin report types:

- 1 = Overall Medicare Margin with full Inpatient Revenues and Costs
- 2 = Overall Medicare Margin excluding payments for DSH
- 3 = Overall Medicare Margin excluding payments for DSH and IME above 2.7 formula adjustment
- 4 = Overall Medicare Margin excluding payments for DSH and IME

### Availability and Status

This worksheet provides hospital Medicare cost report data reporting status in the most recent 10 years (FFY 2007 through FFY 2016).

### Hospital Report

This worksheet provides hospital Medicare margin information. The Hospital Profile section provides hospital demographic data from the most recent year. In this section, two types of average length of stay (ALOS) are provided: ALOS including swing beds days and ALOS excluding swing beds days. The top charts graph the hospital's revenue/cost and margins, reflecting total, inpatient and outpatient, over the most recent ten years. The table section provides the selected hospital's Medicare discharges, total Medicare margins, inpatient, outpatient, Graduate Medical Education (GME), inpatient psych, inpatient rehab, skilled nursing, home health, and swing beds.

***Please Note - GRVU (Get Report Value Utility) is a data-retrieval function in Medicare Margins Analysis. It can export client-customized data for all providers into a new Excel sheet. When using the tool, please note you must select single cells at a time. Holding the control button when selecting cells will allow you to extract multiple single-cell ranges at the same time.***

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## **Group Report**

The Group Report shows total Medicare margins and service level margins. This report consists of four group types: US, State, Local Health System and Congressional District. Under US and State groups, hospitals are grouped into Large/Medium/Small hospitals based on their adjusted discharges. Small Hospitals are critical access hospitals (CAHs) with less than 800 adjusted discharges or PPS hospitals with less than 6,000 adjusted discharges. Large Hospitals are CAHs with greater than 3,000 adjusted discharges or PPS hospitals with greater than 23,000 adjusted discharges. Medium Hospitals are hospitals with adjusted discharges in the middle range. PPS hospitals and Total (PPS and CAH hospitals) are further grouped into teaching/non-teaching hospitals and Urban/Rural hospitals while CAH hospitals are further grouped into Urban/Rural hospitals. Local Health System and Congressional District are classified based on Master List information provided by state associations.

Hospitals with extreme margin values for each specific category (inpatient, outpatient, subprovider etc.) are excluded from the group values calculation. "Hospital Count" is the number of hospitals with a valid inpatient, outpatient or total margin. Therefore, the hospital count in this table may be different from hospital count in "Hospital Distribution Trend", which is the number of hospitals with a valid total margin.

## **Hospital Distribution Trend**

The Hospital Distribution shows the hospital total margin distribution trend in the most recent 10 years. Hospitals with a valid total margin are included in the hospital count. Users can set the Low/High total margin thresholds and examine the hospital distribution in three total margin ranges. Users can use the option button above the chart to select the distribution trend from three hospital groups: (1) PPS and CAH, (2) PPS Only and (3) CAH Only.

## **Dictionary**

This worksheet provides formulas for revenue and cost, and calculation steps. The formulas are provided for both 255296 and 255210 format cost reports. Calculation steps with cost report values are only shown for hospitals with the most recent 255210 format cost reports.

## **Hospital List**

This worksheet contains one line for each hospital in the model and indicates for each year (FFY 2007 through FFY 2016), whether Cost Report data are available, as well as how many months of data are reported.

## **Hospital Characteristics**

This worksheet is the master table for hospital characteristics. All hospital demographic information, such as CBSA, teaching status, etc., is displayed in this worksheet.

## **Hospital Services**

This worksheet indicates which services were provided by each hospital in each cost reporting year, per their Cost Report. This worksheet can be copied to another file and sorted by hospital to see if a hospital has changed the services it offers from year to year, or sorted by service to find out which hospitals offer a particular service.

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