

Ms-drugs and reimbursement essay sample

[Health & Medicine](#), [Hospital](#)



What is MS-DRG? The term means two things, the first definition is Medical Systems Development Group. But for this paper we will be using the second definition of Medicare Severity Diagnose Related Group which deals with Medicare reimbursement. Mostly this term deals with how an illness or procedure is coded using CPT and ICD9-CM codes. Originally the Centers for Medicare and Medicaid Services used a DRG system created in 1980 by Robert Barclay Fetter and John D. Thompson at Yale University to show severity and deliver payments to physicians and hospitals. Effective October 1, 2007 changed to the MS-DRG system. The idea was to code based on the severity of the case. The change increased the codes from 538 to 745, this added new codes for complications. Payments are now cost based.

Documentation needs to be enhanced to deal with the codes for chronic and acute situations.

There was an increase as well as a decrease in the rates for some services. There are ongoing changes being implemented yearly. One in every five Medicare beneficiaries is hospitalized one or more times each year. There are almost 5, 000 inpatient acute care hospitals that treat these beneficiaries. Of all the \$300 billion dollars spent on the Medicare program, almost a hundred billion dollars is spent on inpatient services. Over three quarters of the hospitals are paid under the inpatient prospective payment system (IPPS). Under the IPPS, each case is categorized into a diagnosis related group (DRG) to determine the base rate. Payment is adjusted for difference in area wage costs, depending on the hospital and case or teaching status of the hospital, high percentage of low income patients, new technology and extremely costly cases. (www. aha. org)

Diagnosis related groups (DRGs) are one ingredient in medical coding. The Medicare system (MS-DRGs) is maintained by the Centers for Medicare and Medicaid Services (CMS) and its latest test conversion update to version 27.0 include all of the MS-DRG definitions and has more than 745 groups. We should not that DRGs are into 25 major diagnostic categories (MDCs) based on an organ system (eye, respiratory, etc.). After assignment into an MDC, the patient is matched to a DRG.

By, sorting patients into DRGs, the government can reimburse providers on a “ per episode” basis, as all patients in a particular DRG should use same amounts of hospital resources and cost the hospital the same amount to treat. For any particular patient, the dG system is meant to encourage hospitals to avoid unnecessary services and procedures, since their reimbursement amount is set at a fixed level. (www. cms. gov) The MS-DRGs account for difference in severity by dividing base DRGs up to three severity groups. Severity groups are defined using secondary diagnosis and procedure codes meaning no CC, and MCC, with the current base of DRGs coalescing DRGs previously split by CC. Each base DRG was determined to have one severity group, combing no CC and MCC.

References

www. aha. com

www. cms. com