



### DRGs Foreshadow Future Profitability: How Is Your Hospital Trending? (Deeper Dive)

#### Key Finding

Note that the top three DRGs for Medicare beneficiaries in the first quarter of 2013 are identical for Georgia, Mississippi, and Tennessee. For a more extensive report representing the 16 states we serve, [click here](#). **Does your facility’s top volume model these findings?**

TOP 3 DRGs - FIRST QUARTER OF 2013						
Provider State	Rank By Volume	DRG	Volume	Percent of State Total	Change From 2010	Average Paid
GA	1	470-Major Joint Replacement or Reattachment of Lower Extremity without MCC	2,822	3.97%	Increase	\$11,488.06
	2	871-Septicemia or Severe Sepsis without Mechanical Ventilation 96+ Hours with MCC	2,752	3.87%	Increase	\$11,370.49
	3	885-Psychoses	2,633	3.70%	Increase	\$7,164.92
MS	1	885-Psychoses	1,649	4.12%	Increase	\$6,918.96
	2	871-Septicemia or Severe Sepsis without Mechanical Ventilation 96+ Hours with MCC	1,321	3.30%	Increase	\$11,337.81
	4*	470-Major Joint Replacement or Reattachment of Lower Extremity without MCC	959	2.40%	Decrease	\$11,244.50
TN	1	871-Septicemia or Severe Sepsis without Mechanical Ventilation 96+ Hours with MCC	2,827	3.86%	Increase	\$10,554.77
	2	885-Psychoses	2,807	3.83%	Increase	\$7,616.09
	3	470-Major Joint Replacement or Reattachment of Lower Extremity without MCC	2,607	3.56%	Increase	\$10,994.35

\*Ranked second during the last full calendar year.

#### Potential Impact

Will this dependency be sustainable and how does that impact current capacity and future growth?

- Orthopedic procedures, particularly DRG 470, have experienced growth among Medicare beneficiaries not only in terms of utilization, but also in overall payment and cost i.e. implants. CMS’s response to this increase continues to be aggressive monitoring. This includes pre-payment reviews of the medical necessity of these procedures. It is further expected that comprehensive and well-documented conservative treatment, therapies, and behavior modification have been deployed (generally two years prior). Other payers will likely follow this trend.



- Septicemia, DRG 871, has exploded in growth and costs since 2008. Did the Medicare population’s infections suddenly advance to sepsis? What does this say about quality and earlier possible interventions, or has there been aggressive interpretation of SIRs criteria and subsequent up-coding?
- Psychoses, DRG 885, with a GMLOS of 5.4 days should call attention to the need to understand the reasons for the onset of this condition—for example, the lack of medication compliance, the lack of family support, and contributing social factors—and should also offer opportunities to coordinate with other post-acute care providers. These patients are typically known to staff, and on average stayed twice the GMLOS in all states.

### **Business Response**

- Review your documentation for DRG 470. What have been your results for the pre- and post-payment reviews and audits? What is your understanding and compliance with the coverage policies?
- Review your documentation for DRG 871 and your PEPPER Report; was it present on admission in the ED? Does your coding support sepsis? What is the impact on your mortality rates? What have been your results from reviews and audits?
- What were the factors that contributed to the on-set for Psychoses in a short-term acute care facility? What are the discharge plans and outreach programs for these patients?

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### **A Deeper Dive**

On the following pages you can see our comparison of the Top 3 DRGs for the 16 states in our service area. You can compare the Average Length of Stay (ALOS) for each DRG with the average Geometric Length of Stay (GMLOS). We have highlighted in red any DRGs length-of-stays that exceed the GMLOS by more than 10%. You can also compare state-by-state the average payment for the same DRGs.



**Deeper Dive (Alabama through Maryland)**

TOP 3 DRGs – FIRST QUARTER OF 2013						
Provider State*	Rank By Volume	DRG	Volume	ALOS** (days)	Average GMLOS (days)	Average Paid
AL	1	470-Major Joint Replacement or Reattachment of Lower Extremity without MCC	2,277	3.50	3.20	\$10,610.73
AL	2	945-Rehabilitation with CC/MCC	1,815	13.81	8.30	\$17,534.65
AL	3	885-Psychoses	1,688	10.39	5.40	\$6,705.33
AR	1	945-Rehabilitation with CC/MCC	1,858	12.33	8.30	\$16,133.54
AR	2	871-Septicemia or Severe Sepsis without Mechanical Ventilation 96+ Hours with MCC	1,322	6.63	5.20	\$10,307.03
AR	3	885-Psychoses	1,242	9.98	5.40	\$6,507.72
DC	1	885-Psychoses	355	8.70	5.40	\$7,348.84
DC	2	470-Major Joint Replacement or Reattachment of Lower Extremity without MCC	268	3.61	3.20	\$14,188.34
DC	3	945-Rehabilitation with CC/MCC	191	12.93	8.30	\$20,780.82
DE	1	885-Psychoses	443	11.79	5.40	\$8,565.36
DE	2	470-Major Joint Replacement or Reattachment of Lower Extremity without MCC	432	3.14	3.20	\$13,060.76
DE	3	871-Septicemia or Severe Sepsis without Mechanical Ventilation 96+ Hours with MCC	324	7.02	5.20	\$12,233.61
FL	1	885-Psychoses	8,623	9.73	5.40	\$6,763.83
FL	2	470-Major Joint Replacement or Reattachment of Lower Extremity without MCC	7,655	3.47	3.20	\$11,153.57
FL	3	871-Septicemia or Severe Sepsis without Mechanical Ventilation 96+ Hours with MCC	5,992	7.48	5.20	\$11,311.71
GA	1	470-Major Joint Replacement or Reattachment of Lower Extremity without MCC	2,822	3.03	3.20	\$11,488.06
GA	2	871-Septicemia or Severe Sepsis without Mechanical Ventilation 96+ Hours with MCC	2,752	6.69	5.20	\$11,370.49
GA	3	885-Psychoses	2,633	10.59	5.40	\$7,164.92
LA	1	885-Psychoses	2,922	12.84	5.40	\$8,230.30
LA	2	871-Septicemia or Severe Sepsis without Mechanical Ventilation 96+ Hours with MCC	1,656	8.69	5.20	\$12,777.83
LA	3	945-Rehabilitation with CC/MCC	1,600	13.72	8.30	\$17,760.88
MD	1	999-Ungroupable	3,448	5.20	0.00	\$34.50
MD	2	885-Psychoses	2,687	10.52	5.40	\$9,505.66
MD	3	871-Septicemia or Severe Sepsis without Mechanical Ventilation 96+ Hours with MCC	2,651	7.48	5.20	\$15,428.65

\*Statewide data is based on all providers in each state and includes all Medicare beneficiaries.

\*\*ALOS, when highlighted in red, exceeded Average GMLOS by more than 10%.



**Deeper Dive (Mississippi through Texas)**

TOP 3 DRGs – FIRST QUARTER OF 2013						
Provider State*	Rank By Volume	DRG	Volume	ALOS** (days)	Average GMLOS (days)	Average Paid
MS	1	885-Psychoses	1,649	10.24	5.40	\$6,918.96
MS	2	871-Septicemia or Severe Sepsis without Mechanical Ventilation 96+ Hours with MCC	1,321	7.54	5.20	\$11,337.81
MS	3	194-Simple Pneumonia and Pleurisy with CC	1,068	5.20	3.90	\$5,082.22
NC	1	470-Major Joint Replacement or Reattachment of Lower Extremity without MCC	5,531	3.27	3.20	\$9,850.40
NC	2	871-Septicemia or Severe Sepsis without Mechanical Ventilation 96+ Hours with MCC	5,157	6.67	5.20	\$9,596.87
NC	3	885-Psychoses	3,010	12.24	5.40	\$7,172.66
NJ	1	871-Septicemia or Severe Sepsis without Mechanical Ventilation 96+ Hours with MCC	3,210	7.67	5.20	\$13,606.90
NJ	2	885-Psychoses	2,625	12.83	5.40	\$9,635.13
NJ	3	470-Major Joint Replacement or Reattachment of Lower Extremity without MCC	2,400	3.33	3.20	\$13,449.20
OK	1	470-Major Joint Replacement or Reattachment of Lower Extremity without MCC	1,697	3.28	3.20	\$11,029.54
OK	2	871-Septicemia or Severe Sepsis without Mechanical Ventilation 96+ Hours with MCC	1,612	6.46	5.20	\$11,048.73
OK	3	885-Psychoses	1,345	10.75	5.40	\$7,462.32
PA	1	945-Rehabilitation with CC/MCC	4,687	13.38	8.30	\$17,912.41
PA	2	871-Septicemia or Severe Sepsis without Mechanical Ventilation 96+ Hours with MCC	4,358	6.70	5.20	\$11,474.19
PA	3	885-Psychoses	4,280	12.78	5.40	\$8,367.83
SC	1	470-Major Joint Replacement or Reattachment of Lower Extremity without MCC	2,421	3.35	3.20	\$10,161.28
SC	2	871-Septicemia or Severe Sepsis without Mechanical Ventilation 96+ Hours with MCC	2,109	7.27	5.20	\$10,078.05
SC	3	945-Rehabilitation with CC/MCC	1,873	13.60	8.30	\$16,732.69
TN	1	871-Septicemia or Severe Sepsis without Mechanical Ventilation 96+ Hours with MCC	2,827	6.64	5.20	\$10,554.77
TN	2	885-Psychoses	2,807	11.42	5.40	\$7,616.09
TN	3	470-Major Joint Replacement or Reattachment of Lower Extremity without MCC	2,607	3.25	3.20	\$10,994.35
TX	1	945-Rehabilitation with CC/MCC	9,307	12.80	8.30	\$17,375.17
TX	2	871-Septicemia or Severe Sepsis without Mechanical Ventilation 96+ Hours with MCC	8,080	7.83	5.20	\$13,081.87
TX	3	885-Psychoses	6,659	11.01	5.40	\$7,504.20

\*Statewide data is based on all providers in each state and includes all Medicare beneficiaries.

\*\*ALOS, when highlighted in red, exceeded Average GMLOS by more than 10%.