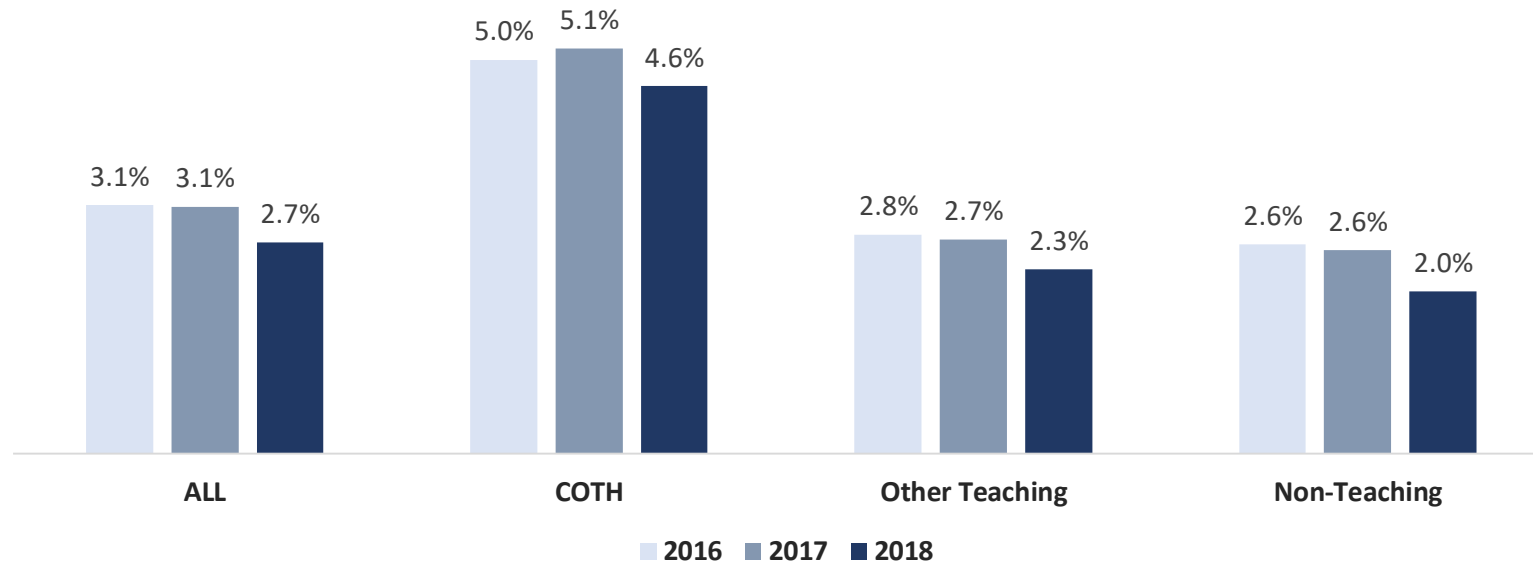


Teaching Hospitals Treat a Disproportionate Share of Costly Medicare Outlier Cases and the Trend Continues

To qualify for an outlier payment, a Medicare inpatient case must have a total cost greater than the calculated fixed-loss threshold amount for any given year. There has been a year to year increase in the outlier threshold amount needed to qualify for outlier payments; this has led to a reduction in the proportion of cases that qualify for outlier payments. AAMC-member teaching hospitals account for a large and disproportionate share of qualifying Medicare outlier cases and are therefore more vulnerable to the extraordinarily high costs associated with treating outlier cases.

Proportion of Outlier Cases by Teaching Status



Year	Outlier Threshold Amount
2016	\$25,743
2017	\$26,473
2018	\$29,064

* This analysis controlled for payment factors (DRG weight, wage index, IRB ratio, and disproportionate patient percentage) and random hospital-specific effects.

** Outliers are cases whose costs are greater than the sum of the prospective payment rate for the MS-DRG, plus IME, DSH, uncompensated care and new technology add-on payments, and the outlier threshold amount.

Source: AAMC analysis of Medicare Inpatient Claims data from FY 2016, 2017 and 2018. The outlier threshold amounts are from FY2021, FY 2020 and FY2019 IPPS Final Rule and Correction Notices