
42 C.F.R. § 412.312

Payment based on the Federal rate.

- (a) *General.* The payment amount for each discharge based on the Federal rate determined under § 412.308(c) is determined under the following formula: [Federal rate × DRG weight × Geographic adjustment factor × Large urban add-on × (1 + Capital disproportionate share adjustment factor + capital indirect medical education adjustment factor) × (for hospitals located in Alaska and Hawaii, a cost-of-living adjustment factor)] + (Any applicable outlier payment).
- (b) *Payment adjustments—*(1) *DRG weights.* The relative resource requirements of the discharge are taken into account by applying the DRG weighting factor that is assigned to the discharge under § 412.60.
- (2) *Geographic adjustment factors—*(i) *Local cost variation.* A geographic adjustment factor is applied that takes into account geographic variation in costs.

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