
42 C.F.R. § 419.41

Calculation of national beneficiary copayment amounts and national Medicare program payment amounts.

(a) To calculate the unadjusted copayment amount for each APC group, CMS—

- (1) Standardizes 1996 hospital charges for the services within each APC group to offset variations in hospital labor costs across geographic areas;
- (2) Identifies the median of the wage-neutralized 1996 charges for each APC group; and
- (3) Determines the value equal to 20 percent of the wage-neutralized 1996 median charge for each APC group and multiplies that value by an actuarial projection of increases in charges for hospital outpatient department services during the period 1996 to 1999. The result is the unadjusted beneficiary copayment amount for the APC group.

(b) CMS calculates annually the program payment percentage for every APC group on the basis of each group's unadjusted copayment amount and its payment rate after the payment rate is adjusted in accordance with § 419.32.

(c) To determine payment amounts due for a service paid under the hospital outpatient prospective payment system, CMS makes the following calculations:

- (1) Makes the wage index adjustment in accordance with § 419.43.
- (2) Subtracts the amount of the applicable Part B deductible provided under § 410.160 of this chapter.
- (3) Multiplies the remainder by the program payment percentage for the group to determine the preliminary Medicare program payment amount.

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