



Medicare Outpatient Hospitals Dataset: A Methodological Overview

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1. Background

The Centers for Medicare & Medicaid Services (CMS) has prepared a public dataset, Medicare Outpatient Hospitals Dataset, with information on services and procedures provided to Medicare beneficiaries by hospital outpatient facilities. The Medicare Outpatient Hospitals Dataset contains estimated hospital-specific charges for the more than 3,000 U.S. hospitals paid under the Medicare Outpatient Prospective Payment System (OPPS) for select Ambulatory Payment Classification (APC) Groups. APCs are the main unit of payment under the OPPS. CMS assigns individual services (Healthcare Common Procedure Coding System [HCPCS] codes) to APCs based on having similar clinical characteristics and costs. The payment rate and copayment calculated for an APC apply to each service within the APC. CMS has structured the Medicare Outpatient Hospitals Dataset to report summarized data for a subset of APCs called comprehensive APCs (C-APC).

On January 1, 2015, CMS implemented C-APCs to consolidate payment for the highest cost device-dependent procedures into a single, global prospective payment rather than paying separate single APC payments for each component of the procedure. With the comprehensive APC policy, CMS intended to align Medicare payment with beneficiaries', physicians', and hospitals' conceptual understanding of a global procedure (e.g. "getting a pacemaker"). Under C-APCs, CMS designates a set of Healthcare Common Procedure Coding System (HCPCS) codes as the primary service and, with few exceptions, bundles all adjunctive services listed on the claim into a single payment for the primary service.¹ C-APCs include intensive procedures such as neurostimulator insertions, cardiac catheterization and stenting, pacemaker and defibrillator placement, and gynecological and orthopedic procedures, among others. In CY 2016, CMS expanded the list of C-APCs beyond device-dependent procedures to also include observation services.

In prior versions of the Medicare Outpatient Hospitals Dataset, CMS reported summarized utilization and spending metrics for single-APCs where it was relatively easy to attribute total hospital charges for packaged services to a given APC. Given that CMS can attribute all adjunct services on the claim not statutorily excluded from packaging to a C-APC, CMS switched to focusing on C-APCs to present a more conceptually cohesive set of services for the Medicare Outpatient Hospitals Dataset.

The primary data source for the Medicare Outpatient Hospitals Dataset come from the CMS administrative claims data for Medicare beneficiaries enrolled in the fee-for-service program. The 2015 through 2024 data are available from the CMS Chronic Condition Data Warehouse (CCW), a database with 100% of Medicare enrollment and fee-for-service claims data. Service counts, provider charges, Medicare allowed amounts, regular provider payments, and outlier payments are summarized from Part B institutional revenue center claims line data.

Outpatient provider demographics are also incorporated in the Medicare Outpatient Hospitals Dataset and include hospitals' name, and complete address. The outpatient provider name and address are derived from CMS's Provider of Service (POS) data, a resource that provides characteristics associated with institutional facilities.

¹ This description is paraphrased from information in the CY 2014 OPPS final rule. For more detailed information on the development of C-APCs, see Section II.A.2.e, <https://www.gpo.gov/fdsys/pkg/FR-2013-12-10/pdf/2013-28737.pdf>

2. Population

The Medicare Outpatient Hospitals Dataset includes data on Medicare fee-for-service beneficiaries from Medicare Outpatient Prospective Payment System (OPPS) providers within 49 of the 50 United States and District of Columbia (excluding Maryland) who are billing for comprehensive APCs.² To protect the privacy of Medicare beneficiaries, any aggregated records which are derived from 10 or fewer services are excluded from the Medicare Outpatient Hospitals Dataset.

3. Classification and Summarization

Detailed Data File

The utilization and spending data in the Medicare Outpatient Hospitals Dataset are aggregated to the following levels:

- Provider identifier, and
- Comprehensive Ambulatory Payment Classification Group.

There can be multiple records for a given provider identifier based on the number of distinct C-APCs. In 2016, CMS renumbered the APC codes. Therefore, CY 2015 APC codes have different values from the CY 2016 APC codes.

The Medicare Outpatient Hospitals Dataset reports the number of Medicare fee-for-service beneficiaries, APC services, hospitals' average total estimated submitted charges, the average regular Medicare allowed charges (which includes Medicare provider payments and beneficiary cost-sharing payments), the average regular Medicare provider payments, the number of APC services with outlier payments, and the average Medicare outlier provider payments among those services. The average estimated submitted charges and Medicare payments are provided at the individual hospital level. The actual charges at an individual hospital for an individual service within these APC groups may differ.³ These metrics are described in more detail in the Data Dictionary.

Summary Tables

Summary tables have been created to supplement the information reported in the Medicare Outpatient Hospitals Dataset. “National and State Summaries of Outpatient Hospital Charge Data” includes beneficiaries, services, average payments and average hospital charges organized by each of the following at the national and state levels:

- APC
- APC/primary HCPCS

The aggregated reports are not restricted to the redacted data reported in the Medicare Outpatient Hospitals Dataset but are aggregated based on all Medicare services associated with the select APC groups. However, if the

² CMS excludes Maryland hospitals because they do not participate in the Medicare OPPS. See Section 6 for more information on this data limitation.

³ For a more complete discussion of the claims criteria used in setting the Medicare payment rates for hospital outpatient services, see the Medicare CY 2021 Outpatient Prospective Payment System (OPPS) Claims Accounting document available on the CMS website at <https://www.cms.gov/files/document/2022-nfrm-opps-claims-accounting.pdf>.

aggregated data from a particular state, APC or APC/primary HCPCS combination is derived from 10 or fewer services that data are excluded from the Medicare Outpatient Hospitals Dataset summary table. These metrics are described in more detail in the Data Dictionary located.

Given the level of detail in the provider-level files, the provider/APC/primary HCPCS summary results in a large proportion of records, primary HCPCS services, total hospital charges, and Medicare payment amounts being suppressed. Therefore, at this time CMS does not release this level of aggregation as part of the suite of Medicare Outpatient Hospitals Datasets.

4. Data Limitations

Although the Medicare Outpatient Hospitals Dataset has a wealth of payment and utilization information about many Medicare Part B services, the dataset also has some limitations that are worth noting.

The data in the Medicare Outpatient Hospitals Dataset may not be representative of a hospital's entire population served. The data in the file only has information for Medicare beneficiaries with fee-for-service coverage, but hospitals typically treat many other patients who do not have that form of coverage. The Medicare Outpatient Hospitals Dataset does not have any information on patients who are not covered by Medicare, such as those with coverage from other federal programs (like the Federal Employees Health Benefits Program or Tricare), those with private health insurance (such as an individual policy or employer-sponsored coverage), or those who are uninsured. Even within Medicare, the Medicare Outpatient Hospitals Dataset does not include information for patients who are enrolled in any form of Medicare Advantage plan. Importantly, the data is limited to only a select number of APCs and thus does not necessarily include all Medicare outpatient procedures from a given hospital.

The file only contains cost and utilization information, and for the reasons described in the preceding paragraph, the volume of procedures presented may not be fully inclusive of all procedures performed by the hospital.

The state of Maryland has a unique waiver that exempts it from Medicare's prospective payment systems for outpatient care. Maryland instead uses an all-payer rate setting commission to determine its payment rates. Therefore, data from Maryland providers are not included in the Medicare Outpatient Hospitals Dataset.

5. Updates

June 2026 Updates:

During the preparation of the Medicare Outpatient Hospitals Dataset for CY 2024, a single claim was identified with an unreasonably large number of reported units. This was determined to be a data anomaly inconsistent with standard billing patterns for that service. The units for that claim were corrected prior to file creation to reflect the expected value, ensuring the integrity of the derived metrics for the affected C-APC (e.g., average submitted charges, average Medicare allowed amount, average Medicare payment amount) was not distorted by the outlier value.

May 2024 Updates:

As a result of the Public Health Emergency related to COVID-19, there was a suspension of the 2% sequestration policy associated with outlier payments that was implemented beginning May 1, 2020. There was an extension of the

suspension period through the implementation of the 2021 Consolidated Appropriations Act, the 2021 Act to Prevent Across-the-Board Direct Spending Cuts, and for Other Purposes, and Protecting Medicare and American Farmers from Sequester Cuts Act through March 31, 2022.

The 2% sequestration was incorrectly applied to the Medicare Outpatient Hospitals Dataset and supplemental summary tables for data years 2020 and 2021. As a result, the outlier comprehensive APC services, average Medicare outlier amount and average Medicare payment amount were under-reported. The 2020 and 2021 datasets have been updated to appropriately account for the lapse in 2% sequestration during this period.

August 2019 Updates:

The Medicare Outpatient Hospitals Dataset and supplemental summary tables have been updated to include the number of Medicare fee-for-service beneficiaries receiving outpatient hospital services. These changes are reflected in data years 2015 through 2017. Additionally, the Medicare Outpatient Hospitals Dataset no longer restricts the sample of providers to those hospitals that also appear in the Medicare Inpatient Hospitals Dataset. Finally, the 2015 through 2017 files use data that has a longer claims maturity period. In other words, the source claims data allows for more time for providers to submit new claims or correct previously submitted claims. Therefore, the 2015 and 2016 datasets released in this version may differ slightly from previously released versions.

January 2019 Updates:

CMS has switched to reporting hospital utilization, charges, and Medicare spending for comprehensive APCs in order to make the Medicare Outpatient Hospitals Dataset more conceptually cohesive. Switching to C-APCs also makes it easier to decide which APCs to include on an annual basis. Under the previous dataset methodology, CMS needed to determine which APCs had claims data that made it clear that packaged services could easily be attributed to a given APC. Going forward, the list of APCs included in the datasets will automatically expand as CMS broadens its C-APC policy. However, since the C-APCs only began in 2015, the new data files no longer have earlier years of data.