

CMS Will Phase-In new DRG System

The CMS said it will phase in a new weighting system for inpatient diagnosis-related groups over three years rather than fully convert to the cost-based system in 2007 as previously proposed. About 2% of hospitals will see their payments fall as a result of the new weighting system.

CMS yesterday released its hospital inpatient prospective payment system (IPPS) final rule for fiscal year 2007 with "significant technical corrections and methodological changes" that are expected to lessen the negative financial effects on hospitals. Marking the most significant changes to the reimbursement system in more than two decades, the final IPPS modifies the payment weights by shifting from charge-based to cost-based diagnosis-related group (DRG) weights and by establishing 20 new DRG groups, bringing the total number of groupings to 546 rather than the proposed 861.