

# Medicare Fee-for-service Cost Sharing Proportions for Calendar Year 2006

## Data Sources and Development Methodology

1. Primary data sources:
  - a. Program reimbursements and cost sharing tabulated from the 2003 National Claims History Files by state and county, separately for aged and disabled beneficiaries. File includes 100 percent of claim records.
    - i. All data is excluded for beneficiaries in ESRD status.
  - b. 2001 county-level HCC risk scores from the file “agarisk2005”, which is available from the web site: <http://www.cms.hhs.gov/MCRAAdvSpecificRatesAndStatistics/>.
  - c. 2003 Part A and Part B county-level enrollments developed from file FFS2003.zip, which is available from the web site: <http://www.cms.hhs.gov/MCRAAdvSpecificRatesAndStatistics/>.
  - d. 2003 FFS graduate medical education (GME) payments from file FFS2003.zip, which is available from the web site: <http://www.cms.hhs.gov/MCRAAdvSpecificRatesAndStatistics/>.
  - e. Primary Metropolitan Statistical Areas (PMSA) as of June 30, 1999, which is available from website: <http://www.census.gov/population/www/estimates/pastmetro.html>.
2. Develop MSA-level per-capita costs for 2003:
  - a. Merge claims data, risk scores, enrollment data, and PMSA code by state and county, combined for aged and disabled beneficiaries.
    - i. Delete claims with an unknown state code.
    - ii. Assign a state-level PMSA code of 98 plus the 2 digit state code to all claims from counties within the state with an invalid county code.
  - b. Calculate total cost sharing by the following service categories for each state/county:
    - i. Inpatient: deductible plus coinsurance
    - ii. SNF: coinsurance
    - iii. Outpatient: deductible plus copayments
    - iv. Physician, DME Medical, DME Other: allowed charges minus program reimbursement
  - c. Subtract county-level GME from hospital inpatient reimbursement.
  - d. Collapse outpatient, physician, DME M and DME O into one service category (Part B services).
  - e. Tabulate aggregate reimbursements and cost sharing by service category for each PMSA.
  - f. Calculate PMPM reimbursement and cost sharing by dividing the totals obtained in (2e) by relevant aggregate enrollment (Inpatient and SNF by part A enrollment, part B services by part B enrollment) divided by 12.
3. Project PMPM costs from 2003 to 2006:
  - a. Calculate 2006 PMPM reimbursements and cost sharing by service category from the 2005 Trustees’ Report.
  - b. Calculate growth factors by service category by dividing the PMPM data from (3a) by the PMPM data from (2f).
  - c. Apply the growth factors from (3b) to the claims-level data.
  - d. Calculate standardized allowed costs by service category as the sum of program reimbursement and cost sharing divided by the county average risk score.
  - e. Combine the data from counties in a state with less than 50,000 enrollees with the data from all non-PMSA counties in the state.
  - f. Calculate PMPM reimbursements and cost sharing and standardized allowed costs for each PMSA and the combined non-PMSA in each state.
  - g. Calculate cost sharing proportion by service category by dividing the cost sharing amounts by total allowed costs (reimbursement plus cost sharing) calculated in (3f).