

**Current Payment Model for Geriatric Hip Fractures Underestimates Cost to Treat**

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**Purpose:** The Centers for Medicare & Medicaid Services (CMS) reimburses hospitalizations for geriatric hip fractures by a fixed amount based on patients’ Medicare Severity Diagnosis Related Group (MS-DRG). MS- DRGs assign payment weights determined by estimated resource utilization for that condition. This study evaluates whether estimates of resource utilization by CMS for geriatric femur fractures is consistent with utilization at a large academic medical center.

**Methods:** Analysis included 198 patients over 65 who underwent surgical repair of hip fracture between 2018-2020 at a Level I trauma center and were reimbursed under one of 3 most common MS-DRGs for geriatric femur fractures, “Hip and femur procedures except major joint without complication or comorbidity (CC)”, “...with CC”, and “...with major CC (MCC)”. Outcomes include a percentage difference in cost of care and profitability compared to “without CC” group, and length of stay (LOS) compared to CMS estimates.

**Results:** Compared to patients without CC, MCC patients cost 60% more (P<0.05) and were 64% less profitable per episode. Profit per episode was negative for all 3 MS-DRGs. LOS at study site was 1.9 days longer than LOS cited by CMS.

**Conclusion:** Increasingly negative profits for MS-DRGs with complications suggests reimbursement is not sufficiently meeting the cost to treat. One reason for this may be that CMS underestimates LOS, and thus resource utilization, of these patients.

