

## A Comparative Report on Key Cancer DRGs

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# A Comparative Report on Key Cancer DRGs

by Lee E. Mortenson, D.P.A.

**A** shift in understanding cancer service line costs and margins is underway in many U.S. hospitals. Cost accounting software, previously rare, is being installed in most tertiary care facilities. Yet there remains a broad spectrum of cost accounting strategies that do not provide a common ground for interorganizational comparisons. Thus, DRGs continue to be a valuable mechanism for comparisons.

Each year the Association of Community Cancer Centers collects DRG data from its member institutions. These institutions are requested to submit data on costs, charges, and reimbursements for 68 cancer-related DRGs for patients discharged over a 12-month period. This information is analyzed and published in ACCC's annual *Cancer DRGs: A Comparative Report on Key Cancer DRGs*. This year's book features data from 129 hospitals, which reported on a total of close to 60,000 cancer-related Medicare discharges.

Data for 68 DRGs were included in the publication: 40 DRGs that consist primarily of ICD-9-CM codes pertaining to adult oncology patients, and an additional 26 DRGs

that pertain to the neoplastic process or to the diagnosis of cancer. This year two additional DRGs were included in the survey, DRGs 473 (acute childhood leukemia) and 492 (chemotherapy with acute leukemia as secondary diagnosis).

## WINNERS AND LOSERS

Figure 1 presents the twelve profitable DRGs in the 1996 survey. The most profitable DRG per discharge is DRG 411 (history of malignancy without endoscopy), which showed a mean profit of \$1,108 per discharge. Other profitable DRGs include DRG 352 (other male reproductive system diagnoses) at \$646 per discharge, DRG 284 (minor skin disorders without CC) at \$547 per discharge, DRG 273 (major skin disorders without CC) at \$501 per discharge, and DRG 345 (other male reproductive system, operating room procedures except for malignancy) at \$344 per discharge.

Figure 2 shows the ten DRGs with the largest mean loss per discharge. Mean losses per discharge by DRG range from \$-16 for DRG 398 (reticuloendothelial and immunity disorders with CC) to \$-5,540 for DRG 492. Among the five DRGs with the highest mean loss per discharge are DRG 401 (lymphoma or leukemia with minor operating room procedure age >70 and/or CC) at \$-1,690, DRG 64 (ear, nose, and throat malignancy) at \$-1,431, DRG 357 (uterus and adnexa procedures for malignancy)

at \$-1,325, DRG 465 (aftercare with history of malignancy and as secondary diagnosis) at \$-1,229, and DRG 414 (other myeloproliferative disorder without CC) at \$-1,200.

## REGIONAL PROFIT/LOSS

To determine whether costs or profit/loss margins vary from region to region, a separate analysis was performed for each of five geographic regions in the United States. The mean institutional profit/loss across all regions is \$-3,311, a significant improvement from 1995 (\$-4,512), 1994 (\$-7,258), 1993 (\$-9,849), and 1992 (\$-10,621). All regions continue to report average institutional losses. The Northeast (with 28 hospitals reporting data) shows the smallest regional loss (\$-646), down from a mean institutional loss of \$-2,048 in 1995 for that region.

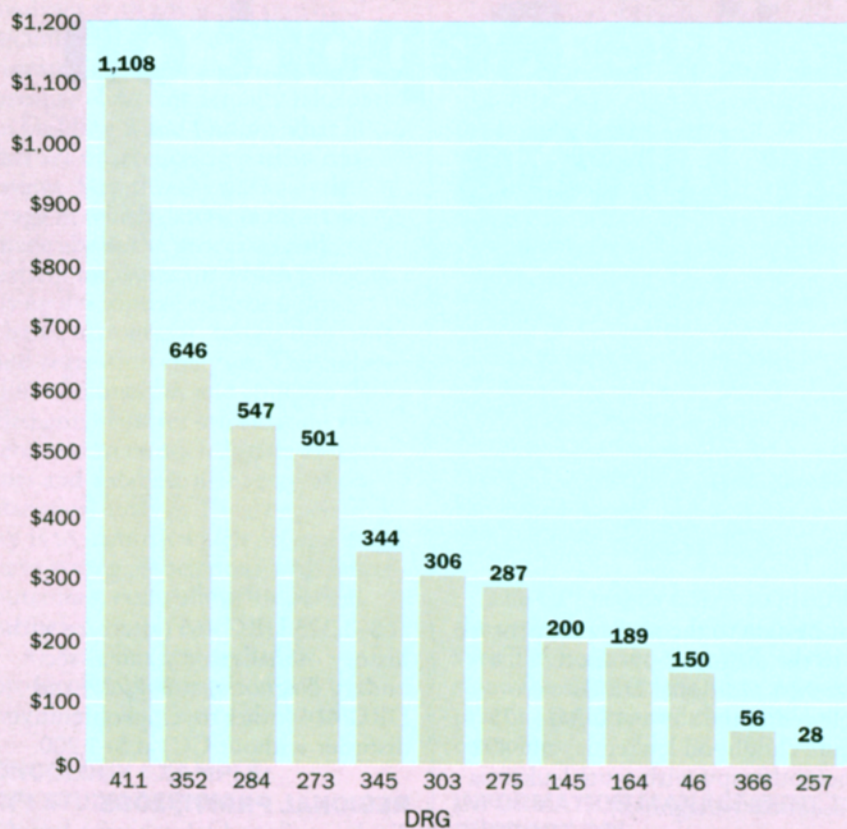
## TOTAL CHARGES, REIMBURSEMENTS, AND COSTS

The 129 hospitals providing charge data in this survey reported an overall total of more than \$601 million in charges for a total of 59,330 discharges, representing a mean charge of \$10,136 (up about 1 percent from the 1995 mean charge of \$10,024). DRG 82 (respiratory neoplasms) is the top DRG for total charges at \$63.7 million, followed by DRG 410 (chemotherapy) at \$48.2 million.

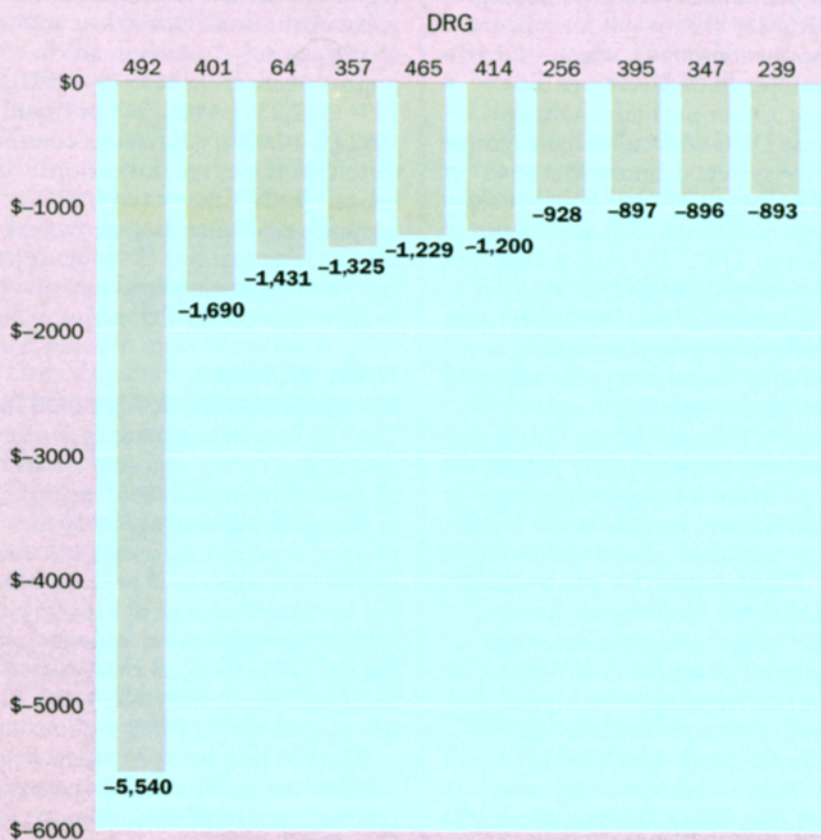
The 129 hospitals providing reimbursement data in this survey reported an overall total of more than \$300 million in reimbursements

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**Figure 1. The Twelve Profitable Cancer DRGs (1996). Mean Profit Per Discharge.**



**Figure 2. Ten Cancer DRGs with the Greatest Mean Loss Per Discharge.**



for a total of 59,029 discharges. This represents a mean reimbursement per DRG of \$5,092, compared with last year's mean reimbursement per DRG of \$5,125, a decrease of less than 1 percent. DRG 82 is the top DRG for reimbursement (\$32.1 million), followed by DRG 410 (\$25.3 million).

The 105 hospitals providing costs in this survey reported an overall total of more than \$265 million in costs for a total of 45,595 discharges, representing a mean cost of \$5,816 per DRG. This is a 4 percent increase from a mean cost of \$5,588 per DRG in 1995. DRG 82 ranks number one in total costs (\$27.9 million), followed by DRG 410 (\$22.2 million).

A wealth of other data was obtained from the survey, including complete charge, reimbursement, and cost data for each of the 68 cancer DRGs. Finally, this year's report features a comparative analysis between data reported for this year's survey and data reported in the prior edition of *Cancer DRGs* for those hospitals that responded with complete data to both surveys. ■

The 10th Edition of *Cancer DRGs: A Comparative Report on Key Cancer DRGs* will be mailed to ACCC delegate representatives in February 1997. Non-ACCC members may obtain a copy of the publication at \$250 per copy, which includes postage and handling. Visa or Mastercard accepted. Send payment to ACCC DRG Book, Association of Community Cancer Centers, 11600 Nebel St., Suite 201, Rockville, MD 20852.