

COST OUTLIER

$$\frac{\text{Total Charges}}{\text{Cost to Charge Ratio}} \times \text{Cost to Charge Ratio} = \text{Hospital Cost}$$

$$\text{DRG Payment} \times 150\% = \text{Cost Outlier Trim Point}$$

$$\text{Hospital Cost} - \text{Cost Outlier Trim Point} = \text{Cost Outlier Payment}$$

$$\text{DRG Payment} + \text{Cost Outlier Payment} = \text{Total Payment}$$