

The 3M Corporation was commissioned some time ago to come up with a DRG type payment system for Hospital-Outpatient services under Medicare. Currently, physics outpatient services (as well as radiology and radiation oncology) are paid according to a blended formula. The Health Care Financing Administration plans to implement the new payment system (referred to now as Ambulatory Patient Categories) on January 1, 1999. This part of the two-part presentation will provide an overview of the mechanics behind the new payment system.