FY2015 Proposed Hospital Inpatient Rule Summary

Boston Scientific

GuidePoint
Simplifying Reimbursement

Cardiac Rhythm Management (CRM)
Electrophysiology (EP)
Interventional Cardiology (IC)
Peripheral Intervention (PI)

On April 30, 2014, the Centers for Medicare & Medicaid Services (CMS) released proposed hospital Inpatient Prospective Payment System (IPPS) rates for FY2015. CMS' final payment and policy changes will be published around August 1, 2014 and will go into effect October 1, 2014.

Overall payment rates will increase slightly, with a 1.3% increase for hospitals that successfully participate in the Hospital Inpatient Quality Reporting (IQR) Program. See Table 1 on page 5-6 for payment rates for procedures of interest to CRM, EP, IC and PI.

IPPS PR HIGHLIGHTS

CMS continues to refine various "pay-for-performance" programs (e.g., readmissions reduction program, hospital-acquired conditions, value-based purchasing program) to drive improvements in quality and patient outcomes. For example, CMS' penalty or bonus in the Hospital Value-based Purchasing (VBP) program will shift from the current 1.25% to 1. 5%.

Congress delayed the October 1, 2014 ICD-10-CM coding implementation date by one year. Some indicate the change will be burdensome and they are not ready for the required documentation requirements and necessary changes to their IT billing system. No new ICD-9-CM codes are being added at this time for new technology and clinical diagnoses will be on hold until ICD-10-CM is implemented.

Inpatient Admission and Medical Review Criteria (Two Midnight Stay)

CMS did not did not withdraw the two midnight stay requirement in the rule and it remains in effect. However, the Agency is soliciting comments for exceptions as well as input on "Alternative Payment Approaches for Short Hospital Stays".

While some might interpret recent headlines to read that the two midnight rule is no longer in effect, as mentioned above, that is not the case. What has been put on hold is the use of the Recovery Audit Contractors to audit hospitals for their compliance with the Rule. The American Hospital Association is continuing to fight this Rule with Congress and in the Courts.

Readmission Reduction Program

The Hospital Readmissions Reduction Program, implemented in FY2013, reduces payments for certain hospitals with excess 30-day readmissions caused by heart attack, heart failure, and pneumonia. In FY2015 the maximum payment reduction will be 3%. For FY2015, CMS proposes to continue assessing hospitals' readmission penalties using five readmissions measures endorsed by the National Qualify Forum (NQF). These included acute myocardial infarction (heart attack), heart failure, and pneumonia. The Agency has also added chronic obstructive pulmonary disease, and hip/knee arthroplasty to the list of conditions that will be scrutinized. It will also modify its methodology to take into account, planned readmissions for the five existing measures. In FY2017 the Agency plans to add coronary artery bypass graft (CABG) surgical procedures to the list of measures subject to payment reductions.

Proposed changes to the Hospital Value-based Purchasing Program (VBP)

The Value Based Purchasing program builds upon the current Inpatient Quality Reporting Program and uses performance data to adjust payments. In FY2015, the VBP will redistribute 1.50% (up from 1.25%) of hospital payments, which CMS estimates will allow for $1.4 billion in incentive payments.

IQR participating hospitals submit for up to 46 selected measures across four measure sets (stroke, venous thromboembolism, emergency department, and perinatal care). Selected cardiovascular measures are listed below:

	IQR: Inpatient Quality Reporting	VBP: Value Based Purchasing
AMI	• Median Time to Primary PCI • Timing of Receipt of Primary PCI	• Primary PCI Received Within 90 Minutes of Hospital Arrival (Note: Finalized deletion in FY2016) • Fibrinolytic Therapy Received Within 30 Minutes of Hospital Arrival
Mortality	• Inpatient Mortality • AMI 30-Day Mortality Rate	• Acute Myocardial Infarction (AMI) 30-day mortality rate
Readmissions	• AMI 30-Day Readmission Rate	
HF	• Evaluation of LVS Function • ACEI or ARB for LVSD	• Discharge Instructions (Note: Finalized deletion in FY2016)
Mortality	• HF 30-Day Mortality Rate	• Heart Failure (HF) 30-day mortality rate
Readmission	• HF 30-Day Readmission Rate	
Total Program Measures	FY2015: 46 Measures (adding 11, removing 20)	FY2015: 19 total measures including 12 Clinical Process, 1 Patient Experience of Care Measure , 5 Mortality Outcomes and 1 Efficiency Measure

Proposed Addition of Heart Failure for Inpatient Quality Reporting

CMS is proposing to assess the value of hospital care for heart failure patients by pairing hospital payments with hospital quality starting in FY2017. To do so, CMS proposes collecting data on heart failure hospitalizations in FY2015 (which will be used to make payment adjustments in FY2017).

Hospital Acquired Conditions (HAC) Reduction Program

The HAC payment policy prohibits hospitals from being paid at a higher MS-DRG rate for patients with major complications if the sole reason for the higher payment is the occurrence of one of the conditions on the HACs list during the beneficiary's hospital stay. While CMS did not add or remove any conditions from the HAC list, CMS proposed to implement a 1% payment reduction for the lowest-performing quartile of hospitals. CMS is also seeking comment on conditions to be added in the future.

Refinement of the MS-DRG Relative Weights (Charge Compression)

In FY2014 CMS implemented increased payment rates for high-cost implantable devices using newly obtained hospital cost data to adjust inpatient payment rates. As a result, the payment rates for ICD/CRT-D and pacemaker procedure stays increase substantially, specifically MS-DRGs 227 and 245. In FY2015 the rates have stabilized and may be found in Table 1 in this document.

New Technology Add-on Payment (NTAP) Applications

For FY2015, CMS is considering five device applications for New Technology Add-on Payments. As is customary with CMS, they have not indicated a recommendation for the NTAP applications, but have outlined the applications with respect to the criteria for newness, high cost threshold, and substantial clinical improvement and requested public comment. The four cardiovascular applications of interest include:

- WATCHMAN™ Left Atrial Appendage Closure System (submitted by Boston Scientific) provides an alternative for stroke risk reduction by occluding the left atrial appendage via a transseptal catheter implant in high risk patients with non-valvular atrial fibrillation (AF). WATCHMAN is an investigational device in the U.S. with anticipated FDA approval the first half of 2014.
- MitraClip® System (Abbott Vascular), a transcatheter intervention based on the mitral valve leaflet repair as an alternative to open surgery. In FY2014, the application was withdrawn due to lack of FDA approval by July 1st and is back for consideration.
- CardioMEMS™ Heart Failure Monitoring System (manufacturer CardioMEMS, Inc.) provides pulmonary artery pressure data using a wireless sensor to better manage heart failure patients. CMS did not comment on the criteria of newness and cost threshold. CMS did raise questions in regards to substantial clinical improvement, specifically with respect to availability of long term data.
- Heli-FX EndoAnchor System (manufacturer Aptus Endosystems, Inc.) is a mechanical fastening device that is designed to enhance the long-term durability and reduce the risk of repeat interventions in endovascular aneurysm repair (EVAR) and thoracic endovascular aneurysm repair (TEVAR). CMS did not comment on criteria for cost threshold. CMS did raise concerns with respect to the criteria for newness and substantial clinical improvement.

SPECIFIC PAYMENT CHANGES

Overall weighted average changes across key cardiovascular device-related procedures based on Table 1:
- CRM and EP: Increase of 0.95% and 2.95% respectively
- IC Stents: Increase of 2.50%
- PI PTA, Stent, and Embolization: Increase of 4.05%

Cardiac Rhythm Management
Weighted average base payments:
- ICD and CRT-D system implant payment rates increase by 1.02% for MS-DRGs 222-227
- ICD and CRT-D system replacement payment rates increase by 2.17% for MS-DRGs 245 & 265
- Pacemaker and CRT-P system implant payment rates increase by 0.54% for MS-DRGs 242-244
- Pacemaker and CRT-P system replacement payment rates increase by 3.66% for MS-DRGs 259-262

Electrophysiology
Weighted average base payments:
- Overall, payment rates for cardiac ablation cases increase by 2.95% *(Note that WATCHMAN™ Left Atrial Appendage Closure Device also currently maps to cardiac ablation MS-DRGs)*
  * BSC has no ablation catheter FDA-approved for treatment of Atrial Fibrillation

Interventional Cardiology

Drug-eluting stent weighted average base payments:

- Drug-eluting stent weighted average payment increase of 2.15% for the two MS-DRGs related to DES
  - Payment for MS-DRG 246 patients (i.e. a drug-eluting stent procedure for a patient with major complications or comorbidities) increases by 2.57% ($474) to $18,934
  - For the treatment of patients without major complications or comorbidities (MS-DRG 247), the hospital reimbursement payment increases by 1.94% ($230) to $12,066

Bare-metal stent weighted average base payments:

- BMS weighted average payment increase of 3.94% across the two MS-DRGs
  - MS-DRG 248 up 3.92% ($671) to $17,768 and MS-DRG 249 up 3.96% ($419) to $11,000

Structural Heart

Endovascular or Transthoracic Valves

- **TAVR**: **CMS proposed to move from the current six MS-DRGs to two new TAVR specific MS-DRGs**
  - *Weighted average base payments:*
    - Weighted average payment across all the TAVR MS-DRGs is $44,969
      - 266 Endovascular Cardiac Replacement with MCC ($51,329)
      - 267 Endovascular Cardiac Replacement without MCC ($39,175)

Peripheral Interventions

Weighted average base payments:

- Peripheral PTA, stenting and embolization increases 4.49% to $15,541 for MS-DRGs 252, 253, 254

TABLE 1: SELECT CARDIOVASCULAR MS-DRG FY2015 PROPOSED PAYMENT CHANGES

The table below shows proposed FY2015 MS-DRG national average payment rates for select cardiovascular procedures and the percent change as compared to FY2014 MS-DRG final national average rates. The rates and percent changes shown are base payments. Actual rates may vary for individual hospitals due to geographic wage differences.

MS-DRG	Description	FY2015 Proposed Rate	FY2014 Final Rate	$ Change (FY2015-14 Proposed)	% Change (FY2015-14 Proposed)
Interventional Cardiology					
Drug-Eluting Stents					
246	Percutaneous cardiovascular proc w drug-eluting stent w MCC	**$18,934**	$18,460	$474	2.57%
247	Percutaneous cardiovascular proc w drug-eluting stent w/o MCC	**$12,066**	$11,836	$230	1.94%
Bare Metal Stents					
248	Percutaneous cardiovasc proc w non-drug-eluting stent w MCC	**$17,768**	$17,097	$671	3.92%
249	Percutaneous cardiovasc proc w non-drug-eluting stent w/o MCC	**$11,000**	$10,581	$419	3.96%
Angioplasty or Atherectomy without Stent					
250	Perc cardiovasc proc w/o coronary artery stent w MCC	**$17,446**	$17,330	$116	0.67%
251	Perc cardiovasc proc w/o coronary artery stent w/o MCC	**$11,923**	$11,447	$476	4.16%
New Proposed Endovascular Cardiac Valve Replacement (TAVR)					
266	Endovascular Cardiac Valve Replacement w/ MCC	**$51,329**	NA		
267	Endovascular Cardiac Valve Replacement w/o MCC	**$39,175**	NA		
Structural Heart – Open Procedure Valves					
216	Cardiac valve and other major cardiothoracic procedures with cardiac catheterization with MCC	**$57,247**	$54,981	$2,266	4.12%
217	Cardiac valve and other major cardiothoracic procedures with cardiac catheterization with CC	**$37,802**	$36,442	$1,360	3.73%
218	Cardiac valve and other major cardiothoracic procedures with cardiac catheterization without CC/MCC	**$32,329**	$31,470	$859	2.73%
219	Cardiac valve and other major cardiothoracic procedures without cardiac catheterization with MCC	**$46,645**	$45,928	$717	1.56%
220	Cardiac valve and other major cardiothoracic procedures without cardiac catheterization with CC	**$31,015**	$30,690	$325	1.06%
221	Cardiac valve and other major cardiothoracic procedures without cardiac catheterization without CC\MCC	**$27,122**	$26,924	$198	0.74%
Cardiac Rhythm Management					
ICD Systems					
222	Cardiac defib implant w cardiac cath w AMI/HF/shock w MCC	**$50,883**	$51,133	($250)	-0.49%
223	Cardiac defib implant w cardiac cath w AMI/HF/shock w/o MCC	**$37,074**	$37,266	($192)	-0.52%
224	Cardiac defib implant w cardiac cath w/o AMI/HF/shock w MCC	**$45,256**	$44,787	$469	1.05%
225	Cardiac defib implant w cardiac cath w/o AMI/HF/shock w/o MCC	**$34,606**	$34,337	$269	0.78%
226	Cardiac defibrillator implant w/o cardiac cath w MCC	**$42,082**	$40,655	$1,427	3.51%
227	Cardiac defibrillator implant w/o cardiac cath w/o MCC	**$32,271**	$32,128	$143	0.45%
ICD Replacements					
245	AICD generator procedures	**$27,386**	$27,271	$115	0.42%
265	AICD lead procedures	**$16,897**	$15,595	$1,302	8.35%
Pacemaker Systems					
242	Permanent cardiac pacemaker implant w MCC	**$21,867**	$21,743	$124	0.57%
243	Permanent cardiac pacemaker implant w CC	**$15,531**	$15,494	$37	0.24%
244	Permanent cardiac pacemaker implant w/o CC/MCC	**$12,655**	$12,532	$123	0.98%

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MS-DRG	Description	FY2015 Proposed Rate	FY2014 Final Rate	$ Change (FY2015-14 Proposed)	% Change (FY2015-14 Proposed)
Pacemaker Revisions and PG Placements					
258	Cardiac pacemaker device replacement w MCC	**$16,132**	$15,792	$340	2.15%
259	Cardiac pacemaker device replacement w/o MCC	**$11,702**	$11,287	$415	3.68%
260	Cardiac pacemaker revision except device replacement w MCC	**$21,870**	$21,597	$273	1.26%
261	Cardiac pacemaker revision except device replacement w CC	**$10,853**	$10,024	$829	8.27%
262	Cardiac pacemaker revision except device replacement w/o CC/MCC	**$8,119**	$8,042	$77	0.96%
Cardiac Catheter Ablation					
250	Perc cardiovasc proc w/o coronary artery stent w MCC	**$17,446**	$17,330	$116	0.67%
251	Perc cardiovasc proc w/o coronary artery stent w/o MCC	**$11,923**	$11,447	$476	4.16%
Peripheral Interventions					
Carotid Artery Stenting					
34	Carotid artery stent procedure w MCC	**$21,702**	$19,803	$1,899	9.59%
35	Carotid artery stent procedure w CC	**$12,946**	$12,632	$314	2.49%
36	Carotid artery stent procedure w/o CC/MCC	**$10,192**	$9,989	$203	2.03%
Peripheral PTA, Stent, Atherectomy and Embolization					
252	Other vascular procedure with MCC	**$19,578**	$18,255	$1,323	7.25%
253	Other vascular procedure with CC	**$14,933**	$14,599	$334	2.29%
254	Other vascular procedure without MCC\CC	**$10,125**	$9,866	$259	2.63%

MS-DRG = Medicare Severity Diagnosis Related Group
Weighted Average based on 2013 MedPAR (Table 7B) inpatient volume distribution in MS-DRGs
MCC = Major Complications and Comorbidities
CC = Complications and Comorbidities

COMMENTS / QUESTIONS

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Additional Information

Read the full FY2015 Proposed IPPS Rule (CMS-1607P) at the following link:
https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/AcuteInpatientPPS/FY2015-IPPS-Proposed-Rule-Home-Page.html

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