

Medicare Transitional Pass-Through Payment Applicable to EXALT™ Model D Single Use Duodenoscope



The Centers for Medicare & Medicaid Services (CMS) has approved Boston Scientific's application for a transitional pass-through (TPT) payment category to describe single-use endoscopes, such as the EXALT™ Model D Single-Use Duodenoscope. Effective July 1, 2020, the new device pass-through code (C1748) may be used to bill for EXALT Model D when used in the treatment of Medicare patients in the hospital outpatient setting. This device specific payment is in addition to the endoscopic retrograde cholangiopancreatography (ERCP) procedure payment and is intended to cover the cost of the device. EXALT Model D has a positive economic impact on hospitals as it eliminates reprocessing costs associated with reusable duodenoscopes.

Additionally, as a direct result of Boston Scientific's recent advocacy, CMS is eliminating the device offset deduction when calculating the TPT payment for single-use endoscopes, such as EXALT Model D Single-Use Duodenoscopes. This change simplifies the TPT calculation and provides hospitals with more appropriate payment for the single-use duodenoscope. This change is retroactive to July 1, 2020.†

TRANSITIONAL PASS-THROUGH CODE

HCPCS	STATUS INDICATOR	LONG DESCRIPTOR
C1748	H*	Endoscope, single-use (i.e. disposable), upper GI, imaging/illumination device (insertable)

The CMS guidance on the new device transitional pass-through category is available at: <https://www.cms.gov/files/document/r10166cp.pdf> (See Section 7 and Tables 8 & 9)

* C1748 has a Medicare status indicator of "H" and therefore is not subject to copayment. Medicare patients treated in the outpatient setting will not incur any additional costs for the utilization of EXALT Model D during an ERCP procedure.†

REPORTING FOR PROCEDURE AND DEVICE ON A CLAIM

When physicians perform an ERCP procedure on a Medicare patient in the hospital outpatient setting with EXALT Model D, hospitals, if appropriate, may bill:

- **Procedure coding:** Appropriate ERCP CPT code(s) plus
- **Device HCPCS code:** C1748
- **Device Revenue Code:** EXALT Model D is a single use sterile device and may be reported using revenue code 278 - Medical/surgical supplies and devices; other implants.

PROCEDURE PAYMENTS

CPT® CODE¹	AMBULATORY PAYMENT CLASSIFICATION (APC)²	2020 MEDICARE NATIONAL AVERAGE HOSPITAL OUTPATIENT PAYMENT³	2021 MEDICARE NATIONAL AVERAGE HOSPITAL OUTPATIENT PAYMENT⁴	% CHANGE 2020-2021
43260-43264, 43275, 43277-43278	5303 - Level 3 Upper GI Procedures	\$2,999	\$3,081	3%
43265, 43274, 43276	5331 - Complex GI Procedures	\$4,781	\$5,029	5%

DEVICE PAYMENT FOR SINGLE-USE DUODENOSCOPES

- Medicare does not set a specific payment amount for pass-through codes. Rather, payment is based on hospital-reported charges.
- Device payment for single-use duodenoscopes is determined by the hospital's charge for the pass-through device, and is adjusted to cost based on an individual hospital's revenue center cost-to-charge ratio (CCR).

TRANSITIONAL PASS-THROUGH PAYMENT CALCULATION EXAMPLE – FOR ILLUSTRATIVE PURPOSES ONLY

CPT Code 43261: ERCP Procedure with biopsy utilizing EXALT Model D

	Description	Calculation	Amount
Transitional Pass-Through Payment	A Hospital X Charges to Medicare for EXALT Model D (C1748) <i>(Typically, a hospital applies a usual and customary mark-up for devices. This arbitrary example uses a \$2,930 cost of EXALT Model D and 3.448 X mark-up.)</i>	(\$2,930 x 3.448)	\$10,103
	B Hospital X Cost-to-Charge ratio (CCR) for Revenue Center 278 <i>(For this example, we are utilizing 0.29 CCR.⁵ This ratio will vary by hospital.)</i>		0.29 ⁵
	C Medicare’s calculated Hospital X Cost of EXALT Model D	A x B	\$2,930
	D TPT payment for EXALT Model D for this Example	C	\$2,930
Procedure Payment	E Hospital X 2021 Medicare national average outpatient procedure payment for CPT code 43261: ERCP with biopsy		\$3,081 ⁴
Total Payment	F Hospital X payment for procedure utilizing EXALT Model D for CPT code 43261	D + E	\$6,011

Why is it important for a hospital to properly set charges for pass-through devices?

Proper setting of charges for pass-through devices is important not only for the hospital’s payment for the device today, but also to ensure that the data CMS has for future rate setting under the outpatient prospective payment system is accurate and reflective of true procedure costs, including the true cost of the device.

Commercial payers are not required to follow CMS payment levels, however, some may choose to do so. It is recommended to reach out to commercial payers to understand commercial payer reimbursement for EXALT Model D.

For additional coding and reimbursement information, contact your local Endoscopy Field Reimbursement Manager or the Endoscopy Reimbursement Help Desk at **ENDOFRM@bsci.com** or **(508) 683-4510**.

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2. Comprehensive APCs (C-APCs): In 2014, CMS implemented their C-APC policy with the goal of identifying certain high-cost device-related outpatient procedures (formerly “device intensive” APCs). CMS has fully implemented this policy and has identified these high-cost, device-related services as the primary service on a claim. All other services reported on the same date will be considered “adjunctive, supportive, related or dependent services” provided to support the delivery of the primary service and will be unconditionally packaged into the OPPS C-APC payment of the primary service with minor exceptions.
3. <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/HospitalOutpatientPPS/Addendum-A-and-Addendum-B-Updates>.
4. <https://www.cms.gov/medicare/medicare-fee-service-payment/hospitaloutpatientpps/hospital-outpatient-regulations-and-notices/cms-1736-fc> (Addendum-A-and-Addendum-B).
5. See <https://www.govinfo.gov/content/pkg/FR-2020-09-18/pdf/2020-19637.pdf> 2021 Medicare national average cost to charge ratio for implantable devices.
- † See <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/HospitalOutpatientPPS/Hospital-Outpatient-Regulations-and-Notices-Items/CMS-1717-FC>. Addendum D1
- ‡ <https://www.cms.gov/files/document/r10541cp.pdf>. TPT payment for single-use endoscopes is not subject to the device offset deduction.

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