GUIDEPOINT Reimbursement Resources

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# Fiscal Year (FY) 2018 Hospital Inpatient Proposed Rule

## Interventional Cardiology - Peripheral Interventions - Rhythm Management

On April 14, 2017, the Centers for Medicare and Medicaid Services (CMS) released the FY2018 Proposed Rule (PR) for the Hospital Inpatient Prospective Payment System (IPPS). CMS' final payment and policy changes are typically published in August and will take effect October 1, 2017.

See Table 1 on page 5 for proposed payment rates for procedures of interest to Interventional Cardiology (IC), Peripheral Interventions (PI) and Rhythm Management (RM).

## IPPS PROPOSED RULE HIGHLIGHTS

### PROPOSED CHANGES TO PAYMENT RATES UNDER IPPS

CMS projects total payments will increase by about $3.1 billion in FY2018. This marks a 1.6% increase to hospitals as demonstrated in the table below:

| Program Changes to Payment Rates | FY2018 Proposed Payment Adjustments |
|---|---|
| Projected hospital market basket update | 2.9% |
| Productivity adjustment | -0.4% |
| Two-Midnight adjustment | -0.6% |
| 21st Century Cures Act statute | +0.4588 |
| Affordable Care Act required update | -0.75 |
| | = |
| Total update* | +1.6% |
| *For hospitals that participate in the Hospital Inpatient Quality Reporting (IQR) and meaningful use of Electronic Health Records (EHR) programs | |

CMS also proposes increased payment to Medicare Disproportionate Share Hospitals (DSH) by $1.0 Billion to $7.0 billion in FY2018.

### TWO MIDNIGHT POLICY REMAINS IN EFFECT – PROPOSED ELIMINATION OF PAYMENT ADJUSTMENT

In 2014, CMS implemented a 0.2% payment reduction for inpatient stays due to an expected increase in inpatient hospital stays under the 2-midnight rule policy. CMS proposes eliminating these payment cuts to hospitals. Medicare provided a temporary increase of 0.6% in FY2017, to offset the payment reductions that occurred in 2014, 2015, and 2016. In FY2018, CMS proposes to remove the increase of 0.6% as established in FY2017.


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## PROPOSED CHANGES IN THE HOSPITAL INPATIENT QUAILITY REPORTING, VAULE BASED PURCHASING AND READMISSION REDUCTION PROGRAMS

| IQR: Inpatient Quality Reporting | VBP: Value Based Purchasing | RRP: Readmission Reduction Program |
|---|---|---|
| Re-wording the current pain management questions, beginning with surveys in Jan 2018 | Remove the current 8-indicator Patient Safety for Selected Indicators (PSI 90) measure from the Safety domain beginning with the FY 2019 program year | Proposing a dual-eligible patient methodology |
| Changing the risk adjustment methodology used in the Hospital 30-Day, All-Cause, Risk-Standardized Mortality Rate following Acute Ischemic Stroke Hospitalization beginning with the FY 2023 payment determination | Adopt the 10-indicator modified Patient Safety and Adverse Events Composite PSI 90 measure beginning in the FY 2023 program year | Considering a methodology for assigning hospitals to peer groups |
| Proposing voluntary reporting of one new measure, the Hybrid Hospital-Wide Readmission Measure with Claims and Electronic Health Record Data, for the CY 2018 reporting period | Adopt the Hospital-Level, Risk-Standardized Payment Associated with a 30-day Episode of Care for Pneumonia measure for the Efficiency and Cost Reduction domain beginning with the FY 2022 program year | Looking at an adjustment formula calculation methodology |
| | Revise the Efficiency and Cost Reduction domain weighting beginning with the FY 2021 program year to reflect the implementation of condition-specific payment measures in the Hospital VBP Program | |

The proposed rule contains minor changes to "pay-for-performance" programs intended to drive improvements in quality and patient outcomes:

| Program Name | Goal | Payment Adjustments |
|---|---|---|
| **Readmissions Reduction Program (RRP)** | Collect hospital readmissions on heart failure, AMI, COPD, Pneumonia, Hip/Knee, and CABG hospitalization | Penalty: -3% |
| **Value-Based Purchasing (VBP) Program** | Approximately $1.9 billion available to "win back" from budget neutral pool | Penalty/Bonus: ±2% |
| **Hospital Acquired Conditions (HAC) Program** | Penalize worst performing hospitals (bottom 25%) with highest hospital-acquired conditions (such as surgical site infections after implant of cardiac electronic implantable devices) | Penalty: -1% |

### Hospital Readmission Reduction Program:

The Hospital Readmissions Reduction Program requires a reduction to a hospital's base operating DRG payment to account for excess readmissions associated with acute myocardial infarction (AMI), heart failure (HF), pneumonia, chronic obstructive pulmonary disease (COPD), total hip arthroplasty/total knee arthroplasty (THA/TKA), and coronary artery bypass graft (CABG). For the FY2018 IPPS/LTCH PPS proposed rule, CMS is proposing to implement changes to the payment adjustment factor in accordance with the 21st Century Cures Act. CMS is proposing to assess penalties based on a hospital's performance relative to other hospitals with a similar proportion of patients who are dually eligible for Medicare and full-benefit Medicaid.


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## Hospital Value-Based Purchasing Program:

Established by the Affordable Care Act, the Hospital VBP Program adjusts payments to hospitals for inpatient services based on their performance on an announced set of measures. CMS estimates there will be a $1.9 billion pool that hospitals can win back with good measure scores.

## Hospital Acquired Conditions (HAC) Program:

For FY2018, CMS is not making any changes to the measure set used to calculate the lowest performing hospitals; 25% of hospitals are proposed to receive a 1% penalty for higher HAC rates.

## CHANGES IN CARDIOVASCULAR DRGS

In MDC 5 Diseases and Disorders of the Circulatory System, CMS proposes to change the titles of coronary stent MS-DRGs 246 and 248 to better reflect the ICD-10-PCS terminology of "arteries" versus "vessels". The new titles will read "246 Percutaneous Cardiovascular Procedures with Drug-Eluting Stent with MCC or 4+ Arteries or Stents) and MS-DRG 248 Percutaneous Cardiovascular Procedures with Non-Drug-Eluting Stent with MCC or 4+ Arteries or Stents.

CMS proposes to reassign the four percutaneous mitral valve replacement procedures codes (02RG37Z, 02RG38Z, 02RG3JZ, 02RG3KZ) from current MS-DRGs 216 through 221 assignment to MS-DRGs 266 and 267. In addition, CMS proposes to assign the eight new procedure codes for percutaneous and transapical, percutaneous tricuspid valve replacement procedures (02RJ37H, 02RJ37Z, 02RJ38H 02RJ38Z, 02RJ3JH, 02RJ3JZ, 02RJ3KH, 02RJ3KZ) to MS-DRGs 266 and 267 for endovascular valve replacement. At this time, it is too early to know the impact on the overall DRG payment.

## NEW TECHNOLOGY ADD-ON PAYMENT (NTAP) APPLICATIONS

New Technology Add-On Payment (NTAP) is based on the merits of meeting all criteria for newness, high cost threshold, and substantial clinical improvement. CMS received nine applications for FY2018, three of which were withdrawn. Cardiovascular-related applications are noted below.

| New NTAP Applications for FY2018 | | |
|---|---|---|
| **Technology** | **Used For** | **CMS Review** |
| EDWARDS INTUITY Elite™ Valve System and LivaNova Canada Corp's Perceval Sutureless Heart Valve | Indicated for the replacement of diseased, damaged, or malfunctioning native or prosthetic aortic valves. | CMS believes the mechanism of action is similar to existing valve technologies and is requesting comment. |

NTAPs are in place for 2-3 years to allow for data collection to determine DRG assignment. CMS proposes to discontinue NTAPs affecting three cardiovascular devices, including CardioMEMS™ HF (Heart Failure) Monitoring System, Lutonix® Drug Coated Balloon PTA Catheter and In.PACT™ Admiral™ Paclitaxel Coated Percutaneous Transluminal Angioplasty (PTA) Balloon Catheter. If these NTAPS are discontinued, DRG assignments for the affected procedures will be published in the final rule.

## DIVISION SPECIFIC PROPOSED PAYMENT CHANGES

### Interventional Cardiology (% weighted averages shown)

- Drug-eluting stent payment rates are proposed to increase 1.06%
- Bare metal stent payment rates are proposed to increase 2.42%


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## IC Structural Heart (% weighted averages shown)

- WATCHMAN™ payment rates are proposed to increase 7.03%
- TAVR payment rates are proposed to decrease 5.38%

## Peripheral Interventions (% weighted averages shown)

- Lower Extremity Arterial or Venous Percutaneous Mechanical Thrombectomy is proposed to increase by 7.18%
- PTA, Stenting and Atherectomy payment rates are proposed to increase by 0.55%
- Carotid artery stenting is proposed to increase by 1.21%

## Rhythm Management (% weighted averages shown)

- ICD and CRT-D system implant payment rates are proposed to increase 0.22%
- ICD and CRT-D generator replacement payment rates are proposed to increase 15.58%
- Pacemaker and CRT-P system implant payment rates are proposed to increase 1.22%
- Pacemaker and CRT-P generator replacement payment rates are proposed to increase 5.80%
- Intracardiac Ablation payment rates are proposed to increase 7.03%

## COMMENTS / QUESTIONS

If you have questions or would like additional information contact:

| Interventional Cardiology (IC) | Peripheral Interventions (PI) & Rhythm Management (RM) |
|---|---|
| Deb Lorenz – 763-494-2112<br>Deb.lorenz@bsci.com | Call 1-800-CARDIAC<br>(request Reimbursement Support)<br>CRM.Reimbursement@bsci.com |

## SOURCE INFORMATION

Read the full FY2018 Proposed IPPS Rule (CMS-1655-P) at the following link:
https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/AcuteInpatientPPS/FY2018-IPPS-Proposed-Rule-Home-Page.html

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## Table 1: Interventional Cardiology, Peripheral Interventions and Rhythm Management MS-DRGs of Interest

| MS-DRG | MS-DRG Description | FY2018 Proposed Rate | FY2017 Final Rate | $ Change (FY2017 Final - FY2018 Proposed) | % Change (FY2017 Final - FY2018 Proposed) |
|---|---|---|---|---|---|
| **Interventional Cardiology** | | | | | |
| **Drug-Eluting Stents** | | | | | |
| 246 | Percutaneous cardiovascular procedures w drug-eluting stent w MCC or 4+ arteries or stents | **$19,496** | $19,394 | $102 | 0.52% |
| 247 | Percutaneous cardiovascular proc w drug-eluting stent w/o MCC | **$12,837** | $12,657 | $180 | 1.42% |
| **Bare Metal Stents** | | | | | |
| 248 | Percutaneous cardiovascular procedures w non-drug-eluting stent w MCC or 4+ arteries or stents | **$18,507** | $18,154 | $353 | 1.94% |
| 249 | Percutaneous cardiovasc proc w non-drug-eluting stent w/o MCC | **$11,876** | $11,543 | $333 | 2.88% |
| **Angioplasty or Atherectomy without Stent** | | | | | |
| 250 | Perc cardiovasc proc w/o coronary artery stent w MCC | **$15,244** | $15,682 | -$438 | -2.79% |
| 251 | Perc cardiovasc proc w/o coronary artery stent w/o MCC | **$10,103** | $10,058 | $45 | 0.44% |
| **Endovascular Cardiac Valve Replacement (TAVR)** | | | | | |
| 266 | Endovascular Cardiac Valve Replacement w MCC | **$46,841** | $50,049 | -$3,208 | -6.41% |
| 267 | Endovascular Cardiac Valve Replacement w/o MCC | **$36,904** | $38,592 | -$1,688 | -4.37% |
| **WATCHMAN™ LAAC Procedure** | | | | | |
| 273 | Perc cardiovasc proc w/o coronary artery stent w MCC | **$21,673** | $21,493 | $180 | 0.84% |
| 274 | Perc cardiovasc proc w/o coronary artery stent w/o MCC | **$16,749** | $15,088 | $1,661 | 11.01% |
| **Peripheral Interventions** | | | | | |
| **PTA, Stent & Atherectomy** | | | | | |
| 252 | Other vascular procedure w MCC | **$19,757** | $19,753 | $4 | 0.02% |
| 253 | Other vascular procedure w CC | **$15,741** | $15,767 | -$26 | -0.16% |
| 254 | Other vascular procedure w/o MCC/CC | **$11,141** | $10,593 | $548 | 5.18% |
| **Lower Extremity Percutaneous Mechanical Thrombectomy** | | | | | |
| 270 | Other major cardiovascular procedures w/ MCC | **$29,963** | $28,377 | $1,586 | 5.59% |
| 271 | Other major cardiovascular procedures w/ CC | **$20,492** | $18,647 | $1,845 | 9.89% |
| 272 | Other major cardiovascular procedures w/o MCC/CC | **$14,865** | $13,786 | $1,079 | 7.82% |
| MS-DRG assignment for embolization varies, including but not limited to MS-DRG 252, 253, 254 or 270, 271, 272. | | | | | |
| **Carotid Artery Stenting** | | | | | |
| 034 | Carotid artery stent procedure w MCC | **$24,364** | $22,959 | $1,405 | 6.12% |
| 035 | Carotid artery stent procedure w CC | **$13,519** | $13,932 | -$413 | -2.97% |
| 036 | Carotid artery stent procedure w/o CC/MCC | **$10,663** | $10,427 | $236 | 2.26% |
| **Rhythm Management** | | | | | |
| **ICD Systems** | | | | | |
| 222 | Cardiac defib implant w cardiac cath w AMI/HF/shock w MCC | **$51,348** | $50,140 | $1,208 | 2.41% |
| 223 | Cardiac defib implant w cardiac cath w AMI/HF/shock w/o MCC | **$38,886** | $38,830 | $56 | 0.14% |
| 224 | Cardiac defib implant w cardiac cath w/o AMI/HF/shock w MCC | **$44,261** | $45,231 | -$970 | -2.14% |
| 225 | Cardiac defib implant w cardiac cath w/o AMI/HF/shock w/o MCC | **$34,251** | $34,113 | $138 | 0.40% |
| 226 | Cardiac defibrillator implant w/o cardiac cath w MCC | **$41,219** | $41,111 | $108 | 0.26% |
| 227 | Cardiac defibrillator implant w/o cardiac cath w/o MCC | **$32,667** | $32,534 | $133 | 0.41% |
| **ICD Replacements** | | | | | |
| 245 | AICD generator procedures | **$32,906** | $28,471 | $4,435 | 15.58% |
| 265 | AICD Lead procedures | **$20,276** | $19,148 | $1,128 | 5.89% |
| **Pacemaker Systems** | | | | | |
| 242 | Permanent cardiac pacemaker implant w MCC | **$22,491** | $22,066 | $425 | 1.93% |
| 243 | Permanent cardiac pacemaker implant w CC | **$15,778** | $15,705 | $73 | 0.46% |
| 244 | Permanent cardiac pacemaker implant w/o CC/MCC | **$12,932** | $12,756 | $176 | 1.38% |
| **Pacemaker Revisions and PG Placements** | | | | | |
| 258 | Cardiac pacemaker device replacement w MCC | **$18,936** | $18,098 | $838 | 4.63% |
| 259 | Cardiac pacemaker device replacement w/o MCC | **$12,644** | $11,869 | $775 | 6.53% |
| 260 | Cardiac pacemaker revision except device replacement w MCC | **$21,942** | $22,441 | -$499 | -2.22% |
| 261 | Cardiac pacemaker revision except device replacement w CC | **$11,804** | $11,678 | $126 | 1.08% |
| 262 | Cardiac pacemaker revision except device replacement w/o CC/MCC | **$9,955** | $9,550 | $405 | 4.24% |
| **Cardiac Ablations** | | | | | |
| 273 | Percutaneous Intracardiac Procedures w MCC | **$21,673** | $21,493 | $180 | 0.84% |
| 274 | Percutaneous Intracardiac Procedures w/o MCC | **$16,749** | $15,088 | $1,661 | 11.01% |

Source: FY2017 CN2 CAA calculated rates assume the hospital submits quality data and is a meaningful EHR user (Update = 1.65 Percent)
FY2018 PR calculated rates assume the hospital submits quality data and is a meaningful EHR user (Update = 1.75 Percent)

Please Note: Boston Scientific currently has no FDA-approved ablation catheters for the treatment of atrial fibrillation

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