

## **Payment Decrease in Inpatient Proposed Rule Will Limit Beneficiary Access to Critical Heart Assist Devices**

### **Summary of Issue**

The FY 2018 IPPS Proposed Rule decreases the relative weight for critical heart assist procedures by approximately 35% without explanation. The relative weight for MS-DRG 215 (Other Heart Assist System Implant), is the single largest decrease of any MS-DRG this year. This decrease was not based on a new policy proposal in the Proposed Rule, and appears to be a result of the shift from ICD-9 to ICD-10 coding in claims data used to set relative weights. Numerous stakeholders submitted public comments recommending that CMS revise the proposed relative weight for these procedures in the Final Rule to more accurately reflect hospital costs. In particular, stakeholders recommended two policy solutions: (1) revise the assignment of ICD-10 codes to MS-DRG 215 to more accurately replicate the assignment of ICD-9 codes in FY 2017 for purposes of calculating FY 2018 relative weights, or (2) implement a multi-year transition period or cap for any single-year, unexplained decrease of 10% or more in relative weight for an MS-DRG.

### **Background on Heart Assist Devices**

Heart assist devices are used to assist the pumping function of the heart after a life threatening event such as a heart attack or severe heart failure. These devices include Left Ventricular Assist Devices (LVADs), which assist the heart's left ventricle in pumping blood to other parts of the body, and Percutaneous Ventricular Assist Devices (pVADs), which are placed percutaneously into the leg and are used for in-hospital care in the catheterization lab and the ICU. Percutaneous Ventricular Assist Devices such as Impella are the only therapies with FDA approval for heart recovery, which is one of the most cost effective outcomes for Medicare age patients and a patient preference compared to surgery and long term mechanical support requirements. Patients receiving heart assist devices generally require intensive care and longer hospital stays.

Cases involving patients receiving percutaneous heart assist devices are most commonly assigned for payment purposes to four MS-DRG categories, including MS-DRG 215. The transition from ICD-9 to ICD-10 procedure codes has significantly increased the number of codes relevant to MS-DRG 215 and the assignment of procedures, combined with coding changes, has impacted heart assist devices. As a result, certain ICD-10 codes for the insertion of heart assist systems have been assigned to MS DRGs 001 and 002, where they were historically assigned to MS-DRG 215.

### **Large Reductions in MS-DRG 215 Relative Weight Not Explained in Proposed Rule**

Under the FY 2018 Proposed Rule, the relative weight for MS-DRG 215 would be reduced from 16.1076 to 10.4983, an approximately 35% cut. This proposed decrease represents the largest cut in relative weight proposed for any MS-DRG for FY 2018, and is nearly triple the second largest cut of 13% to an MS-DRG in Major Diagnostic Category (MDC) 05, which comprises diseases and disorders of the circulatory system. Importantly, this drastic cut was not addressed in the preamble to the Proposed Rule, and the Proposed Rule does not include any policy proposals indicating a decrease in the relative weight for MS-DRG 215 or in reimbursement for heart assist devices more broadly.

### **Relative Weight Reductions Inconsistent with CMS Policy**

The significant one-year fluctuation in MS-DRG 215 claims data and resulting 35% reduction to the relative weight for MS-DRG 215 can be best explained as an unintended consequence of shifting from ICD-9 to ICD-10 coding in the claims data used to determine relative weights. FY 2018 will be the first year in which MS-DRG relative weights will be based entirely on claims data using ICD-10 codes. The assignment of procedures to MS-DRG 215 based on ICD-10 codes in this initial year may not have accurately replicated

the assignment of procedures based on ICD-9 codes. This is inconsistent with CMS policy, as the agency has stated:

“If the ICD-9 and ICD-10 versions of the MS-DRGs cease to be replications of each other, the relative payment rates computed using ICD-9 claims data and MS-DRGs would be inconsistent with the relative payment weights assigned for the ICD-10 MS-DRGs, **causing unintended payment redistributions**.”<sup>1</sup>

### **Decrease in MS-DRG 215 Conflicts with Patient Mix Change**

The proposed cut to MS-DRG 215 relative weight will have particularly negative effect in FY 2018 as a result of new AHA Coding Guidance released in October 2016 and again in March 2017. This guidance confirmed assignment to MS-DRG 215 of implantation of certain heart assist devices utilized by higher-acuity patients who are likely to spend more time in the hospital, and in the ICU in particular, and who are more likely to experience Major Complications and Comorbidities. Claims data since this detailed coding guidance was issued was not used for the FY 2018 relative weight calculation. The resulting severe and unexpected underpayments could give rise to problems of treatment access to critically ill cardiovascular patients.

### **Recommendation**

In order to mitigate this drastic one-year cut in the relative weight for MS-DRG 215, CMS should revise the relative weight for MS-DRG 215 to more accurately reflect hospitals' costs. Based on the concerns about the significant potential decrease in hospital reimbursement for these critical procedures, a number of stakeholders, including the American Hospital Association, AdvaMed, the Society for Cardiovascular Angiography and Interventions, and the Federation of American Hospitals, submitted comments in support of a change in the Final Rule. There are two policy options for CMS to revise the proposed FY2018 relative weight for MS-DRG 215 that are consistent with the agency's authority and precedent:

- **Option 1 DRG 215 Specific Proposal:** Revise the assignment of ICD-10 codes to MS-DRG 215 for the calculation of FY 2018 relative weights to replicate the MS-DRG assignments based on ICD-9 codes and more accurately reflect the resources required for cases that will be assigned to this DRG in FY 2018. In prior years, the agency has used the IPPS rulemaking to ensure accurate replication between ICD-9 and ICD-10 based MS-DRGs to better reflect resource utilization.
- **Option 2 Cap on Decreases Greater than 10%:** While the cut to DRG-215 is the most significant in the Proposed Rule, providers have also voiced concerns about significant decreases in other DRGs due to the transition to ICD-10. The agency has authority under Section 1886 (d)(5)(I)(i) “exceptions and adjustments” provision to implement a multi-year transition period for or cap on cuts in relative weight in excess of 10%. Such a transition or cap would preserve CMS' policy flexibility by applying only to reductions that do not arise from specific CMS proposals that the agency explains in the preamble to the Proposed Rule.

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<sup>1</sup> 81 Fed. Reg. 56790 (Aug. 22, 2016).