

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-20 One-Time Notification	Centers for Medicare & Medicaid Services (CMS)
Transmittal 922	Date: July 29, 2011
	Change Request 7457

SUBJECT: Addition of Medical Severity Diagnosis Related Group (MS-DRG) 265 to the list subject to Inpatient Prospective Payment System (IPPS) Replaced Devices Offered Without Cost or With a Credit Policy

I. SUMMARY OF CHANGES: This CR adds MS-DRG 265 to the list of DRGs subject to the final policy for the IPPS reimbursement of replaced devices offered without cost or with a credit.

EFFECTIVE DATE: October 1, 2008

IMPLEMENTATION DATE: January 3, 2012

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)

R=REVISED, N=NEW, D=DELETED-

R/N/D	CHAPTER / SECTION / SUBSECTION / TITLE
N/A	

III. FUNDING:

For Fiscal Intermediaries (FIs), Regional Home Health Intermediaries (RHHIs) and/or Carriers:

No additional funding will be provided by CMS; contractor activities are to be carried out within their operating budgets.

For Medicare Administrative Contractors (MACs):

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

IV. ATTACHMENT:

One-Time Notification

**Unless otherwise specified, the effective date is the date of service.*

Attachment – One-Time Notification

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SUBJECT: Addition of Medical Severity Diagnosis Related Group (MS-DRG) 265 to the list subject to Inpatient Prospective Payment System (IPPS) Replaced Devices Offered Without Cost or With a Credit Policy

Effective Date: October 1, 2008

Implementation Date: January 3, 2012

I. GENERAL INFORMATION

A. Background:

Recently the Centers for Medicare & Medicaid Services (CMS) was made aware that MS-DRG code 265 was omitted from the list of DRGs subject to the final policy for the IPPS reimbursement of replaced devices offered without cost or with a credit. In FY 2008, both the Automatic Implantable Cardiac Defibrillator (AICD) Generator Procedures and the Lead Procedures were combined in MS-DRG 245. When the MS-DRGs for FY 2009 were created, the AICD Lead Procedures were separated from the generators and grouped to MS-DRG 265.

Change request (CR) 5860 instructed providers to bill the amount of the credit for a replaced device if the hospital receives a credit that is 50% or greater than the cost of the device effective for discharges on or after October 1, 2008. Medicare shall reduce the hospital reimbursement, for one of the applicable MS-DRGs listed in the CR, by the full or partial credit a provider received for a replaced device.

B. Policy:

MS-DRG 265, AICD Lead Procedures, is being added to the list below of MS-DRGs subject to the policy for adjusting IPPS reimbursement for replaced devices offered without cost or with a credit.

DRGs Subject to Final Policy		
MDC	MS-DRG	Narrative Description of DRG
PRE	1 & 2	Heart Transplant or Implant of Heart Assist System with and without MCC, respectively (former CMS-DRG 103, Heart Transplant or Implant of Heart Assist System)
1	25 & 26	Craniotomy and Endovascular Intracranial Procedure with MCC or with CC, respectively (former CMS-DRG 1, Craniotomy Age > 17 With CC)
1	26 & 27	Craniotomy and Endovascular Intracranial Procedure with CC or without CC/MCC, respectively (former CMS-DRGs 2, Craniotomy Age > 17 Without CC)
1	40 & 41	Peripheral & Cranial Nerve & Other Nervous System Procedure with MCC; or with CC or Peripheral Neurostimulator, respectively (former CMS-DRG, 7 Peripheral & Cranial Nerve & Other Nervous System Procedures With CC)
1	42	Peripheral & Cranial Nerve & Other Nervous System Procedure without CC/MCC (former CMS-DRG 8, Peripheral & Cranial Nerve & Other Nervous System Procedures without CC)
1	23 & 24	Craniotomy with Major Device Implant or Acute Complex Central Nervous System Principal Diagnosis with MCC or Chemotherapy Implant; and without MCC [or Chemotherapy Implant], respectively (former CMS-DRG 543, Craniotomy With Major Device Implant or Acute Complex Central Nervous System Principal Diagnosis)

3	129 & 130	Major Head & Neck Procedures with CC/MCC or Major Device; or without CC/MCC, respectively (former CMS-DRG 49, Major Head & Neck Procedures)
5	216, 217, & 218	Cardiac Valve & Other Major Cardiothoracic Procedure with Cardiac Catheterization With MCC; or with CC; or without CC/MCC, respectively (former CMS-DRG 104, Cardiac Valve & Other Major Cardiothoracic Procedures with Cardiac Catheterization)
5	219, 220, & 221	Cardiac Valve & Other Major Cardiothoracic Procedure without Cardiac Catheterization with MCC; or with CC, or without CC/MCC, respectively (former CMS-DRG 105, Cardiac Valve & Other Major Cardiothoracic Procedures Without Cardiac Catheterization)
5	237	Major Cardiovascular Procedures with MCC or Thoracic Aortic Aneurysm Repair (former CMS-DRG 110, Major Cardiovascular Procedures With CC)
5	238	Major Cardiovascular Procedures without MCC (former CMS-DRG 111, Major Cardiovascular Procedures without CC)
5	260, 261, & 262	Cardiac Pacemaker Revision Except Device Replacement with MCC, or with CC, or without CC/MCC, respectively (former CMS-DRGs 117, Cardiac Pacemaker Revision Except Device Replacement)
5	258 & 259	Cardiac Pacemaker Device Replacement With MCC, and Without MCC, respectively (former CMS-DRG 118, Cardiac Pacemaker Device Replacement)
5	226 & 227	Cardiac Defibrillator Implant without Cardiac Catheterization with MCC and without MCC, respectively (former CMS-DRG 515, Cardiac Defibrillator Implant without Cardiac Catheterization)
5	215	Other Heart Assist System Implant (former CMS-DRG 525, Other Heart Assist System Implant)
5	222 & 223	Cardiac Defibrillator Implant with Cardiac Catheterization with Acute Myocardial Infarction/Heart Failure/Shock with MCC and without MCC, respectively (former CMS-DRGs 535, Cardiac Defibrillator Implant with Cardiac Catheterization with Acute Myocardial Infarction/Heart Failure/Shock)
5	224 & 225	Cardiac Defibrillator Implant with Cardiac Catheterization without Acute Myocardial Infarction/Heart Failure/Shock with MCC and without MCC, respectively (former CMS-DRG 536, Cardiac Defibrillator Implant with Cardiac Catheterization without Acute Myocardial Infarction/Heart Failure/Shock)
5	242, 243, & 244	Permanent Cardiac Pacemaker Implant with MCC, with CC, and without CC/MCC, respectively (MS-DRG 551, Permanent Cardiac Pacemaker Implant with Major Cardiovascular Diagnosis or AICD Lead or Generator
5	242, 243, & 244	Permanent Cardiac Pacemaker Implant with MCC, with CC, and without CC/MCC, respectively (former CMS-DRG 552, Other Permanent Cardiac Pacemaker Implant without Major Cardiovascular Diagnosis)
5	245	AICD Generator Procedures (this is a new MS-DRG, created from AICD and generator codes moved out of CMS DRG 551)
5	265	AICD Lead procedures
8	461 & 462	Bilateral or Multiple Major Joint Procedures of Lower Extremity with MCC, or without MCC, respectively (former CMS-DRG 471, Bilateral or Multiple Major Joint Procedures of Lower Extremity)
8	469 & 470	Major Joint Replacement or Reattachment of Lower Extremity with MCC or without MCC, respectively (former CMS-DRG 544, Major Joint Replacement or Reattachment of Lower Extremity)
8	466, 467, & 468	Revision of Hip or Knee Replacement with MCC, with CC, or without CC/MCC, respectively (former

II. BUSINESS REQUIREMENTS TABLE

Use "Shall" to denote a mandatory requirement

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B	D M E	F I	C A R R I E R	R H I	Shared-System Maintainers				OTHER
							F I S S	M C S	V M S	C W F	
7457.1	FISS shall add MS-DRG 265 to the list of MS-DRGs that if present will reduce the final IPPS reimbursement by the amount associated with value code 'FD'.						X				
7457.2	Contractors shall process IPPS claims and adjustments (when brought to their attention) with MS-DRG 265, value code 'FD' and a discharge date on or after 10/01/2008 through the implementation date of this CR.	X		X							
7457.2.1	Contractors shall override timely filing edits if applicable.	X		X							

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B	D M E	F I	C A R R I E R	R H I	Shared-System Maintainers				OTH ER
							F I S S	M C S	V M S	C W F	
7457.3	A provider education article related to this instruction will be available at http://www.cms.hhs.gov/MLNMattersArticles/ shortly after the CR is released. You will receive notification of the article release via the established "MLN Matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web site and include information about it in a listserv message within one week of the availability of the provider education article. In addition, the provider education article shall be included in your next regularly scheduled bulletin. Contractors are free to supplement MLN Matters articles with localized information that would benefit their provider community in	X		X							

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B	D M E	F I	C A R R I E R	R H I	Shared-System Maintainers				OTH ER
		M A C	M A C				F I S S	M C S	V M S	C W F	
	billing and administering the Medicare program correctly.										

IV. SUPPORTING INFORMATION

Section A: For any recommendations and supporting information associated with listed requirements, use the box below:

Use "Should" to denote a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:
7457.2.1	To expedite processing of timely filing edits, contractors shall ensure that hospitals reference this CR in the remarks section of applicable claims or adjustments.

Section B: For all other recommendations and supporting information, use this space: N/A

V. CONTACTS

Pre-Implementation Contact(s): Cami DiGiacomo, Cami.DiGiacomo@cms.hhs.gov; Sarah Shirey-Losso, sarah.shirey-losso@cms.hhs.gov

Post-Implementation Contact(s): Your Contracting Officer's Technical Representative (COTR) or Contractor Manager, as applicable.

VI. FUNDING

Section A: For Fiscal Intermediaries (FIs), Regional Home Health Intermediaries (RHHIs), and/or Carriers:

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