

CY 2023 OPPS Payment: Anterior Abdominal Wall Hernia Repair

Advisory Panel on Hospital Outpatient Payment

August 22-23, 2022

Summary of Presentation

<p>Presenters</p> <p>Carrie Bullock, Senior Director, Health Policy & Reimbursement, Medtronic</p> <p>Susan Slaton, Senior Director, Health Economics, Policy & Reimbursement, Medtronic Medical Surgical</p>
<p>CPT Codes Involved</p> <p>49X01, 49X02, 49X03, 49X04, 49X05, 49X07, 49X08, and 49X09 - Repair of anterior abdominal hernia(s) (ie, epigastric, incisional, ventral, umbilical, spigelian), any approach (ie, open, laparoscopic, robotic), [initial or recurrent], including placement of mesh or other prosthesis, when performed, total length of defect(s); [<3 cm, 3 to 10 cm, or >10 cm], [reducible or incarcerated strangulated]</p>
<p>APCs Affected</p> <p>APC 5341 - Abdominal/Peritoneal/Biliary and Related Procedures</p> <p>APC 5361 - Level 1 Laparoscopy and Related Services</p> <p>APC 5362 - Level 2 Laparoscopy and Related Services</p>
<p>Description of the Issue</p> <p>Anterior abdominal hernia repair procedures will be reported with a new range of CPT codes, 49X01 to 49X12, beginning on January 1, 2023. In the CY 2023 OPPS Proposed Rule, CMS assigned all new OPPS-payable abdominal hernia repair CPT codes to APC 5341, which has a geometric mean cost of \$3,264. In contrast, the existing CPT codes for these services are currently assigned to APCs 5341, 5361, and 5362, with costs ranging from \$2,077 to \$8,347. Sixty-five percent of abdominal hernia procedures are in APC 5361 or 5362, with weighted geometric mean costs for procedures in each APC of \$6,438 and \$7,899, respectively. Furthermore, the weighted geometric mean cost of all abdominal hernia repair procedures, across the 3 APCs, is \$5,871, well exceeding the geometric mean cost of APC 5341 of \$3,264.</p>
<p>Clinical Description of the Service</p> <p>A hernia of the abdominal wall is a protrusion of the abdominal contents through an acquired or congenital area of weakness or defect in the wall. Hernias are classified as reducible when the hernia contents can be placed intra-abdominally through the layers of the abdominal wall or strangulated/incarcerated when the hernia contents are ischemic due to a compromised blood supply. Surgical repair is the primary treatment. When treatment is delayed, hernias may progress and cause necrosis and permanent tissue damage.</p>
<p>Recommendation and Rationale</p> <p>Medtronic respectfully requests the HOP Panel recommend CMS implement an alternative APC configuration for the new OPPS-payable abdominal hernia repair CPT codes. The proposed assignment of all of the new CPT codes to APC 5341 would result in payment rates that are significantly less than hospitals' costs for performing these procedures in at least 65% of the cases, based on claims data for the existing/predecessor codes. Further, the proposed assignment of the new CPT codes to APC 5341 is not aligned with the weighted geometric mean cost of all abdominal hernia repair procedures of \$5,871. To address this discrepancy, we encourage CMS to reconsider placement of all codes in APC 5341, and instead base APC mapping on size, complexity, or overall costs.</p>
<p>Potential Consequences</p> <p>As proposed for CY 2023, OPPS payments for the majority of abdominal hernia repair procedures will be insufficient relative to hospitals' costs, which may negatively impact patient access.</p>

Sources: CY 2023 OPPS Proposed Rule, Addendum B; CY 2022 CN OPPS Addendum B; CY 2023 OPPS Proposed Rule Addendum B; CY 2023 Proposed NPRM CPT Cost Statistics File



CPT Coding Criteria for Abdominal Hernia Repair is Changing Significantly in 2023

Current Abdominal Hernia Coding

Report correct code based on:	
Type of abdominal hernia: Ventral/ Incisional, Epigastric, Umbilical, Spigelian	
Surgical approach - open vs laparoscopic	
Initial or recurrent hernia defect	
Reducible or incarcerated/strangulated	

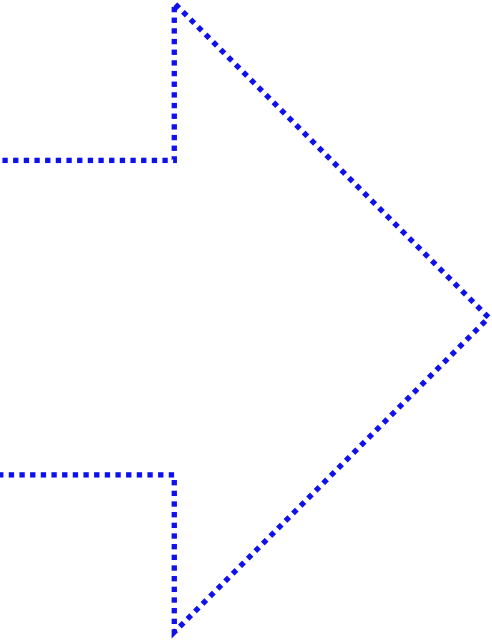
Future Abdominal Hernia Coding

Report correct code based on:	
Initial or recurrent hernia defect	
Reducible or Incarcerated/Strangulated	
Length of hernia < 3cm, 3-10cm, or > 10cm	

- New CPT codes for abdominal hernia repair procedures will be implemented on January 1, 2023
- The new codes will no longer specify the **type of abdominal hernia** nor **surgical approach**, and will add a new component based on **length** of hernia

Seventeen Existing/Predecessor CPT Codes Will Map to Twelve New Codes

Predecessor CPT Codes	Description
Epigastric	
49570	Repair epigastric hernia (eg, preperitoneal fat); reducible (separate procedure)
49572	Repair epigastric hernia (eg, preperitoneal fat); incarcerated or strangulated (separate procedure)
Incisional Ventral	
49560	Repair initial incisional or ventral hernia; reducible
49561	Repair initial incisional or ventral hernia; incarcerated or strangulated
49565	Repair recurrent incisional or ventral hernia; reducible
49566	Repair recurrent incisional or ventral hernia; incarcerated or strangulated
Laparoscopic Hernia Repair	
49652	Laparoscopy, surgical, repair, ventral, umbilical, spigelian or epigastric hernia (includes mesh insertion, when performed); reducible
49653	Laparoscopy, surgical, repair, ventral, umbilical, spigelian or epigastric hernia (includes mesh insertion, when performed); incarcerated or strangulated
49654	Laparoscopy, surgical, repair, incisional hernia (includes mesh insertion, when performed); reducible
49655	Laparoscopy, surgical, repair, incisional hernia (includes mesh insertion, when performed); incarcerated or strangulated
49656	Laparoscopy, surgical, repair, recurrent incisional hernia (includes mesh insertion, when performed); reducible
49657	Laparoscopy, surgical, repair, recurrent incisional hernia (includes mesh insertion, when performed); incarcerated or strangulated
Spigelian Hernia	
49590	Repair spigelian hernia
Umbilical Hernia	
49580	Repair umbilical hernia, younger than age 5 years; reducible
49582	Repair umbilical hernia, younger than age 5 years; incarcerated or strangulated
49585	Repair umbilical hernia, age 5 years or older; reducible
49587	Repair umbilical hernia, age 5 years or older; incarcerated or reducible



New CPT Codes	Description
Repair of anterior abdominal hernia(s) (ie, epigastric, incisional, ventral, umbilical, spigelian), any approach (ie, open, laparoscopic, robotic), <u>initial</u> , including placement of mesh or other prosthesis, when performed, total length of defect(s);	
49X01	less than 3 cm, reducible
49X02	less than 3 cm, incarcerated or strangulated
49X03	3 cm to 10 cm, reducible
49X04	3 cm to 10 cm, incarcerated or strangulated
49X05	greater than 10 cm, reducible
49X06	greater than 10 cm, incarcerated or strangulated
Repair of anterior abdominal hernia(s) (ie, epigastric, incisional, ventral, umbilical, spigelian), any approach (ie, open, laparoscopic, robotic), <u>recurrent</u> , including placement of mesh or other prosthesis, when performed, total length of defect(s);	
49X07	less than 3 cm, reducible
49X08	less than 3 cm, incarcerated or strangulated
49X09	3 cm to 10 cm, reducible
49X10	3 cm to 10 cm, incarcerated or strangulated
49X11	greater than 10 cm, reducible
49X12	greater than 10 cm, incarcerated or strangulated

The existing/predecessor CPT codes used to report abdominal hernia repair are not a one-to-one mapping to the new CPT codes

Example Code Map for Incisional/Ventral Hernia Repair: Existing/Predecessor Codes Map to as Many as Six New CPT codes

Predecessor CPT Code	Description	APC	CPT Mean Cost (CY 2023 Proposed)	Maps to 2023 CPT Code(s)
Incisional/Ventral				
49560	Repair initial incisional or ventral hernia; reducible	5341	\$3,998	49X01 49X03 49X05
49561	Repair initial incisional or ventral hernia; incarcerated or strangulated	5341	\$3,455	49X02 49X04 49X06
49565	Repair recurrent incisional or ventral hernia; reducible	5361	\$5,155	49X07 49X09 49X11
49566	Repair recurrent incisional or ventral hernia; incarcerated or strangulated	5361	\$5,100	49X08 49X10 49X12
Laparoscopic Hernia Repair Incisional and Ventral				
49652	Laparoscopy, surgical, repair, ventral, umbilical, spigelian or epigastric hernia (includes mesh insertion, when performed); reducible	5361	\$6,702	49X01 49X03 49X05 49X07 49X09 49X11
49653	Laparoscopy, surgical, repair, ventral, umbilical, spigelian or epigastric hernia (includes mesh insertion, when performed); incarcerated or strangulated	5361	\$6,731	49X02 49X04 49X06 49X08 49X10 49X12
49654	Laparoscopy, surgical, repair, incisional hernia (includes mesh insertion, when performed); reducible	5362	\$7,837	49X01 49X03 49X05
49655	Laparoscopy, surgical, repair, incisional hernia (includes mesh insertion, when performed); incarcerated or strangulated	5362	\$7,746	49X02 49X04 49X06
49656	Laparoscopy, surgical, repair, recurrent incisional hernia (includes mesh insertion, when performed); reducible	5362	\$8,347	49X07 49X09 49X11
49657	Laparoscopy, surgical, repair, recurrent incisional hernia (includes mesh insertion, when performed); incarcerated or strangulated	5362	\$8,300	49X08 49X10 49X12

2023 CPT Code	Description	APC	APC Mean Cost (CY 2023 Proposed)
Repair of anterior abdominal hernia(s) (ie, epigastric, incisional, ventral, umbilical, spigelian), any approach (ie, open, laparoscopic, robotic), <u>initial</u> , including placement of mesh or other prosthesis, when performed, total length of defect(s);			
49X01	less than 3 cm, reducible	5341	\$3,264
49X02	less than 3 cm, incarcerated or strangulated		
49X03	3 cm to 10 cm, reducible		
49X04	3 cm to 10 cm, incarcerated or strangulated		
49X05	greater than 10 cm, reducible		
49X06	greater than 10 cm, incarcerated or strangulated		
Repair of anterior abdominal hernia(s) (ie, epigastric, incisional, ventral, umbilical, spigelian), any approach (ie, open, laparoscopic, robotic), <u>recurrent</u> , including placement of mesh or other prosthesis, when performed, total length of defect(s);			
49X07	less than 3 cm, reducible	5341	\$3,264
49X08	less than 3 cm, incarcerated or strangulated		
49X09	3 cm to 10 cm, reducible		
49X10	3 cm to 10 cm, incarcerated or strangulated		
49X11	greater than 10 cm, reducible		
49X12	greater than 10 cm, incarcerated or strangulated		



While the Existing CPT Codes Map to Three APCs Based on Cost Differences, CMS is Proposing to Assign All of the New OPPS-Payable Codes to APC 5341*

CY 2022 CPT Code	Description	Volume of Single Claims (CY 2023 Proposed)	CPT Mean Cost (CY 2023 Proposed)	CY 2022 APC	CY 2022 APC Payment		CY 2023 APC (Proposed)	CY 2023 APC Payment (Proposed)	% Change from CY 2022
Epigastric									
49570	Repair epigastric hernia (eg, preperitoneal fat); reducible	224	\$3,254	5341	\$3,249		5341	\$3,236	0%
49572	Repair epigastric hernia (eg, preperitoneal fat); incarcerated or strangulated	167	\$3,191	5341	\$3,249		5341	\$3,236	0%
Incisional Ventral									
49560	Repair initial incisional or ventral hernia; reducible	1,438	\$3,998	5341	\$3,249		5341	\$3,236	0%
49561	Repair initial incisional or ventral hernia; incarcerated or strangulated	845	\$3,455	5341	\$3,249		5341	\$3,236	0%
49565	Repair recurrent incisional or ventral hernia; reducible	1,229	\$5,155	5361	\$5,168		5341	\$3,236	-37%
49566	Repair recurrent incisional or ventral hernia; incarcerated or strangulated	561	\$5,100	5361	\$5,168		5341	\$3,236	-37%
Laparoscopic Hernia Repair									
49652	Laparoscopy, surgical, repair, ventral, umbilical, spigelian or epigastric hernia (includes mesh insertion, when performed); reducible	4,769	\$6,702	5361	\$5,168		5341	\$3,236	-37%
49653	Laparoscopy, surgical, repair, ventral, umbilical, spigelian or epigastric hernia (includes mesh insertion, when performed); incarcerated or strangulated	3,634	\$6,731	5361	\$5,168		5341	\$3,236	-37%
49654	Laparoscopy, surgical, repair, incisional hernia (includes mesh insertion, when performed); reducible	4,910	\$7,837	5362	\$9,096		5341	\$3,236	-64%
49655	Laparoscopy, surgical, repair, incisional hernia (includes mesh insertion, when performed); incarcerated or strangulated	3,231	\$7,746	5362	\$9,096		5341	\$3,236	-64%
49656	Laparoscopy, surgical, repair, recurrent incisional hernia (includes mesh insertion, when performed); reducible	1,025	\$8,347	5362	\$9,096		5341	\$3,236	-64%
49657	Laparoscopy, surgical, repair, recurrent incisional hernia (includes mesh insertion, when performed); incarcerated or strangulated	845	\$8,300	5362	\$9,096		5341	\$3,236	-64%
Spigelian Hernia									
49590	Repair spigelian hernia	186	\$4,143	5341	\$3,249		5341	\$3,236	0%
Umbilical Hernia									
49580	Repair umbilical hernia, younger than age 5 years; reducible	3	\$2,077	5341	\$3,249		5341	\$3,236	0%
49582	Repair umbilical hernia, younger than age 5 years; incarcerated or strangulated	1	\$3,921	5341	\$3,249		5341	\$3,236	0%
49585	Repair umbilical hernia, age 5 years or older; reducible	5,116	\$3,213	5341	\$3,249		5341	\$3,236	0%
49587	Repair umbilical hernia, age 5 years or older; incarcerated or reducible	2,596	\$3,423	5341	\$3,249		5341	\$3,236	0%

Sources: CY 2023 OPPS Proposed Rule, Addendum B; CY 2022 CN OPPS Addendum B; CY 2023 OPPS Proposed Rule Addendum B; CY 2023 Proposed NPRM CPT Cost Statistics File

*New CPT codes 49X06, 49X10, 49X11, 49X12 are proposed for assignment to the inpatient only (IPO) list.



Proposed Assignment of All OPPS-Payable Abdominal Hernia Codes to APC 5341 Will Result in Insufficient Hospital Payments for the Majority of Encounters

CY 2022 APCs for Abdominal Hernia Repair Procedures			Weighted Costs and Volumes of Abdominal Hernia Repair Procedures in CY 2021 Claims		Proposed CY 2023 APC for Abdominal Hernia Repair Procedures		
APC	Description	APC Mean Cost (CY 2023 Proposed)	CPT Mean Cost (CY 2023 Proposed Rule Data)	Volume Distribution (CY 2022 APCs)	APC	Description	APC Mean Cost (CY 2023 Proposed)
5341	Abdominal/Peritoneal/Biliary and Related Procedures	\$3,264	\$3,407	35%	5341	Abdominal/Peritoneal/Biliary and Related Procedures	\$3,264
5361	Level 1 Laparoscopy and Related Procedures	\$5,537	\$6,438	33%			
5362	Level 2 Laparoscopy and Related Procedures	\$9,608	\$7,899	32%			

- Because the new CPT codes are not a one-to-one mapping to the existing/predecessor codes, and because there is no available source of data that characterizes procedures based on hernia size, it is not feasible to precisely model the costs of the new abdominal hernia repair codes
- However, we can determine from the CY 2021 hospital claims data for the existing/predecessor codes that the overall weighted geometric mean cost of all abdominal hernia repair procedures, across all 3 APCs, is **\$5,871**, far exceeding the CY 2023 proposed geometric mean cost of APC 5341 of **\$3,264**
- Further, only 35% of the total volume of abdominal hernia repair procedures in the CY 2021 claims are mapped to APC 5341; 33% are assigned to APC 5361 (based on an overall weighted mean cost of \$6,438), and 32% are assigned to APC 5362 (based on an overall weighted mean cost of \$7,899)
- Data from the existing/predecessor CPT codes are still being used to calculate the overall costs of APCs 5361 and 5362 for CY 2023 ratesetting purposes, based on their CY 2022 APC assignments, despite all of the new CPT codes being proposed for assignment to APC 5341

Sources: CY 2023 OPPS Proposed Rule, Addendum B; CY 2022 CN OPPS Addendum B; CY 2023 OPPS Proposed Rule Addendum B; CY 2023 Proposed NPRM CPT Cost Statistics File

Recommendation and Rationale

- As proposed for CY 2023, OPPS payments for the majority of abdominal hernia repair procedures will be insufficient relative to hospitals’ costs, which may negatively impact patient access
- Medtronic respectfully requests the HOP Panel recommend CMS implement an alternative APC configuration for new CPT codes 49X01- 49X05 and 49X07-49X09, based on the following options:

Alternative 1	Assign new CPT codes to APCs based on procedure complexity considering the length of the hernia, recurrence, and whether the hernia is incarcerated/strangulated
Alternative 2	Assign new CPT codes to APCs based on length of hernia
Alternative 3	Assign all new CPT codes to mid-level APC 5361 based on the weighted geometric mean cost of all abdominal hernia procedures of \$5,871, which is in line with the overall geometric mean cost of APC 5361 of \$5,537
Alternative 4	Create a new clinical APC for all abdominal hernia repair procedures and calculate payment using the geometric mean cost of predecessor/existing abdominal hernia CPT codes of \$5,871 (or assign to New Tech APC 1566 (Level 29 (\$5501-\$6000))

- All alternative APC mappings can be reassessed when CY 2023 claims data reflecting the costs and volumes of the new CPT codes become available for ratesetting
- CPT to APC mappings for each alternative are provided on the next slide

Sources: CY 2023 OPPS Proposed Rule, Addendum B; CY 2022 CN OPPS Addendum B; CY 2023 OPPS Proposed Rule Addendum B; CY 2023 Proposed NPRM CPT Cost Statistics File

Alternative CPT to APC Mappings

New CPT Code	Description	CY 2023 OPPS Proposed Rule	Alternative 1	Alternative 2	Alternative 3	Alternative 4
Repair of anterior abdominal hernia(s) (ie, epigastric, incisional, ventral, umbilical, spigelian), any approach (ie, open, laparoscopic, robotic), <u>initial</u> , including placement of mesh or other prosthesis, when performed, total length of defect(s);		Assign all abdominal hernia repair codes to APC 5341	Assign APCs based on complexity considering the length of the hernia, recurrence, and incarceration/strangulation	Assign APCs based on length of hernia as defined in the new CPT codes	Assign to mid-level APC 5361 based on the weighted geometric mean cost of all abdominal hernia procedures of \$5,871	Create new APC based on the weighted geometric mean cost of all abdominal hernia procedures of \$5,871 (or assign to New Tech APC 1566 (Level 29 (\$5501-\$6000))
49X01	less than 3 cm, reducible	APC 5341	APC 5341	APC 5341	APC 5361	New APC ##### or APC 1566
49X02	less than 3 cm, incarcerated or strangulated	APC 5341	APC 5341	APC 5341	APC 5361	New APC ##### or APC 1566
49X03	3 cm to 10 cm, reducible	APC 5341	APC 5341	APC 5361	APC 5361	New APC ##### or APC 1566
49X04	3 cm to 10 cm, incarcerated or strangulated	APC 5341	APC 5361	APC 5361	APC 5361	New APC ##### or APC 1566
49X05	greater than 10 cm, reducible	APC 5341	APC 5361	APC 5362	APC 5361	New APC ##### or APC 1566
49X06	greater than 10 cm, incarcerated or strangulated	IPO	IPO	IPO	IPO	IPO
Repair of anterior abdominal hernia(s) (ie, epigastric, incisional, ventral, umbilical, spigelian), any approach (ie, open, laparoscopic, robotic), <u>recurrent</u> , including placement of mesh or other prosthesis, when performed, total length of defect(s);						
49X07	less than 3 cm, reducible	APC 5341	APC 5361	APC 5341	APC 5361	New APC ##### or APC 1566
49X08	less than 3 cm, incarcerated or strangulated	APC 5341	APC 5361	APC 5341	APC 5361	New APC ##### or APC 1566
49X09	3 cm to 10 cm, reducible	APC 5341	APC 5362	APC 5361	APC 5361	New APC ##### or APC 1566
49X10	3 cm to 10 cm, incarcerated or strangulated	IPO	IPO	IPO	IPO	IPO
49X11	greater than 10 cm, reducible	IPO	IPO	IPO	IPO	IPO
49X12	greater than 10 cm, incarcerated or strangulated	IPO	IPO	IPO	IPO	IPO

Sources: CY 2023 OPPS Proposed Rule, Addendum B; CY 2023 Proposed NPRM CPT Cost Statistics File