



## Resolving Data Inaccuracies in CMS' Device Offset Calculation for CPT Code 66174

Sight Sciences, Inc.

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# Summary of Sight Sciences, Inc. Presentation

## Presenters

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CPT Code Involved	66174 (Transluminal dilation of aqueous outflow canal; without retention of device or stent)
APC Affected	5492
Description of Issue	Device-intensive status plays an important role in encouraging access to procedures in the HOPD and ASC setting that may otherwise be cost-prohibitive. CMS' methodology for calculating the device offset percentage for CPT code 66174 does not accurately account for the costs of surgically <u>inserted</u> devices – devices that are not retained in the body post-procedure (e.g., microcatheter technology required for CPT code 66174) and that have been specifically recognized by CMS as qualifying for device-intensive status.
Clinical Description of Service	The OMNI Surgical System is used to perform two micro-invasive procedures intended to reduce intraocular pressure in patients with glaucoma: canaloplasty followed by trabeculotomy. An insertable device is required to access the interior of the eye.
Recommendations / Rationale	For the glaucoma procedures that require use of an insertable device (CPT 66174) but for which cost reporting is not accurate, CMS should use the subset of accurate claims data, or alternative data such as manufacturer invoices, to calculate the device offset percentage.
Potential Consequences of Not Making Change	Using inaccurate data to calculate the device offset percentage for CPT code 66174 denies device-intensive status to the procedure, creating payment inequities relative to other glaucoma treatments.

# Gaps in Cost Reporting Methodologies for Insertable Devices

**Per CMS:** “Effective January 1, 2019, CMS is modifying the device-intensive criteria to ... allow procedures that involve *single-use devices, regardless of whether or not they remain in the body after the conclusion of the procedure*, to *qualify as device-intensive procedures*.”<sup>1</sup>

## Confusion Around Insertable Device Cost Reporting

- **Background:** In the 2019 OPPS/ASC Final Rule, CMS confirmed that device-intensive status may be awarded to procedures involving the use of surgically inserted devices (single-use devices that do not remain in the body at the procedure’s conclusion).<sup>2</sup> This status was previously reserved for procedures with surgically implanted devices.
- **Issue:** Despite this clarification, there is no clear revenue code for hospitals to use to report costs for insertable devices. Revenue code 278 (“Other Implants”) has historically been used for devices that remain in the body, and it does not include a reference to “insertable” devices.
- **Concern:** CMS is not accounting for the costs of eligible insertable devices when calculating the percentage of device costs for CPT code 66174 because those costs are not reported as qualifying device costs under CMS methodology.

### Revenue Code Description (027X)

#### Medical/Surgical Supplies and Devices

- 0270 - General
- 0271 - Nonsterile
- 0272 - Sterile
- 0273 - Take-home supplies
- 0274 - Prosthetic/orthotic devices
- 0275 - Pacemaker
- 0276 - Intracocular lens
- 0277 - Take-home oxygen
- 0278 - Other implants
- 0279 - Other

(1) CMS, MLN Matters No. MM11099 (Jan. 2019) (emphasis added); (2) 83 Fed. Reg. 58,945 (Nov. 21, 2018).

# Comparison of Device Cost Offset Calculations: 2019 Data Analysis

- Instead of reporting device costs under an eligible device HCPCS code or revenue code, hospitals have resorted to a range of ways to report the device costs associated with 66174.
  - Most of the methods used by hospitals to capture device costs for 66174 do not factor into CMS' current device offset calculation, resulting in the procedure's true device costs being ignored.
  - To accurately capture device costs, CMS' calculation should be based on claims for which the insertable device was accurately coded.

## Comparison: CMS' Current Methodology Under-represents Costs of Insertable Devices<sup>1,2</sup>

### 66174 – Insertable Device Procedure

Where are costs being reported?

Revenue Code	HCPCS	Total Standardized Cost
<b>272</b>		<b>\$ 1,107,186</b>
360	66174	\$ 689,430
250		\$ 358,450
360	66984	\$ 348,708
710		\$ 191,222



In contrast to a comparable **implantable** glaucoma procedure, for a procedure requiring an **insertable** device, the **top 5** cost centers reported **do not** include the revenue code 278 or a HCPCS code captured by CMS as a “device cost.” Similar trends are seen in 2020 data.

### 0191T – Implantable Device Procedure

Where are costs being reported?

Revenue Code	HCPCS	Total Standardized Cost
<b>278</b>	<b>C1783</b>	<b>\$ 18,572,256</b>
360	0191T	\$ 5,629,805
360	66984	\$ 4,194,470
272		\$ 2,641,558
250		\$ 2,331,870

(1) Data provided by The Moran Company; (2) CMS, CY2022 OPPS Claims Accounting Narrative, at 32 (listing revenue codes 275, 276, 278, and 624 used to estimate device costs).

# Comparison of Device Cost Offset Calculations: 2019 Data Analysis

- 66174 can only be performed with a surgically inserted device. But in 2019, only 1 in 5 hospital claims for 66174 included any costs assigned to rev. code 278.
  - This is very low compared to a glaucoma procedure that involves an implantable device (0191T), for which 97% of claims included rev. code 278.
  - The result is that the true device costs for 66174 are not captured in CMS' device-offset calculation.

## Comparison: Only a Consistent Subset of Claims Accurately Report Device Costs for 66174<sup>1</sup>

### 2019 Data for Insertable Device Procedure (**66174**)

<b>66174</b>	# Claims	Device offset %
All claims	1060	18.1%
Subset of claims with 278 costs reported	225 ( <b>21% of total</b> )	43.3%

### 2019 Data for Implantable Device Procedure (**0191T**)

<b>0191T</b>	# Claims	Device offset %
All claims	8764	54.7%
Subset of claims with 278 costs reported	8480 ( <b>97% of total</b> )	55.3%

(1) Data provided by The Moran Company.

## CPT 66174 Device Offset Percentage Evaluation

Two third-party health economics firms (The Moran Company & Dobson DaVanzo) analyzed 2019 claims data. Their findings illustrate the gap in insertable device cost reporting and the accurate subset of 66174 claims that should be used by CMS: Claims with device costs reported in rev. code 278.

Description of Coding Scenario	CMS			The Moran Company				
	Frequency	Geometric Mean Cost	Device Offset Percentage	Frequency*	Geometric Mean Cost	Non-Device Geometric Mean Cost	Device Residual Cost	Device Offset Percentage
66174 – Total Claims	1,044	\$ 3,516.92	18%	1,060	\$ 3,556.24	\$ 2,911.34	\$ 644.90	18%
66174 – Claims w/Device HCPCS with Rev Code 278				225	\$ 3,453.42	\$ 1,958.35	\$ 1,495.06	43%
66174 – Claims w/Device HCPCS w/out Rev Code 278				665	\$ 3,677.40	\$ 3,238.81	\$ 438.59	12%

\* 170 claims contained no device billing

In the subset of claims with accurate device cost reporting, device costs for CPT 66174 exceed the 30% cost threshold for device-intensive status.

# Implications of Using Inaccurate Data to Calculate the Device Offset Percentage for CPT 66174

Assigning device-intensive status to 66174 would promote **parity** with ophthalmic procedures performed in HOPDs and ASCs that require the use of implanted devices.

CPT	Short Descriptor	Mult Proc Disc	Pymt Indicator	CY2022 ASC Pymt
66180	Aqueous shunt eye w/graft	Y	J8	\$ 2,601.14
66183	Insert ant drainage device	Y	J8	\$ 2,806.58
66987	Xcapsl ctrc rmvl cplx w/ecp	Y	J8	\$ 2,515.86
66988	Xcapsl ctrc rmvl w/ecp	Y	J8	\$ 2,515.86
669X1	Xcpsl ctrc rmvl cplx insj 1+	Y	J8	\$ 2,515.86
669X2	Xcapsl ctrc rmvl insj 1+	Y	J8	\$ 2,515.86
0253T	Insert aqueous drain device	Y	J8	\$ 2,703.57
0449T	Insj aqueous drain dev 1st	Y	J8	\$ 2,993.73
66174	Translum dil eye canal	Y	A2	\$ 1,937.41

## Conclusion

- CMS should not rely on flawed data to inform device-intensive determinations that have a critical impact on Medicare payment rates for surgical procedures.
- CMS can apply discretion to adjust the universe of claims for its device offset calculation for CPT 66174 to ensure accurate data are used.

### **Sight Sciences asks the HOP Panel to recommend that CMS:**

1. Review the underlying claims and cost reporting methodology used to inform the device offset percentage calculation for CPT 66174.
2. Use only the accurate subset of claims to calculate the device offset percentage (i.e., claims for CPT 66174 in which hospitals properly captured surgical device costs with revenue code 278).