ICD-9-CM Codes and MS-DRGs

New Technology Town Hall Meeting

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Recap: New Code

- The ICD-9-CM Coordination & Maintenance (C&M) Committee is the vehicle for creation of a new ICD-9-CM diagnosis or procedure code

- How does this new code make the transition into an MS-DRG?

- What is an MS-DRG, anyway?

MS-DRG = Medicare Severity-Diagnosis Related Group

- First concept – the principal diagnosis determines the MDC (major diagnostic category) to which the cases are assigned

- The diagnoses in each MDC correspond to a single organ system (circulatory, digestive)

- Usually. Pre-MDCs are one exception.

MS-DRG = Medical Severity - Diagnosis Related Group, continued

- Presence of a surgical procedure further identifies patient characteristics within an MDC

- A surgical procedure is generally defined as having a procedure performed in the operating room
  - Ear piercing may be a procedure, but …
  - Non-operating room procedures affect some DRGs, i.e. endoscopies

MS-DRG = Medical Severity - Diagnosis Related Group, continued

- Severity = additional/secondary diagnoses that meet 5 criteria
    - site: Federal Register (72 FR 24705) May 3, 3007
1. Reduction in variance of costs of at least 3%
2. At least 5% of the patients in the MS-DRG fall within the CC or MCC subgroup
3. At least 500 cases are in the CC or MCC subgroup
4. At least a 20% difference in average costs between subgroups
5. $2,000 difference in average costs between subgroups.

MS-DRG = Medical Severity - Diagnosis Related Group, continued

- Objective: to create homogenous subgroups that are significantly different from one another in

  - Resource use

  - Have enough volume to be meaningful, and

  - Improve CMS' ability to explain variance in resource use

MS-DRG = Medicare Severity-Diagnosis Related Group, continued

- Two basic principles for MS-DRG determination:
- Clinical Coherence
- Like consumption of hospital resources

Another Rule

- Diagnosis codes appear only once in MS-DRG assignment logic … mostly
    - "paired or triplicate MS-DRGs"
    - MS-DRG 368, Major Esophageal Disorders w MCC
    - MS-DRG 369, Major Esophageal Disorders w CC
    - MS-DRG 370, Major Esophageal Disorders w/ CC/MCC

Yet Another Rule

- However, <u>procedure</u> codes can be assigned to more than one MDC and more than one MS-DRG
  - Example: code 01.18 Other diagnostic procedures on brain and cerebral meninges is assigned to 5 MDCs and 11 MS-DRGs

Procedure Codes

- When the codes appear in the Medicare Proposed Rule in the spring, they are final codes

- Commenters may comment on CMS' determination of OR status, MDC assignment, or MS-DRG assignment (but not the code, because it's final)

Procedure Codes , continued

TABLE 6B.--NEW PROCEDURE CODES

Procedure Code	Description	OR	MDC	DRG
00.44	Procedure on vessel bifurcation	N	--	--
00.56	Insertion or replacement of implantable pressure sensor (lead) for intracardiac hemodynamic monitoring	Y	5	117, 120[1]
00.57	Implantation or replacement of subcutaneous device for intracardiac hemodynamic monitoring	Y	5	118, 120[1]
00.77*	Hip replacement bearing surface, ceramic-on-polyethylene	N	--	--
00.85*	Resurfacing hip, total, acetabulum and femoral head	Y	8	471, 544
			21	442, 443
			24	485
00.86*	Resurfacing hip, partial, femoral head	Y	8	471, 544
			10	292, 293
			21	442, 443
			24	485
00.87*	Resurfacing hip, partial, acetabulum	Y	8	471, 544
			10	292, 293
			21	442, 443
			24	485
01.28*	Placement of intracerebral catheter(s) via burr hole(s)	Y	1	1, 2, 3, 543
			17	406, 407, 539, 540
			21	442, 443
			24	484
13.90*	Operation on lens, Not Elsewhere Classified	Y	2	39
			21	442, 443
			24	486
			--	476, 477
13.91*	Implantation of intraocular telescope prosthesis	Y	2	39
			21	442, 443
			24	486
			--	476, 477

Really Basic Rule

- New codes are generally assigned to the predecessor MS-DRG

Why do we have this rule?

- We assign procedure codes to their predecessor MS-DRG because we need to determine – with concrete evidence – how this code behaves.

- Subsequent MS-DRG reassignment of a code or codes is an **evidence-based** decision.

Can a code be reassigned to another MS-DRG?

- CMS annually reviews MS-DRG assignments, and the codes that comprise those MS-DRGs.

- If it becomes apparent that a code is not behaving like the other codes in the MS-DRG, we will consider changes to the MS-DRG structure.

What are MS-DRG changes?

- CMS might move a code out of it's current MS-DRG and into another MS-DRG. This could cause the original MS-DRG to:
  - Increase in relative weight
  - Decrease in relative weight

- CMS might review a series of MS-DRGs and make broad changes to the category

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Common Misconception

- That creation of a new ICD-9-CM procedure code will result in a new MS-DRG
- The definition of DRGs is "Diagnosis Related *Groups*"

Example of Code Creation

- March 2005 C&M meeting we discussed the creation of a new code for a product being considered for New Technology add-on payment -- GoreTag™

- A code was created for use beginning on October 1, 2005

  - 39.73, Endovascular implantation of graft in thoracic aorta

  - At the September 2010 C&M we considered coding for "fenestrated" grafts

Example of Code Creation

- Code 37.90, Insertion of left atrial appendage device
  - Effective October 1, 2004
  - Predecessor code 37.99, Other operations on heart and pericardium, Other
  - Used the last space in this series of codes

Questions??