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| CMS Manual System | Department of Health & Human Services (DHHS) |
| Pub 100-20 One-Time Notification | Centers for Medicare & Medicaid Services (CMS) |
| Transmittal 1494 | Date: August 19, 2015 |
| | Change Request 9121 |

NOTE: This Transmittal is no longer sensitive and is being re-communicated August 19, 2015. The Transmittal Number, Date of Transmittal and all other information remain the same. This instruction may now be posted on the Internet.

SUBJECT: Updates of Medicare Severity Diagnosis Related Groups (MS-DRGs) 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 Change Request (CR) adds MS-DRGs 266 and 267 to the list of MS-DRGs subject to the policy for replaced devices offered without cost or with a credit and MS-DRGs 237 and 238 have been removed and replaced by new MS-DRGs 268-272.

EFFECTIVE DATE: October 1, 2014; October 1, 2015

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

IMPLEMENTATION DATE: October 5, 2015

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-*Only One Per Row.*

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

III. FUNDING:

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. ATTACHMENTS:

One Time Notification

Attachment - One-Time Notification

| | | | |
|-------------|-------------------|-----------------------|----------------------|
| Pub. 100-20 | Transmittal: 1494 | Date: August 19, 2015 | Change Request: 9121 |
|-------------|-------------------|-----------------------|----------------------|

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SUBJECT: Updates of Medicare Severity Diagnosis Related Groups (MS-DRGs) to the List Subject to Inpatient Prospective Payment System (IPPS) Replaced Devices Offered without Cost or with a Credit Policy

EFFECTIVE DATE: October 1, 2014; October 1, 2015

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

IMPLEMENTATION DATE: October 5, 2015

I. GENERAL INFORMATION

A. Background: Certain ICD-9-CM procedure codes that previously grouped to MS-DRGs 216-221 (Cardiac Valve & Other Major Cardiothoracic Procedure with and without Cardiac Catheterization, w MCC, w CC, and w/o CC/MCC, respectively) and were subject to the policy for the IPPS reimbursement of replaced devices offered without cost or with a credit were reassigned to new MS-DRGs 266 and 267 (Endovascular Cardiac Valve Replacement with MCC and without MCC, respectively) effective October 1, 2014. The Centers for Medicare and Medicaid Services (CMS) determined that MS-DRG codes 266 and 267 were omitted from the list of MS-DRGs subject to the final policy for the IPPS reimbursement of replaced devices offered without cost or with a credit for FY 2015.

Effective October 1, 2015, MS-DRG codes 237 and 238 (Major Cardiovascular Procedures with and without MCC, respectively) will be deleted and new MS-DRGs 268 and 269 (Aortic and Heart Assist Procedures Except Pulsation Balloon with MCC and without MCC, respectively) as well as, new MS-DRGs 270-272 (Other Major Cardiovascular Procedures with MCC, with CC, and without CC/MCC, respectively) have been created.

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 percent 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-DRGs 266 and 267 have been added to the list of MS-DRGs subject to the policy for replaced devices offered without cost or with a credit and MS-DRGs 237 and 238 have been removed and replaced by new MS-DRGs 268-272. The complete list, including the existing MS-DRGs and the new MS-DRGs subject to the policy for replaced devices offered without cost or with a credit is displayed in Attachment A.

II. BUSINESS REQUIREMENTS TABLE

"Shall" denotes a mandatory requirement, and "should" denotes an optional requirement.

| Number | Requirement | Responsibility | | | | | | | | | |
|----------|---|----------------|---|-------------|----------------------------|---------------------------|-------------|-------------|-------------|-------|--|
| | | A/B MAC | | | D M E M A C | Shared-System Maintainers | | | | Other | |
| | | A | B | H H H | | F I S S | M C S | V M S | C W F | | |
| 9121.1 | Medicare contractors shall revise current edits for replaced devices offered without cost or with a credit based on the attached table of MS-DRGs subject to the policy. | | | | | X | | | | | |
| 9121.2 | Medicare contractors shall use the statement covers through date to determine if the MS-DRG is subject to the reduction for replaced devices offered without cost or with a credit. | | | | | X | | | | | |
| 9121.3 | Medicare contractors shall adjust claims with discharge dates on or after October 1, 2014, with MS-DRGs 266 & 267, which are being added in this CR, if brought to their attention. | X | | | | | | | | | |
| 9121.3.1 | Medicare contractors shall override timely filing edits if applicable. | X | | | | | | | | | |

III. PROVIDER EDUCATION TABLE

| Number | Requirement | Responsibility | | | | | |
|--------|---|----------------|---|-------------|----------------------------|------------------|--|
| | | A/B MAC | | | D M E M A C | C E D I | |
| | | A | B | H H H | | | |
| 9121.4 | MLN Article: A provider education article related to this instruction will be available at http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/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 sites and include information about it in a listserv message within 5 business days after receipt of the notification from CMS announcing the availability of the article. In addition, the provider education article shall be included in the contractor's next regularly scheduled bulletin. Contractors are free to supplement MLN Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly. | X | | | | | |

IV. SUPPORTING INFORMATION

Section A: Recommendations and supporting information associated with listed requirements: N/A

"Should" denotes a recommendation.

| X-Ref Requirement Number | Recommendations or other supporting information: |
|---------------------------------|---|
| 2.1 | To expedite processing of timely filing edits, Medicare contractors shall ensure that hospitals reference this CR in the remarks section of applicable adjustments. |

Section B: All other recommendations and supporting information: N/A

V. CONTACTS

Pre-Implementation Contact(s): Cami DiGiacomo, Cami.DiGiacomo@comcast.net

Post-Implementation Contact(s): Contact your Contracting Officer's Representative (COR).

VI. FUNDING

Section A: 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.

ATTACHMENTS: 1

**DRGs Subject to IPPS Replaced Devices Offered Without Cost or With a Credit Final Policy
Effective for Discharges on or After October 1, 2008 (CR5860 & CR7457)**

| MDC | MS-DRG | Narrative Description of DRG |
|------------|-----------------|---|
| PRE MDC | 001 & 002 | 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) |
| 01 | 023 & 024 | 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) |
| 01 | 025 & 026 | Craniotomy and Endovascular Intracranial Procedure with MCC or with CC, respectively (former CMS-DRG 1, Craniotomy Age > 17 With CC) |
| 01 | 026 & 027 | Craniotomy and Endovascular Intracranial Procedure with CC or without CC/MCC, respectively (former CMS-DRGs 2, Craniotomy Age > 17 Without CC) |
| 01 | 040 & 041 | 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) |
| 01 | 042 | Peripheral & Cranial Nerve & Other Nervous System Procedure without CC/MCC (former CMS-DRG 8, Peripheral & Cranial Nerve & Other Nervous System Procedures without CC) |
| 03 | 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) |
| 05 | 215 | Other Heart Assist System Implant (former CMS-DRG 525, Other Heart Assist System Implant) |
| 05 | 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) |
| 05 | 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) |
| 05 | 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) |
| 05 | 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) |
| 05 | 226 & 227 | Cardiac Defibrillator Implant without Cardiac Catheterization with MCC and without MCC, respectively (former CMS-DRG 515, Cardiac Defibrillator Implant without Cardiac Catheterization) |
| 05 | 237 | Major Cardiovascular Procedures with MCC or Thoracic Aortic Aneurysm Repair (former CMS-DRG 110, Major Cardiovascular Procedures With CC) |
| 05 | 238 | Major Cardiovascular Procedures without MCC (former CMS-DRG 111, Major Cardiovascular Procedures without CC) |

| | | |
|------------|-----------------|---|
| 05 | 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) |
| MDC | MS-DRG | Narrative Description of DRG |
| 05 | 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) |
| 05 | 245 | AICD Lead and Generator Procedures (this is a new MS-DRG, created from AICD and generator codes moved out of CMS DRG 551) |
| 05 | 258 & 259 | Cardiac Pacemaker Device Replacement With MCC, and Without MCC, respectively (former CMS-DRG 118, Cardiac Pacemaker Device Replacement) |
| 05 | 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) |
| 05 | 265 | AICD lead procedures |
| 08 | 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) |
| 08 | 466, 467, & 468 | Revision of Hip or Knee Replacement with MCC, with CC, or without CC/MCC, respectively (former CMS-DRG 545, Revision of Hip or Knee Replacement) |
| 08 | 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) |

**DRGs Subject to IPPS Replaced Devices Offered Without Cost or With a Credit Final Policy
Effective for Discharges on or After October 1, 2014 (CR9121)**

| <i>MDC</i> | <i>MS-DRG</i> | <i>Narrative Description of DRG</i> |
|------------|---------------|---|
| PRE MDC | 001 | Heart Transplant or Implant of Heart Assist System with MCC |
| 01 | 002 | Heart Transplant or Implant of Heart Assist System without MCC |
| 01 | 023 | Craniotomy with Major Device Implant or Acute Complex Central Nervous System Principal Diagnosis with MCC or Chemotherapy Implant |
| 01 | 024 | Craniotomy with Major Device Implant or Acute Complex Central Nervous System Principal Diagnosis without MCC |
| 01 | 025 | Craniotomy and Endovascular Intracranial Procedure with MCC |
| 01 | 026 | Craniotomy and Endovascular Intracranial Procedure with CC |
| 01 | 027 | Craniotomy and Endovascular Intracranial Procedure without CC/MCC |
| 01 | 040 | Peripheral & Cranial Nerve & Other Nervous System Procedure with MCC |
| 01 | 041 | Peripheral & Cranial Nerve & Other Nervous System Procedure with CC or Peripheral Neurostimulator |
| 01 | 042 | Peripheral & Cranial Nerve & Other Nervous System Procedure without CC/MCC |
| 03 | 129 | Major Head & Neck Procedures with CC/MCC or Major Device |
| 03 | 130 | Major Head & Neck Procedures without CC/MCC |
| 05 | 215 | Other Heart Assist System Implant |
| 05 | 216 | Cardiac Valve & Other Major Cardiothoracic Procedure with Cardiac Catheterization with MCC |
| 05 | 217 | Cardiac Valve & Other Major Cardiothoracic Procedure with Cardiac Catheterization with CC |
| 05 | 218 | Cardiac Valve & Other Major Cardiothoracic Procedure with Cardiac Catheterization without CC/MCC |
| 05 | 219 | Cardiac Valve & Other Major Cardiothoracic Procedure without Cardiac Catheterization with MCC |
| 05 | 220 | Cardiac Valve & Other Major Cardiothoracic Procedure without Cardiac Catheterization with CC |
| 05 | 221 | Cardiac Valve & Other Major Cardiothoracic Procedure without Cardiac Catheterization without CC/MCC |
| 05 | 222 | Cardiac Defibrillator Implant with Cardiac Catheterization with Acute Myocardial Infarction/Heart Failure/Shock with MCC |
| 05 | 223 | Cardiac Defibrillator Implant with Cardiac Catheterization with Acute Myocardial Infarction/Heart Failure/Shock without MCC |
| 05 | 224 | Cardiac Defibrillator Implant with Cardiac Catheterization without Acute Myocardial Infarction/Heart Failure/Shock with MCC |
| 05 | 225 | Cardiac Defibrillator Implant with Cardiac Catheterization without Acute Myocardial Infarction/Heart Failure/Shock without MCC |
| 05 | 226 | Cardiac Defibrillator Implant without Cardiac Catheterization with MCC |
| | 227 | Cardiac Defibrillator Implant without Cardiac Catheterization without MCC |
| 05 | 237 | Major Cardiovascular Procedures with MCC or Thoracic Aortic Aneurysm Repair |
| 05 | 238 | Major Cardiovascular Procedures without MCC |

| MDC | MS-DRG | Narrative Description of DRG |
|------------|---------------|---|
| 05 | 242 | Permanent Cardiac Pacemaker Implant with MCC |
| 05 | 243 | Permanent Cardiac Pacemaker Implant with CC |
| 05 | 244 | Permanent Cardiac Pacemaker Implant without CC/MCC |
| 05 | 245 | AICD Generator Procedures |
| 05 | 258 | Cardiac Pacemaker Device Replacement with MCC |
| 05 | 259 | Cardiac Pacemaker Device Replacement without MCC |
| 05 | 260 | Cardiac Pacemaker Revision Except Device Replacement with MCC |
| 05 | 261 | Cardiac Pacemaker Revision Except Device Replacement with CC |
| 05 | 262 | Cardiac Pacemaker Revision Except Device Replacement without CC/MCC |
| 05 | 265 | AICD lead procedures |
| 05 | 266 | Endovascular Cardiac Valve Replacement with MCC |
| 05 | 267 | Endovascular Cardiac Valve Replacement without MCC |
| 08 | 461 | Bilateral or Multiple Major Joint Procedures of Lower Extremity with MCC |
| 08 | 462 | Bilateral or Multiple Major Joint Procedures of Lower Extremity without MCC |
| 08 | 466 | Revision of Hip or Knee Replacement with MCC |
| 08 | 467 | Revision of Hip or Knee Replacement with CC |
| 08 | 468 | Revision of Hip or Knee Replacement without CC/MCC |
| 08 | 469 | Major Joint Replacement or Reattachment of Lower Extremity with MCC |
| 08 | 470 | Major Joint Replacement or Reattachment of Lower Extremity without MCC |

**DRGs Subject to IPPS Replaced Devices Offered Without Cost or With a Credit Final Policy
Effective for Discharges on or After October 1, 2015 (CR9121)**

| MDC | MS-DRG | Narrative Description of DRG |
|------------|---------------|---|
| Pre MDC | 001 | Heart Transplant or Implant of Heart Assist System with MCC |
| Pre MDC | 002 | Heart Transplant or Implant of Heart Assist System without MCC |
| MDC 01 | 023 | Craniotomy with Major Device Implant or Acute Complex Central Nervous System Principal Diagnosis with MCC or Chemotherapy Implant |
| MDC 01 | 024 | Craniotomy with Major Device Implant or Acute Complex Central Nervous System Principal Diagnosis without MCC |
| MDC 01 | 025 | Craniotomy and Endovascular Intracranial Procedure with MCC |
| MDC 01 | 026 | Craniotomy and Endovascular Intracranial Procedure with CC |
| MDC 01 | 027 | Craniotomy and Endovascular Intracranial Procedures without CC/MCC |
| MDC 01 | 040 | Peripheral & Cranial Nerve & Other Nervous System Procedure with MCC |
| MDC 01 | 041 | Peripheral & Cranial Nerve & Other Nervous System Procedure with CC or Peripheral Neurostimulator |
| MDC 01 | 042 | Peripheral & Cranial Nerve & Other Nervous System Procedure without CC/MCC |
| MDC 03 | 129 | Major Head & Neck Procedures with CC/MCC or Major Device |
| MDC 03 | 130 | Major Head & Neck Procedures without CC/MCC |
| MDC 05 | 215 | Other Heart Assist System Implant |
| MDC 05 | 216 | Cardiac Valve & Other Major Cardiothoracic Procedure with Cardiac Catheterization with MCC |
| MDC 05 | 217 | Cardiac Valve & Other Major Cardiothoracic Procedure with Cardiac Catheterization with CC |
| MDC 05 | 218 | Cardiac Valve & Other Major Cardiothoracic Procedure with Cardiac Catheterization without CC/MCC |
| MDC 05 | 219 | Cardiac Valve & Other Major Cardiothoracic Procedure without Cardiac Catheterization with MCC |
| MDC 05 | 220 | Cardiac Valve & Other Major Cardiothoracic Procedure without Cardiac Catheterization with CC |
| MDC 05 | 221 | Cardiac Valve & Other Major Cardiothoracic Procedure without Cardiac Catheterization without CC/MCC |
| MDC 05 | 222 | Cardiac Defibrillator Implant with Cardiac Catherization with Acute Myocardial Infarction/Heart Failure/Shock with MCC |
| MDC 05 | 223 | Cardiac Defibrillator Implant with Cardiac Catherization with Acute Myocardial Infarction/Heart Failure/Shock without MCC |
| MDC 05 | 224 | Cardiac Defibrillator Implant with Cardiac Catherization without Acute Myocardial Infarction/Heart Failure/Shock with MCC |
| MDC 05 | 225 | Cardiac Defibrillator Implant with Cardiac Catherization without Acute Myocardial Infarction/Heart Failure/Shock without MCC |
| MDC 05 | 226 | Cardiac Defibrillator Implant without Cardiac Catheterization with MCC |
| MDC 05 | 227 | Cardiac Defibrillator Implant without Cardiac Catheterization without MCC |
| MDC 05 | 242 | Permanent Cardiac Pacemaker Implant with MCC |
| MDC 05 | 243 | Permanent Cardiac Pacemaker Implant with CC |
| MDC 05 | 244 | Permanent Cardiac Pacemaker Implant without CC/MCC |
| MDC 05 | 245 | AICD Generator Procedures |

| MDC | MS-DRG | Narrative Description of DRG |
|------------|---------------|---|
| MDC 05 | 258 | Cardiac Pacemaker Device Replacement with MCC |
| MDC 05 | 259 | Cardiac Pacemaker Device Replacement without MCC |
| MDC 05 | 260 | Cardiac Pacemaker Revision Except Device Replacement with MCC |
| MDC 05 | 261 | Cardiac Pacemaker Revision Except Device Replacement with CC |
| MDC 05 | 262 | Cardiac Pacemaker Revision Except Device Replacement without CC/MCC |
| MDC 05 | 265 | AICD lead procedures |
| MDC 05 | 266 | Endovascular Cardiac Valve Replacement with MCC |
| MDC 05 | 267 | Endovascular Cardiac Valve Replacement without MCC |
| MDC 05 | 268 | Aortic and Heart Assist Procedures except Pulsation Balloon with MCC |
| MDC 05 | 269 | Aortic and Heart Assist Procedures except Pulsation Balloon without MCC |
| MDC 05 | 270 | Other Major Cardiovascular Procedures with MCC |
| MDC 05 | 271 | Other Major Cardiovascular Procedures with CC |
| MDC 05 | 272 | Other Major Cardiovascular Procedures without CC/MCC |
| MDC 05 | 461 | Bilateral or Multiple Major Joint Procedures of Lower Extremity with MCC |
| MDC 08 | 462 | Bilateral or Multiple Major Joint Procedures of Lower Extremity without MCC |
| MDC 08 | 466 | Revision of hip or knee replacement with MCC |
| MDC 08 | 467 | Revision of hip or knee replacement with CC |
| MDC 08 | 468 | Revision of hip or knee replacement without CC/MCC |
| MDC 08 | 469 | Major Joint Replacement or reattachment of Lower Extremity with MCC |
| MDC 08 | 470 | Major Joint Replacement or reattachment of Lower Extremity without MCC |