



American  
Red Cross

# REIMBURSEMENT

# UPDATE

August 2011



## CMS Finalizes Medicare Hospital Inpatient Payment Changes for FY 2012

On August 18, 2011, the Centers for Medicare and Medicaid Services (CMS) published the fiscal year (FY) 2012 Medicare hospital inpatient prospective payment system (IPPS) final rule. This rule includes policy and payment changes that apply to the Medicare severity diagnosis-related group (MS-DRG)-based system that Medicare uses to reimburse most acute care hospitals for inpatient services (MS-DRGs do not apply to critical access hospitals). **CMS projects that the changes in the final rule will increase average inpatient payments to hospitals in FY 2012 by 1.1 percent.**

Unless otherwise indicated, the final rule applies to services provided to patients who are discharged from the hospital during FY 2012, which begins on October 1, 2011. Following is a summary of the provisions of the rule that may be of interest to American Red Cross hospital customers.

Download the final rule:  
<https://www.cms.gov/AcuteInpatientPPS/FR2012/list.asp#TopOfPage>



### For More Information

More information on billing for blood products and related services under IPPS can be found on our website at [redcross.org/hospitals/reimbursement](http://redcross.org/hospitals/reimbursement), which also offers a variety of hospital outpatient reimbursement resources.

Please send reimbursement inquiries or requests for reimbursement assistance to [reimburse@usa.redcross.org](mailto:reimburse@usa.redcross.org).

## New Hospital Quality Programs

The rule includes two new Affordable Care Act (ACA)-mandated quality programs that will take effect on October 1, 2012 (FY 2013).

- Under the **Hospital Readmissions Reduction Program**, payments to hospitals will be reduced to account for excess readmissions. CMS has finalized “readmission measures” for three conditions—acute myocardial infarction (AMI) or heart attack, heart failure, and pneumonia—for the first year of the program (which will affect hospital payments in FY 2013), as well as the methodology that will be used to calculate excess readmission rates for these conditions.
- The **Hospital Value-Based Purchasing (VBP) Program**—one of Medicare’s first true “pay for performance” (as opposed to “pay for reporting”) programs—will provide incentive payments to hospitals that achieve specific quality-based performance criteria, beginning with payments made in FY 2013. Although CMS released a separate proposed rule and final rule dedicated specifically to the VBP Program earlier this year, the new IPPS final rule finalizes an additional measure for the program: “Medicare spending per beneficiary.” This new measure will apply to both the VBP program and the current Inpatient Quality Reporting (IQR) Program, although it will not affect hospital payments until FY 2014.

## New MS-DRGs for Autologous Bone Marrow Transplants

The final rule splits current MS-DRG 015 (Autologous Bone Marrow Transplant) into two new MS-DRGs in order to distinguish between autologous bone marrow transplants with and without complications and comorbidities (CCs).

- CMS based the creation of the two new MS-DRGs on a claims analysis that showed that autologous bone marrow transplants with a CC or major CC (MCC) have higher average costs and a longer average length of stay as compared to cases without a CC or MCC.
- The payment rate for MS-DRG 016 (with CC/MCC) will be nearly 50 percent greater than for MS-DRG 017 (without CC/MCC). (Exact payment amounts will vary by hospital.)
- Effective October 1, 2011, CMS will delete MS-DRG 015 and replace it with the following new MS-DRGs:
  - MS-DRG 016 - Autologous Bone Marrow Transplant with CC/MCC
  - MS-DRG 017 - Autologous Bone Marrow Transplant without CC/MCC

## Threshold for Outlier Payments

CMS has set the threshold for outlier payments for unusually high-cost cases at \$22,385 for FY 2012.

- This amount represents a slight **decrease** from the FY 2011 threshold of \$23,075.
- A data analysis by Covance and the American Red Cross indicated that more than half of inpatient outlier cases involve blood-related charges.