



TOPIC:

The potential impact of 2006 DRG changes on coding as well as managed care contracts and payments.

TOPIC OVERVIEW

CMS has published its final rule for Inpatient Prospective Payment System (IPPS) changes effective for patients discharged on or after October 1, 2005. In the final rule, CMS added 16 new DRGs and made 10 DRGs invalid. Although the implications for coding and physician documentation are fairly obvious as a result of these changes, it is important that Revenue Management Directors and Managed Care Auditors understand the potential impact of the changes to their contracts.

Of particular interest is the fact CMS has revised 9 cardiovascular DRGs which accounts for close to 700,000 cases and is replacing them with 12 new DRGs that better recognize severity of illness. Many managed care contracts carve-out or specify particular payment arrangements based on DRGs, particularly with regard to cardiovascular and cardiac services. The changes in Orthopedic DRGs may also be carve-outs or specifically identified in managed care contract.

All managed care contracts should be reviewed for any invalid DRGs and those contracts brought to the attention to the hospital's contract negotiator for re-negotiation and inclusion of the new, appropriate DRGs.

HIGHLIGHTS

The following tables illustrate the 16 new and 10 invalid DRGs.

Hip/Knee Replacement

Invalid DRGs	New DRGs
209 Major joint limb reattachment procedure lower extremity	544 Major joint replacement or reattachment of lower extremity
	545 Revision of hip or knee replacement

Spinal Fusions

New DRGs
546 Spinal fusions except cervical with curvature of spine or malignancy (Previously assigned to 497 and 498 no change) Diagnoses driven.



HOT TOPIC – September 28, 2005

Cardiovascular DRGs

Invalid DRGs	New DRGs
107 Coronary bypass w/cardiac cath	547 Coronary bypass w/cardiac cath w/ major CV dx
	548 Coronary bypass w/cardiac cath w/o major CV dx
109 Coronary bypass w/o Cardiac cath	549 Coronary bypass w/o cardiac cath with major CV dx
	550 Coronary bypass w/o cardiac cath w/o major CV dx

Pacemaker & AICD

Invalid DRGs	New DRGs
115 Perm card pacemaker implant w/ AMI/HF/shock or lead or generator	551 Perm cardiac pacemaker implant w/ major CV dx or AICD lead or generator
116 Other perm cardiac pacemaker implant	552 Other permanent cardiac pacemaker implant w/o major CV dx

Cardiac DRGs

Invalid DRGs	New DRGs
478 Other vascular procedures w/ cc	553 other vascular procedures w/ cc w/ major CV dx
	554 Other vascular procedures w/ cc w/o major CV dx
516 Percutaneous cardiovascular procedure w/ AMI	555 Percutaneous cardiovascular procedure with major CV dx

Non-Drug Eluting Cardiac Stents

Invalid DRGs	New DRGs
517 Percutaneous cardiovascular procedure w/ non- drug eluting stent w/o AMI	556 Percutaneous cardiovascular procedure w/ non-drug eluting stent w/o major CV dx

Drug-Eluting Cardiac Stents

Invalid DRGs	Valid DRGs
526 Percutaneous cardiovascular procedure w/ drug eluting stent w/AMI	557 Percutaneous cardiovascular procedure w/ drug eluting stent w/ major CV dx
527 Percutaneous cardiovascular procedure w/ drug eluting stent w/o AMI	558 Percutaneous cardiovascular procedure with drug eluting stent w/o major CV dx



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Stroke with Thrombolysis

New DRGs

559 Acute ischemic stroke with use of thrombolytic agent. DRG 559 is based on DRG 14 methodology plus the use of thrombolytic agent (TPA). Providers need to look at DRG 14 also.

ACTIONS TO BE TAKEN

- Review all managed care contracts and contract matrix and identify if any payment methodology is attached to any of the invalid DRGs.
- If yes, provide this data to your Managed Care Contract negotiator as soon as possible. Determine what the timeline will be to amend the contracts and how the payer will handle the new and invalid DRGs in the interim.
- After October 1, 2005 run a report on the new DRGs by payer(s) identified as reimbursing specifically on those DRGs and audit for accounts payment accuracy.

RESOURCES:

Federal register, August 12, 2005, FY 2006 final rule IPPS:
http://www.access.gpo.gov/su_docs/fedreg/a20812c.html

******Please note that CMS's Final Rule for IPPS has many other implications for Coders and for the Revenue Management Department. A comprehensive summary of changes was presented on IRM's Forum call on September 28, 2005. To receive a copy of this presentation please contact your Director of Revenue Management at IRM.***