BloodNews
United Blood Services

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New Hospital Inpatient Payment Methodology for Blood Clotting Factors in FY 2006

On August 12, 2005, the Centers for Medicare and Medicaid Services (CMS) published the fiscal year (FY) 2006 hospital inpatient prospective payment system (IPPS) final rule. The rule outlines Medicare payment policy updates effective for services furnished to hospital inpatients beginning on October 1, 2005.

Among the changes is a new reimbursement methodology for blood clotting factors administered to hemophilia inpatients. Unlike transfused blood and blood products, blood clotting factors may be eligible for separate payment outside of the prospectively set diagnosis-related group (DRG) payment amounts hospitals receive for Medicare inpatient cases. Hospitals can bill for these products using the appropriate Healthcare Common Procedure Coding System (HCPCS) and revenue codes on the UB-92 (CMS-1450) claim form, and receive separate payment from fiscal intermediaries under Medicare Part A.

Additional guidance on when blood clotting factors administered to hemophilia inpatients are eligible for separate payment is available at: http://www.cms.hhs.gov/manuals/pm_trans/A0189.pdf

In FY 2005, blood clotting factors were paid at 95 percent of average wholesale price (AWP), which mirrored the reimbursement received by physician offices for such products under Medicare Part B in 2004. Beginning in October, however, Medicare will begin to pay for blood clotting factors in the inpatient setting based on 106 percent of average sales price (ASP)—the current payment methodology in effect for clotting factors in the physician office setting.

In addition to the ASP-based payment, hospitals will also receive a blood clotting factor furnishing fee for each IU administered. For 2006, the furnishing fee will be $0.14.

As evidenced by the table below, the shift from AWP to ASP-based reimbursement for blood clotting factors results in significant payment changes for a number of products. Payments in FY 2006 range from a 75 percent increase from last year's rate (J7194 Factor IX complex) to a 27 percent decrease (Q0187 Factor VIIa recombinant). On average, clotting factors will see a payment decrease of 4 percent.

**The table below is based on July 2005 ASP Pricing File, available at: http://www.cms.hhs.gov/providers/drugs/asp.asp Actual payments received by hospitals will be updated quarterly, based on the latest available ASP data.*

HCPCS Code	Short Descriptor	FY 2005 Payment	FY 2006 Payment*	Change	Percent Change
J7190	Factor VIII, per IU	$0.87	$0.650	-$0.22	-26%
J7191	Factor VIII (porcine), per IU	$2.04	$1.860	-$0.18	-9%
J7192	Factor VIII recombinant, per IU	$1.29	$1.057	-$0.24	-18%
J7193	Factor IX non-recombinant, per IU	$1.12	$0.884	-$0.24	-21%
J7194	Factor IX complex, per IU	$0.40	$0.698	$0.30	75%
J7195	Factor IX recombinant, per IU	$0.95	$0.981	$0.03	3%
J7197	Antithrombin III injection, per IU	$1.50	$1.539	$0.04	3%
J7198	Anti-inhibitor, per IU	$1.43	$1.295	-$0.13	-9%
Q0187	Factor VIIa recombinant, per IU	$1,681.50	$1,227.51	-$453.99	-27%
Q2022	Von willebrand factor complex, per IU	$0.95	$0.871	-$0.08	-8%

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Proposed Changes for Medicare Hospital Outpatient Blood Reimbursement

CMS also published the 2006 Medicare hospital outpatient prospective payment system (OPPS) proposed rule on July 25, 2005. The rule contains Medicare's proposed payment changes for blood and blood products transfused in the hospital outpatient setting, which would take effect on January 1, 2006. CMS is expected to publish the OPPS final rule in early November.

As outlined in the rule, CMS proposes to continue making separate payments for blood and blood products under the ambulatory payment classification (APC) system. CMS plans to use the same method as last year to establish 2006 APC payments, which involves utilizing past charge data that hospitals have submitted for these products to calculate median costs.

The table to the right includes the proposed APC payment rates for the top blood products in terms of total number of units billed by all hospitals in 2004. If adopted, the changes will result in an average 11 percent payment increase for blood and blood product APCs, although several products may see up to a 9 percent payment decrease.

To download a copy of the complete OPPS proposed rule, as well as view other OPPS-related updates as they are released, please visit: http://www.cms.hhs.gov/providers/hopps/

Did you know...

that the cost threshold for DRG outlier payments has changed?

In addition to the DRG payment they receive, hospitals may be eligible for an additional "outlier" payment for unusually high-cost inpatient cases. In FY 2005, the threshold for outlier payments was $25,800. Effective October 1, 2005, the outlier threshold decreases to $23,600. Although the payment for blood and blood products is included in the applicable DRG payments, the lowered outlier threshold may allow for additional reimbursement for some inpatient cases involving blood products. It is important that hospitals continue to accurately submit their charges for blood-related products under the appropriate revenue codes on the UB-92 (CMS-1450) claim form. Doing so will ensure the appropriateness of DRG payments for future IPPS updates, and may also qualify the facility for additional payments for high-cost cases under the updated outlier threshold.

HCPCS/ CPT Code	Short Descriptor	2005 APC Payment	Proposed 2006 APC Payment	Change	Percent Change
36430	Blood transfusion service	$215.45	$217.16	$1.71	1%
P9010	Whole blood for transfusion	$112.85	$119.42	$6.57	6%
P9011	Blood split unit	$82.81	$75.35	-$7.46	-9%
P9012	Cryoprecipitate each unit	$48.25	$43.88	-$4.37	-9%
P9016	RBC leukocytes reduced	$165.70	$162.42	-$3.28	-2%
P9017	Plasma 1 donor frz w/in 8 hr	$63.35	$71.44	$8.09	13%
P9019	Platelets, each unit	$48.17	$49.36	$1.19	2%
P9021	Red blood cells unit	$113.29	$120.47	$7.18	6%
P9022	Washed red blood cells unit	$193.82	$176.29	-$17.53	-9%
P9031	Platelets leukocytes reduced	$86.39	$95.09	$8.70	10%
P9032	Platelets, irradiated	$88.66	$80.64	-$8.02	-9%
P9033	Platelets leukoreduced irrad	$154.24	$140.28	-$13.96	-9%
P9034	Platelets, pheresis	$437.76	$409.40	-$28.36	-6%
P9035	Platelet pheres leukoreduced	$473.11	$483.62	$10.51	2%
P9036	Platelet pheresis irradiated	$333.80	$307.96	-$25.84	-8%
P9037	Plate pheres leukoredu irrad	$587.39	$564.54	-$22.85	-4%
P9038	RBC irradiated	$118.80	$141.69	$22.89	19%
P9040	RBC leukoreduced irradiated	$205.59	$216.31	$10.72	5%
P9041	Albumin (human),5%, 50ml	$18.82	$30.38	$11.56	61%
P9044	Cryoprecipitatereducedplasma	$61.50	$77.51	$16.01	26%
P9045	Albumin (human), 5%, 250 ml	$60.54	$82.30	$21.76	36%
P9046	Albumin (human), 25%, 20 ml	$13.01	$28.95	$15.94	123%
P9047	Albumin (human), 25%, 50ml	$52.32	$65.97	$13.65	26%
P9051	Blood, l/r, cmv-neg	$167.72	$176.20	$8.48	5%
P9052	Platelets, hla-m, l/r, unit	$568.17	$650.93	$82.76	15%
P9055	Plt, aph/pher, l/r, cmv-neg	$476.30	$510.34	$34.04	7%
P9056	Blood, l/r, irradiated	$182.71	$166.18	-$16.53	-9%
P9058	RBC, l/r, cmv-neg, irrad	$273.39	$254.59	-$18.80	-7%
P9059	Plasma, frz between 8-24hour	$74.23	$76.75	$2.52	3%