
CMS Manual System

Pub. 100-03 National Coverage Determinations

Department of Health &
Human Services (DHHS)
Centers for Medicare &
Medicaid Services (CMS)

Transmittal 4

Date: NOVEMBER 7, 2003

CHANGE REQUEST 2985

I. SUMMARY OF CHANGES: A provider education article discusses an expansion in Medicare coverage for ventricular assist devices (VADs) for destination therapy for certain services performed on and after October 1, 2003.

NEW/REVISED MATERIAL - EFFECTIVE DATE: October 1, 2003

***IMPLEMENTATION DATE: November 21, 2003**

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.

II. CHANGES IN MANUAL INSTRUCTIONS:

(R = REVISED, N = NEW, D = DELETED)

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

***III. FUNDING:**

These instructions should be implemented within your current operating budget.

IV. ATTACHMENTS:

| | |
|----------|----------------------------------|
| | Business Requirements |
| | Manual Instruction |
| | Confidential Requirements |
| X | One-Time Notification |

***Medicare contractors only**

One-Time Notification

| | | | |
|-------------|----------------|------------------------|---------------------|
| Pub. 100-03 | Transmittal: 4 | Date: November 7, 2003 | Change Request 2985 |
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SUBJECT: Provider Education Article: Ventricular Assist Devices (VADs) for Destination Therapy

I. GENERAL INFORMATION

A. Background: This One-Time Notification includes a provider education article that discusses an expansion in Medicare coverage for ventricular assist devices (VADs) for destination therapy for certain services performed on and after October 1, 2003.

B. Policy: The Centers for Medicare & Medicaid Services (CMS) has recently expanded coverage for VADs (see **National Coverage Determination (NCD) Manual, §20.9**). Until Medicare capitation rates to M+C organizations are adjusted to account for this expanded VADs coverage, Medicare will pay providers on a fee-for-service basis for VADs that fall under the new indication for destination therapy (see **NCD Manual, §20.9**)

C. Provider Education: Intermediaries and carriers shall inform affected providers by posting either a summary or relevant portions of the provider education article on their Web site within 2 weeks. Also, intermediaries and carriers shall publish this same information in their next regularly scheduled bulletin. If they have a listserv that targets affected providers, they shall use it to notify subscribers that information about ventricular assist devices (VADs) is available on their Web site.

II. BUSINESS REQUIREMENTS

"Shall" denotes a mandatory requirement

"Should" denotes an optional requirement

| Requirement # | Requirements | Responsibility |
|---------------|---|----------------|
| 1. | Contractors shall publish attached provider education article or a summary of the article on their Web sites as soon as possible, but no later than 2 weeks from the issuance date of this instruction. | Carriers/FIs |
| 2. | Contractors shall publish attached provider education article or a summary of the article in their next regularly scheduled bulletin. | Carriers/FIs |
| 3. | Contractors who have a listserv that targets the affected provider communities shall use their listserv to notify subscribers that information about VADs appears on the contractor's Web site. | Carriers/FIs |

III. SUPPORTING INFORMATION & POSSIBLE DESIGN CONSIDERATIONS

A. Other Instructions:

| X-Ref Requirement # | Instructions |
|---------------------|--------------|
| N/A | |

B. Design Considerations:

| X-Ref Requirement # | Recommendation for Medicare System Requirements |
|---------------------|---|
| N/A | |

C. Interfaces: N/A

D. Contractor Financial Reporting /Workload Impact: N/A

E. Dependencies: N/A

F. Testing Considerations: N/A

G. Attachment: Provider Education Article

IV. SCHEDULE, CONTACTS, AND FUNDING

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|--|---|
| Effective Date: October 1, 2003 Implementation Date: January 1, 2004 Pre-Implementation Contact(s): Yvette Cousar (410) 786-2160 (Carrier claims processing), Sarah Shirey (410) 786-0187 (FI claims processing), JoAnna Farrell (410) 786-7205 (Coverage policy), Terese Klitenic (410) 786-5942 (M+C plans) Post-Implementation Contact(s): Appropriate Regional Office | These instructions should be implemented within your current operating budget. |
|--|---|

October 2003

From the Medicare Learning Network @ CMS

**Provider Education Article
Ventricular Assist Devices (VADs) for Destination Therapy**

This provider education article discusses the expansion in Medicare coverage for VADs for destination therapy for certain services performed on and after October 1, 2003. The article also discusses VAD claims processing and provides VAD information resources.

Background

For services performed on and after October 1, 2003, coverage has been expanded for VADs when used as destination therapy under the following conditions:

- The VAD has received approval from the Food and Drug Administration (FDA) for that purpose;
- The VAD is used according to FDA-approved labeling instructions;
- The patient meets specified criteria; and
- The procedure is performed in specified facilities.

NOTE: All other indications for the use of VADs remain the same.

VAD Claims Processing Information

Services Provided to Medicare+Choice (M+C) Patients

- Until Medicare capitation rates to M+C organizations are adjusted to account for expanded VAD coverage, providers will be paid on a fee-for-service basis for VAD services that fall under the new indication for destination therapy.
- Medicare will not have systems changes in place to pay claims for risk M+C patients until January 5, 2004.
- Medicare contractors will hold claims for risk M+C patients that fall under the new indications for VADs submitted with modifier KZ or condition code 78 from October 1, 2003 until December 31, 2003.
- Medicare contractors shall release these claims for payment with any applicable interest on or after January 5, 2004.

Services Provided to Fee-for-Service Patients

- ICD-9-CM procedure code 37.62 was incorrectly included in Diagnosis Related Group (DRG) 525 when it was created in 2003. Code 37.62 is clinically and financially dissimilar to the other procedures in DRG 525. Therefore, the following changes regarding the mapping of codes assigned to DRG 525 have been completed:
 - ICD-9-CM procedure code 37.62 (implant of other heart assist system has been removed and assigned to DRGs 104 (cardiac valve) and DRG 105 (other major cardiothoracic procedures with and without cardiac catheterization).
 - Procedure codes that still map to DRG 525 are 37.63 (replacement and repair of heart assist system), 37.65 (implant of an external, pulsatile heart assist system), and 37.66 (implant of an implantable, pulsatile heart assist system).
 - Payment for cases remaining in DRG 525 have been increased from approximately \$75,000 to \$90,000.
 - Payment for cases with procedure code 37.62 have been decreased from approximately \$75,000 to \$35,000.
 - CMS will have a new Grouper software program in place to correctly group these services on November 1, 2003; therefore, claims submitted between October 1, 2003 and October 31, 2003 will be grouped and paid under the software programs in place on October 1, 2003.
 - Claims with DRGs 104, 105, and 525 will be adjusted on or after November 1, 2003 in order to correctly pay these services.

VAD Information Resources

<http://www.cms.hhs.gov/manuals/cmsindex.asp>

Pub. 100-03 - Medicare National Coverage Determination Manual, Section 20.9