
Program Memorandum Intermediaries/Carriers

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

Transmittal AB-02-144

Date: OCTOBER 25, 2002

CHANGE REQUEST 2382

SUBJECT: Virginia Cardiac Surgery Initiative Demonstration

SCOPE:

This Program Memorandum (PM) describes the changes needed to implement a proposed demonstration with the Virginia Cardiac Surgery Initiative (VCSI). This demonstration is currently under development and pending final approval. This demonstration affects only those fiscal intermediaries that process claims from hospitals in Virginia (including hospitals located in the metro-D.C. area of northern Virginia) and the carriers that process claims from physicians providing inpatient services at those hospitals.

A list of hospitals participating in the demonstration is provided in Table 1. The CMS demonstration project officer may update this list periodically.

It is expected that the demonstration will be operational as of April 1, 2003. However, the actual implementation date at any specific hospital may vary and shall be the latest of: (1) the effective date of this change request; (2) the date on which both the fiscal intermediary and carrier used by the hospital and its physicians to process claims are both operating on the selected standard system (FISS, MCS); or (3) such other date determined by the CMS project officer.

BACKGROUND:

The VCSI is a voluntary consortium of the cardiac surgery physician groups and the non Veterans Administration hospitals providing open-heart surgical services in the Commonwealth of Virginia. Their goal is to share data on quality and process innovations thereby improving the care for all cardiac patients. CMS is entering into a demonstration with VCSI to reimburse these hospitals on a global payment basis for selected cardiac surgical diagnostic related groups (DRGs). The global payment will cover all Part A and Part B facility and professional services during the inpatient stay. No separate payments will be made to any physician for inpatient services provided to patients covered under the demonstration.

Eligibility to participate in this demonstration will be determined under the same rules used for the Quality Partnerships Demonstration (formerly referred to as the "Centers of Excellence" demonstration) and the Provider Partnerships demonstration, as described in the transmittals listed below. Participating hospitals will submit notices of election to identify all inpatient admissions subject to payment under this demonstration. Similarly, the payment rules and methodology used under this demonstration will be the same as outlined for the Medicare Quality Partnerships Demonstration and the Medicare Provider Partnerships demonstration in the transmittals listed below.

RELATED CHANGE REQUESTS (CRs):

1. CR 1525, Transmittal AB-01-97, Issued July 17, 2001
2. CR 1752, Transmittal AB-01-149, Issued October 23, 2001
3. CR 1849, Transmittal AB-01-140, Issued September 27, 2001
4. CR 1995, Transmittal AB-02-002, Issued January 11, 2002

CMS-Pub. 60AB

BUSINESS REQUIREMENTS:

1. All of the requirements of the above-related Change Requests must be applied to fiscal intermediaries and carriers that process inpatient claims for the VCSI participating hospitals in Virginia listed in Table 1 or for the physicians practicing at these hospitals.
 - 1.1. This list is subject to change during the scope of the demonstration. The demonstration project officer will provide notification regarding changes to the fiscal intermediary.
 - 1.2. In order to participate in the demonstration, a hospital must submit claims to a fiscal intermediary processing claims on the selected standard fiscal intermediary system (FISS). The physicians providing services to patients in that hospital must submit claims to a carrier processing claims on the selected standard carrier system (MCS).
2. The VCSI demonstration will use the same demonstration code (“07”) as the Quality Partnerships Demonstration.
 - 2.1. Hospitals will submit this demonstration code on all notices of election and claims in accordance with the procedures outlined in the transmittals listed above.
 - 2.2. Physician claims processed as no pay claims under the rules of this demonstration must be tagged with the demonstration code prior to being sent to the national claims history file. Physicians will not be required to submit claims with the demonstration code on them.
3. The DRGs to be covered initially under this demonstration will be: DRG 104, 105, 106, 107 and 109. However, these DRGs will be subject to modification on an annual basis due to modifications in the DRG coding schema as well as scope of the demonstration.
 - 3.1. Although, in general, all participating hospitals will receive a global payment for the all of the DRGs covered under the demonstration, exceptions may be allowed whereby one or more hospitals is covered for additional DRGs under the demonstration.
4. Hospital specific payment rates for each DRG covered under the demonstration will be updated on an annual basis. These rates will be provided by the CMS demonstration project officer and will be effective for admissions on or after January 1 of the year for which they apply.

ATTACHMENT

The *effective date* for this PM is April 1, 2003.

The *implementation date* for this PM is April 1, 2003.

No additional funding will be provided by CMS; Contractor activities are to be carried out within their FY 2003 operating budgets.

This PM may be discarded after October 1, 2007.

If you have any questions, contact Jody Blatt (410) 786-6921).

ATTACHMENT

Table 1- VCSI Participating Hospitals

Hospital Name/Location	Medicare Provider #
Sentara-Norfolk	490007
Carilion (Roanoke)	490024
Inova - Fairfax	490063
UVA-Charlottesville	490009
Chippenham Medical (Richmond)	490112
Winchester Medical	490005
VA Baptist/Lynchburg General	490021
Riverside Regional (Newport News)	490052
Columbia Henrico (Richmond)	490118
St. Mary's (Richmond)	490059
Virginia Beach General	490057
Mary Washington (Fredericksburg)	490022
Columbia Lewis-Gale (Salem)	490048
Medical College of Virginia (Richmond)	490032
Bon Secours-Memorial Regional (Mechanicsville)	490069
Arlington Hospital	490050
Inova-Alexandria	490040