

## Preparing for Change: The Potential Impact of 2008 Reimbursement on Heart & Vascular Services

By Nicole Furl & Kristin Turkovich

Since CMS' issue of the final 2008 Inpatient Prospective Payment System, we at Corazon are working to help prepare our cardiac and vascular clients for the October 1<sup>st</sup> implementation. Corazon believes organizations must prepare themselves by allocating appropriate resources and training necessary to tackle issues and protect profit margin.

### Final Changes

For 2008, CMS will further their goal of implementing cost-based DRG weights and increased recognition of severity of illness by applying a 2/3 cost and 1/3 charge payment structure, and by revamping all current DRGs to Medical Severity (MS) DRGs. This requires a complete renumbering initiative: the current 538 DRGs will become 745 MS DRGs. Specific to cardiovascular (CV) DRGs, the current 55 DRGs to be replaced with 87 MS DRGs, with cardiovascular surgical cases ranging from DRGs 215 to 264 and medical cases from DRGs 280 to 316.

Depending on the diagnosis code, CMS has identified three hierarchical complication and co-morbidity subgroups to enhance their ability to identify and reimburse hospitals treating patients with a higher level of severity. These subgroups are:

- 1.) With Major Complications/Co-morbidities (W MCC)
- 2.) With Complications/Co-morbidities (W CC)
- 3.) Without Complications/Co-morbidities (W/O CC/MCC)

### Potential Impact

The subsequent table provides the 2008 reimbursement impact, using a sample \$5,386.98 base rate, for three CV DRGs. Depending on an organization's patient mix and their ability to document and code the severity of illness, for DRG 104 (Valve procedure with catheterization), reimbursement could range from a 16% decrease to a 14% increase.

DRGs 110 and 111, Major Vessel Repair, were already split to reflect severity of illness (W CC and W/O CC). Although the new DRGs 237 and 238 are not a one-to-one match (W MCC and W/O MCC), programs are likely to see a 20% to 30% reimbursement increase that reflects new technology and treatment options.

2007 DRG	2007 Payment	New DRG	New Payment	% Change
104 – Cardiac Valve & Other Major CT Proc. w/ Cath	104 – \$43,985	216 – W MCC	\$49,640	14%
		217 – W CC	\$40,449	-7%
		218 – W/O CC/MCC	\$36,598	-16%
110 & 111 – Major CV Proc. w/ CC & w/o CC	110 – \$20,195 111 – \$13,200	237 – W MCC	\$23,985	20%
		238 – W/O MCC	\$17,015	30%

### What Can You Do?

When approaching these changes, Corazon recommends the following **strategies** to protect your cardiovascular profit margin:

- **Track costs accurately.** Understanding how money is spent can help identify how money can be saved.
- **Refine supply and device management process.** Standardization of orders, group negotiations, and bulk purchasing lead to cost savings.
- **Develop sound supply and device usage criteria,** an important driver in supply costs, particularly for cardiovascular device implant procedures.
- **Manage employee cost (FTEs) appropriately.** Develop a flexible workforce and plan optimal staffing for patient census and time of day.
- **Update cost reports.** If hospitals across the country are committed to providing accurate and up-to-date cost report data, future reimbursement adjustments can more accurately reflect real-world procedure costs.
- **Ensure accurate coding and documentation.** Use all possible categorizations for optimal inpatient/outpatient reimbursement. Work diligently with the medical staff to assure that the patient record accurately captures condition.

Here are some of **Corazon's proven action steps** to aid in accurate coding and documentation:

- **Host "lunch and learn" sessions.** Stress the importance of capturing complications and co-morbidities and its affect on the bottom-line.
- **Facilitate a detailed impact sessions.** Form a team of key stakeholders and physicians to flowchart current processes and identify ways to eliminate barriers and automate processes.
- **Determine how to best capture secondary diagnoses.** Consider system fields/alerts that could facilitate this process.
- **Examine existing procedural documentation and medical records.** Identify new structures; consider reminder fields such as a check-off list added to post-procedure progress notes.
- **Identify quality assurance.** Consider monitoring reports and investigate coding edit software; what can be learned from past coding errors.
- **Organize an implementation team** to ensure key decisions and recommendations are implemented and sustained.

As CMS takes these steps, organizations must react and quickly adapt to a more intense reimbursement structure. Although implications will be across the full spectrum of acute care, Corazon believes organizations must be particularly vigilant for cardiac and vascular cases, which typically are resource-intensive with high-cost devices and complex patient conditions. Cardiovascular programs must work now to strategize and form action plans to be more prepared come implementation time.

*Kristin and Nicole are Consultants at Corazon, a national leader in specialized consulting and recruitment services for CV program development. Corazon combines strategic business planning, market and financial analysis, feasibility studies, clinical operations, program implementation support, Heart Hospital design, best practice benchmarking, executive search, and staff/leadership education for newly established or existing heart and vascular programs. Corazon is one of the 2006 "Best Places to Work in PA." Call 412-364-8200 or visit [www.corazoninc.com](http://www.corazoninc.com).*