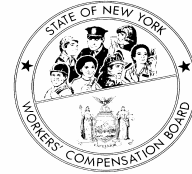




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Reimbursement to General Hospitals for Implantable Hardware and Instrumentation Utilized in Spinal Procedures

General Explanation

On August 16, 2006, a bill was signed into law allowing general hospitals to receive reimbursement for the use of implantable hardware and instrumentation in spinal surgeries for patients eligible for benefits under the Workers' Compensation Law, Volunteer Firefighters' Benefit Law, or the Volunteer Ambulance Workers' Benefit Law.

Specifically, Workers' Compensation Law section 13 was amended by adding a new subdivision (a-1). (See subject # 046-166, Payments to Hospital for Spinal Procedures, dated 10/25/06).

The following series of questions and answers has been developed by the Workers' Compensation Board Bureau of Health Management in an effort to assist hospitals, insurance carriers, and self-insured employers in understanding this legislation.

Q. When did the change in the law take effect?

A. The law was in full force and effect on April 1, 2006. Any qualified procedure performed on or after April 1, 2006 entitles the general hospital to the increased reimbursement.

Q. What if the billing has already occurred for the surgical procedure without the inclusion of implantable hardware and instrumentation?

A. General hospitals may submit supplemental claims for the additional reimbursement as long as the surgical procedure took place on or after April 1, 2006.

Q. What surgical procedures qualify for the additional reimbursement for implantable hardware and instrumentation?

A. Procedures related to AP-DRGs 755-758 (spinal fusion; back and neck procedures), 806-807 (combined anterior and posterior spinal fusions), 836-837 (spinal procedures), and 864-865 (cervical spinal fusion), as described in the Inpatient Hospital Fee Schedule.

Q. Are the charges for the implantable hardware and instrumentation included in the DRG reimbursement rates according to the Hospital Inpatient Fee Schedule?

A. No. The charges for implantable hardware and instrumentation are in addition to the fees allowed for the surgical procedures.

Q. Is there a separate fee schedule for the implantable hardware and instrumentation?

A. No. The billable amounts are the hospital's documented cost (invoice) of the surgical implants.

Q. What is the reimbursement amount for implantable hardware and instrumentation used in a qualified surgical procedure?

A. The general hospital is entitled to the documented (invoice) cost of the implantable hardware and instrumentation utilized in the surgery plus 10% of the documented cost of all surgical implants utilized. The 10% cannot exceed \$350 total for all implants utilized during a surgery. For example, if the total documented cost for all of the implantable items utilized is \$10,000, the total reimbursement would be the total documented cost plus \$350, or \$10,350. In another example, if the total documented cost for all items combined is \$1,000, the reimbursement amount would be \$1,000 plus 10% for a total of \$1,100.

Q. What information should be provided to the insurance carrier or self-insured employer when billing for the implantable hardware and instrumentation?

A. A copy of the invoice showing the hospital's cost of the implantable hardware and instrumentation should be provided along with the bills for the surgical procedure.

Q. Does the inclusion of implantable hardware and instrumentation require separate prior authorization from the insurance carrier or self-insured employer?

A. No. Prior authorization for qualified surgical procedures granted by the insurance carrier or self-insured employer includes the utilization of implantable hardware and instrumentation.

Q. Do the same reimbursement rules apply to licensed free standing ambulatory surgery centers?

A. The recent law refers only to inpatient surgery procedures billed through DRGs in the Inpatient Hospital Fee Schedule. Ambulatory surgery procedures are governed by the Board's Ambulatory Fee Schedule. In 1995 there was a Board release (currently in effect) allowing reimbursement for prosthetic or orthotic appliances and related implantable devices provided during the course of an ambulatory surgical procedure.

Q. Does the new law only apply to payments from the New York State Insurance Fund?

A. All insurance carriers, the New York State Insurance Fund, and all self-insured employers are subject to this legislation. The Board subject no. 046-166 issued October 25, 2006 superceded subject no. 046-158 which only applied to the New York State Insurance Fund.

Q. When calculating the amount to be billed, should the cost of implantable hardware and instrumentation utilized in the spinal surgery be considered as part of the total cost when calculating the eligibility for an additional high cost outlier payment?

A. No. The invoice cost of implantable hardware and instrumentation should not be included in the total cost when calculating the eligibility for a high cost outlier payment. A hospital may still be eligible for a high cost outlier payment, depending on the cost of items other than the cost of implantable hardware and instrumentation.

Q. Where can one obtain additional information?

A. The Workers' Compensation Board issued subject no. 046-166 on October 25, 2006, which can be obtained by visiting the Boards' web site at www.wcb.ny.gov. A copy of the legislation can be obtained by visiting the New York State Assembly web site at www.assembly.state.ny.us (bill no. A08840C) or the New York State Senate web site at www.senate.state.ny.us (bill no. S5728C).

For further information and answers to any questions, please contact David Austin, State of New York Workers' Compensation Board Bureau of Health Management at (518) 474-9541 or david.austin@wcb.state.ny.us.

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