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INFORMATIONAL NOTICE

DATE: April 15, 2009

TO: Enrolled Hospitals: Chief Executive Officers, Chief Financial Officers, and Patient Accounts Managers; and Ambulatory Surgical Treatment Centers (ASTCs)

RE: Update to the Expensive Drugs and Devices (EDD) Listing for January 1, 2009

Hospitals and ASTCs are eligible for additional payment termed an "outlier payment" for specified expensive drugs and devices provided in conjunction with a procedure from the Ambulatory Procedures Listing (APL). The purpose of this notice is to communicate changes regarding the Expensive Drugs and Devices Listing:

- The prior approval requirement has been removed for all drugs and devices effective with dates of service on and after January 1, 2009. Prior approval requirements for dates of service prior to January 1, 2009, are outlined in an Informational Notice dated March 10, 2004, on the department's Web site at: <<http://www.hfs.illinois.gov/hospitals/>>. **Please note, future updates to the Expensive Drugs and Devices Listing may contain codes that will require prior approval.**
- "C" codes have been added for pacemakers and cardioverter-defibrillators and neurostimulators.
- Codes have been revised to denote skin replacement.

The revised EDD Listing is effective for dates of service on and after January 1, 2009, and is available on the department's Web site at: <<http://www.hfs.illinois.gov/reimbursement/>>. Codes that have been defined as obsolete via the CPT or HCPCS coding systems have been removed. Providers are reminded that any code that has been determined obsolete by the CPT or HCPCS coding systems will not be payable, even if the department experiences a delay in updating the EDD Listing on the Web site.

In the future, the department will not send a formal notice to announce an EDD Listing update. Providers that are registered to receive notification when new information is posted to the Web site will be informed electronically when new listings are available. Providers wishing to receive E-mail notification, when new provider information has been posted by the department, may register at the following HFS Web site: <<http://www.hfs.illinois.gov/provrel/>>.

Updated instructions for billing of an expensive drug or device are included on the Web site with this notice. Any questions regarding this notice may be directed to the Bureau of Comprehensive Health Services at 1-877-782-5565.

/s/

Theresa A. Eagleson, Administrator
Division of Medical Programs

BILLING PROCESS FOR EXPENSIVE DRUGS AND DEVICES

For a hospital or ASTC to be eligible for an outlier payment, the drug or device must be medically necessary for the patient.

The drug or device must be billed along with the appropriate APL procedure using the institutional claim format as follows:

- The provider should bill the APL procedure codes(s) and all diagnosis and procedure codes for that patient for that date of service.
- For devices, use Revenue Code 0279 (Other supplies and devices); for pacemakers use Revenue Code 0275 (Pacemakers).
- For drugs, use Revenue Code 0636 (Drugs requiring detailed coding).

The HCPCS code for the drug or device must be reported in HCPCS/Rates (FL 44) of the paper UB-04 across from the appropriate revenue code (see above) or in Loop ID 2400 of the 837I electronic claim format.

NDC reporting of expensive drugs associated with revenue line 0636 is required:

UB-04, FL 43:

- Report the N4 qualifier in the first two (2) positions, left-justified
- Followed immediately by the 11-character National Drug Code (NDC), in the 5-4-2 format (no hyphens)
- Immediately following the last digit of the NDC (no delimiter) the Unit of Measurement Qualifier. The Unit of Measurement Qualifier codes are as follows:
 - F2 – International Unit
 - GR – Gram
 - ML – Milliliter
 - UN – Unit
- Immediately following the Unit of Measurement Qualifier, the unit quantity with a floating decimal for fractional units limited to three digits (to the right of the decimal).
- Any spaces unused for the quantity are left blank.

837I:

- Report NDCs in Loop 2410 – Drug ID

CALCULATION OF THE OUTLIER PAYMENT

The outlier payment worksheet that follows can be used to calculate the amount of the additional payment. Each cost reporting hospital has its cost to charge ratio that should be inserted in Line 5. The cost to charge ratio for all other facilities is 0.50.

OUTPATIENT COST OUTLIER

Line 1	Obtain the drug or device from the approved list. If the drug or device is not on the approved list, then STOP. The claim is not subject to the outpatient cost outlier methodology.	_____
Line 2	Enter the total charges (FL 47) from the claim.	_____
Line 3	Enter the noncovered charges (FL 48) from the claim.	_____
Line 4	Net Charges (Line 2 minus Line 3)	_____
Line 5	Enter your hospital's cost to charge ratio. Each cost reporting hospital received its cost to charge ratio that should be used. The cost to charge ratio for all other facilities is 0.50.	_____
Line 6	Net covered cost is Line 4 times Line 5.	_____
Line 7	Enter and multiply by 4 the APL rate for the highest payable procedure being billed.	_____
Line 8	Gross outlier is Line 6 minus Line 7. If the result is less than or equal to zero, then stop. The claim is not subject to reimbursement for cost outlier. Go to Line 10 and enter zero.	_____
Line 9	Marginal cost factor is 0.80. This factor is used for all providers.	_____ <u>.80</u>
Line 10	Cost outlier adjustments is Line 8 times Line 9.	_____
Line 11	Enter the reimbursement rate for the highest payable APL procedure being billed.	_____
Line 12	Total payment Line 10 plus Line 11.	_____