

Example of How to Submit and Case Weight Data for Cost Criterion

As explained in the application applicants must meet a "cost threshold". The applicant submits data to CMS verifying that the average charge per case exceeds the MS-DRG threshold published in Table 10 of the IPPS final rule. If the technology is across multiple MS-DRGs then the case-weighted average standardized charge per case must exceed the case-weighted threshold by MS-DRG. Applicants can submit a sample of data demonstrating they meet the cost criteria using multiple source(s) such as: MedPAR, Clinical Trial Claims Data, External (non MedPAR) data; Premier, other non Medicare claims databases, actual claims the manufacturer collects from hospitals.

MS-DRG	Cases	Case Weighted Amount (Take the Cases for Each DRG in Column B and Divide by the Total Amount of Cases in Column B)	Table 10 Threshold	Table 10 Case Weighted Threshold (Column C * D)	Average Charge Per Case (Unstandardized with No Case Weight)	¹ Remove Charges for the Prior Technology or the Technology Being Replaced	² Remove Charges Related to the Prior Technology or the Technology Being Replaced	Adjusted Average Charge Per Case (Unstandardized with No Case Weight) (Column F+G+H)	Average Standardized Charge Per Case (Standardize the Claims Used to Compute the Amount in Column I)	³ Inflation Factor	Inflated Average Standardized Charges Per Case (Column J * (1+Column K))	⁴ Add Charges for the New Technology (Inflate if Appropriate)	⁵ Add Charges Related to the Case or Technology (Inflate if Appropriate)	Final Average Inflated Standardized Charge Per Case (Column L+M+N)	Final Inflated Case Weighted Standardized Charge Per Case (Column C * O)
220	20	40.00%	\$75,000	\$30,000	\$75,000	(\$2,000)	(\$1,000)	\$72,000	\$68,000	10.00%	\$74,800	\$1,000	\$500	\$76,300	\$30,520
221	30	60.00%	\$65,000	\$39,000	\$65,000	(\$2,000)	(\$1,000)	\$62,000	\$58,000	10.00%	\$63,800	\$1,000	\$500	\$65,300	\$39,180
Total	50	100%		\$69,000											\$69,700

Note: Since the total amount in column P exceeds the total amount in column E, the technology meets the cost criteria.

Example of Form CMS-10638 Expires XX/XX/2020

Footnotes

¹Remove Charges for the (Actual) Prior Technology (for example, if the technology is replacing the implanatation of a different device, remove charges for the previous device; Do not remove other related charges such as operating room (OR) and/or intensive care unit (ICU) charges in this column). Some applications may not need to do this.

²Remove Charges Related to the Prior Technology (for example, if the technology is replacing the implantation of a different device and requires less or more OR time and ICU days, remove all OR and ICU charges). Some applications may not need to do this (for example, if the new technology uses the same resources and charges as the previous technology then no removal is necessary).

³For example, applicants can use the charge inflation from the annual final rule that is used in the outlier threshold determination. Alternative factors are also acceptable with explanation.

⁴Add Charges for the New Technology (only those charges for the new technology such as the drug or device; Do Not Include Other Charges Such As OR or ICU Charges in This Column)

⁵Add Charges Related to the New Technology (For Example, Add Related Charges Such As OR and ICU).