**High Cost HCPCS Add On Reimbursement for the DRG Update Effective September 15th, 2014**

HAAD developed DRG weights update and presented them to the market in February 2014. One of the major recommendations of the market was to address high cost devices (HCPCS). In response, HAAD decided to implement the weight update as presented along with addressing the issue of high cost HCPCS as below.

For a short period of time, specific high cost devices will be entitled for add-on payment in addition to DRG payment. Following input from hospitals and the collection of specific high cost devices, HAAD has developed the following approach for reimbursing certain, approved devices on top of the normal DRG payment. Keep in mind the goal was to reimburse a limited number of high cost and/or new technology devices that are not fully recognized in the DRG weights. With the collection of actual cost data from the policy outlined below, ultimately these device costs can be more accurately reflected in future updates, as approach advised by both 3M and observed in the US Medicare program

The following (Table A) identifies the devices that are eligible for add-on payment, **High Cost Listed HCPCS**. Generally, the list is based upon the data provided by the hospitals and the criteria that they are “high cost” thus our threshold for inclusion was AED 5,000 for market price average. The DRG claim is eligible for the Add-on payment when the total cost of these specified HCPCS in the claim is 5,000 AED or more.

For listed devices, the provider will be eligible for an **add-on** payment of 75%[[1]](#footnote-1) of the difference between the price and the HCPCS portion amount built into the DRG as listed on the spreadsheet. <http://www.shafafiya.org/Dictionary/Prices/20140901_DRG_WeightUpdateMethodology.xlsx>?

**Add-on Payment** = 75% X (**Total Cost for High Cost Listed HCPCS in a DRG claim** - DRG HCPCS portion AED)

* Where **Total Cost\* for High Cost Listed HCPCS in a DRG claim** = Sum(**ActivityCost** x **Quantity**)for all **High Cost Listed HCPCS** reported in a claim
* And DRG HCPCS portion AED = the DRG specific HCPCS portion % in (Table B) X DRG payment

In case of outlier payment, it will account for the received add-on payment as below:

Outlier payment = (Cost – Base Payment –HCPCS Add on Payment– Gap) x Marginal

Claiming rules:

* The use of **High Cost Listed HCPCS** is subject to prior authorisation by the Payer
* The **Add-on Payment** is claimed under the Service Code 98
* For all **High Cost Listed HCPCS** activities in both PriortRequest and ClaimSubmission transactions Provider reports the **ActivityCost** observation as per routine reporting requirements:
 [www.haad.ae/DataDictionary/RoutineReporting](http://www.haad.ae/DataDictionary/RoutineReporting)
* Providers submit their original invoice for the HCPCS as attachment to the claim submission at the HCPCS activity level
* Provider must maintain the documentation supporting the reported **ActivityCost** readily available for audit



**Example 1:**



**Example 2:**

**Example 3:**



1. 75% reimbursement amount was selected based on the experience of the US Medicare High Cost Devices programme <http://www.gpo.gov/fdsys/pkg/FR-2013-08-19/pdf/2013-18956.pdf>\* handles similar add on payments and also a goal to support an efficient payment system.

\* HCPCS Activity Cost for this Add on Payment in a DRG claim is defined to be the invoice cost amount [↑](#footnote-ref-1)