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FY2022 Hospital Inpatient Proposed Payment System (IPPS) Proposed Rule Summary

The Centers for Medicare and Medicaid Services (CMS) recently released a [proposed rule](#) that would update Medicare payment policies for hospitals under the Inpatient Prospective Payment System (IPPS) and the Long-Term Care Hospital (LTCH) Prospective Payment System (PPS) for fiscal year (FY) 2022. The proposed rule is scheduled for publication in the Federal Register on May 10.

The rule includes a proposed 2.8% increase in operating payment rates for general acute care hospitals paid under the IPPS that successfully participate in the Hospital Inpatient Quality Reporting (IQR) Program and are meaningful electronic health record (EHR) users. The proposed rule would also repeal the collection of market-based rate information on the Medicare cost report and the market-based Medicare severity-diagnosis related group (MS-DRG) relative weight methodology, as finalized in the FY 2021 final rule. CMS also released the proposed national average cost-to-charge ratios (CCRs). The FY 2022 proposed national average CCR for blood and blood products is 0.271.

Comments on the proposed rule are due by June 28, 2021. A final rule is expected by Aug. 1, 2021. Other areas of interest in the proposed rule are outlined below.

CAR T-cell DRG and Rate Setting. CMS seeks to revise the title for the pre-MDC MS-DRG 018 “Chimeric Antigen Receptor (CAR) T-cell Immunotherapy” to “Chimeric Antigen Receptor (CAR) T-cell and Other Immunotherapies” to better reflect the cases reporting the administration of non-CAR T-cell therapies and other immunotherapies that would also be assigned to this MS-DRG for FY 2022. Additionally, new procedure codes that describe the administration of CAR T-cell and non-CAR T-cell therapies and other immunotherapies were approved and are proposed to be classified as non-O.R. procedures. The agency also will continue to use FY 2019 MedPAR claims data to set the FY 2022 rates for MS-DRG 018 – this will be based on the \$373,000 list price for Kymriah and Yescarta.

New COVID-19 Treatments Add-On Payment (NCTAP). CMS is proposing to extend NCTAP for eligible products, including COVID-19 convalescent plasma, through the end of the FY2021, which is when the COVID-19 public health emergency (PHE) is currently scheduled to end. CMS is also proposing to discontinue the NCTAP for discharges on or after Oct. 1, 2021 for a product approved for new technology add-on payments beginning FY 2022. CMS is asking for stakeholder feedback regarding how data reflecting the costs of a product with an emergency use authorization (EUA) should be considered for purposes of the two-year to three-year period of newness for new technology add-on payments for a product with or expected to receive an EUA, including whether the newness period should begin with the date of the EUA.

New Technology Add-On Payment (NTAP) Extension. CMS proposes the extension of the New Technology Add-On Payments (NTAP) for 14 products, for which the NTAP was scheduled to expire for FY 2022. CMS explains that since the agency is using FY 2019 data for rate-setting, the costs for a new technology for which the three-year anniversary date of the product's entry into the U.S. market may not be fully reflected in the data used to recalibrate associated MS-DRG relative weights for FY 2022. CMS is inviting public comment on its proposal to extend these NTAPs.

NTAP Applications. For FY 2022, CMS received 36 new applications for NTAP and, in connection with CMS' proposal to use FY 2019 instead of FY 2020 data for FY 2022 IPPS rate-setting, proposes to continue NTAP for 25 existing technologies.

Advancing to Digital Quality Measurement and the Use of Fast Healthcare Interoperability Resources (FHIR) in Hospital Quality Programs. CMS is issuing a request for information (RFI) to support the complete transition to digital quality measurement in CMS quality reporting and value-based purchasing programs by 2025. Specifically, CMS is looking for stakeholder feedback on (1) clarifying the definition of digital quality measures; (2) using the Fast Healthcare Interoperability Resources (FHIR) standard for electronic clinical quality measures (eCQMs) that are currently in the various quality programs; (3) standardizing data required for quality measures for collection via FHIR-based Application Programming Interfaces (APIs); (4) leveraging technological opportunities to facilitate digital quality measurement; (5) better supporting data aggregation; and (6) developing a common portfolio of measures for potential alignment across CMS-regulated programs, federal programs and agencies, and the private sector.

2021 Stem Cell Acquisition Budget Neutrality Factor. In FY 2021, CMS modified its regulations to reflect a new law providing Medicare reimbursement for costs associated with allogeneic hematopoietic stem cell acquisition, which requires that payment to hospitals for inpatient allogeneic hematopoietic stem cell transplant be made on a reasonable cost basis. Since the law requires that the reasonable cost-based payments for allogeneic hematopoietic stem cell acquisition be made in a budget neutral manner, CMS applied a budget neutrality adjustment to the standardized amount to account for these payments in FY2021. For FY 2022, CMS is proposing to keep the stem cell acquisition budget neutrality factor in place.