Analysis of CMS Proposed Changes to Calendar Year 2010 Medicare Payment Rate for Baha™ - Osseointegrated Auditory Device

Dobson | DaVanzo

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Analysis of CMS Proposed Changes to Calendar Year 2010 Medicare Payment Rate for Baha™ - Osseointegrated Auditory Device

Submitted to:
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Submitted by:

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Introduction

Approximately three years ago, Cochlear Americas introduced an innovative hearing technology called the osseointegrated auditory device or Baha™. The Baha™ system utilizes direct bone conduction, which allows the bone to transfer sound to a functioning cochlea – thereby bypassing the middle ear. The Baha™ system combines a sound processor with an abutment and a small titanium implant. The implant is placed behind the non-functioning ear. It provides a unique pathway to sound for those individuals who cannot or do not sufficiently benefit from conventional hearing aids.

Medicare has approved Baha™ for implantation in two principal sites-of-service: the hospital outpatient department, which is paid under the Outpatient Prospective Payment System (OPPS), and the ambulatory surgical center (ASC), which is paid under the modified ASC payment methodology for device-intensive procedures. The Baha™ is well suited to implantation in an ASC because the procedure is relatively straightforward and within the ninety minute limit on operating time.

Cochlear Americas commissioned Dobson DaVanzo & Associates, LLC (Dobson | DaVanzo) to assist in assessing the proposed Medicare payment rate for Baha™ in the OPPS and ASC. The purpose of this study is to provide Cochlear Americas with critical analyses using the newly released 2008 Medicare outpatient limited dataset claims.

Introduction

CMS Proposed Payment for Baha™ under OPPS

Under the OPPS, CMS pays for covered hospital outpatient services using a grouping classification system referred to as ambulatory payment classifications (APC). This classification system is composed of groups of services that are defined by the Healthcare Common Procedure Coding System **(**HCPCS) codes.

APCs are constructed such that each group is homogeneous both clinically and in terms of resource use, and the payment includes a limited bundling of ancillary services, supplies, and devices.[1]

Baha™ is assigned to APC 0425, which also contains eight orthopedic procedures for reconstructing the shoulder, elbow, radius, and wrist. Revision of the knee joint was added to APC 0425 in the 2010 proposed rule. In this rule, the proposed Medicare payment for APC 0425 is $7,785.45 with a relative weight in the hospital outpatient department of 115.4444. The minimum unadjusted copayment amount is $1,557.09. The portion of the APC 0425 payment amount that is uniquely associated with the cost of the device is 57 percent or $4,437.71.

The proposed Medicare third year transition payment for the Baha™ surgical procedure is $6,227.12 with a relative weight in the ASC of 149.6005:

- 69714 - implant temple bone w/stimulation;
- 69715 - temple bone implant w/ stimulation;
- 69717 - temple bone implant revision; and
- 69718 - revise temple bone implant.

Medicare Payment for ASC Services is Linked to the OPPS System

CMS implemented a revised payment system for Medicare ASCs on January 1, 2008. As described in the July 16, 2007 *Federal Register*, the final rule expanded beneficiary access to surgical procedures in ASCs and implemented ways to make ASC payments more accurate by aligning payments across

[1] *Code of Federal Regulations*, title 42, sec. 410 and 419, July 18, 2008.

Medicare's payment systems to encourage efficient and appropriate choices of outpatient settings for ambulatory surgical procedures. At the time, CMS estimated that the budget neutral calendar year (CY) 2008 ASC rates would be approximately 65 percent of the OPPS rates.[2]

There has been a four year transition period for implementing the revised payment rates for procedures on the CY 2008 ASC list of covered procedures, which works as follows:

Payment Rate	New	Old
2008	25%	75%
2009	50%	50%
2010	75%	25%
2011	100%	0%

Beginning in CY 2011, the revised ASC payment rates will be fully implemented so that payment for all services will be calculated according to the policies of the revised payment system. Covered surgical procedures and ancillary services for procedures newly covered in ASCs beginning in CY 2008 are not subject to this blended transitional payment methodology, so they are paid under 100 percent ASC rules.

In the annual updates to the ASC payment system, ASC relative payment weights are set equal to the OPPS weights and are scaled in order to maintain budget neutrality in the ASC payment system.

Device-intensive Procedures in ASCs

A modified payment methodology is used to establish the ASC payment rates for device-intensive procedures, defined as ASC covered surgical procedures that, under the OPPS, are assigned

[2] CMS issued a final rule adopting the revised payment system for Medicare ASCs to be implemented January 1, 2008 (see *Healthcare Financial Management*, September 2007).

to APCs for which the device cost is greater than 50 percent of the APC's median cost (as noted above, 57 percent of APC 0425 costs are related to the device).

Payment for the high cost devices is packaged into the associated procedure payments under the revised ASC system, as it is under the OPPS. That is, Medicare pays the same amount for the device-related portion of the procedure cost under the revised ASC payment system as under the OPPS. However, payment for the service portion of the ASC rate is calculated according to the standard rate setting methodology, using the ASC budget neutrality adjustment at about 65 percent of the OPPS payment rate.

CMS adopted the modified payment methodology for calculating the ASC payment rates for surgical procedures designated as device-dependent APCs to ensure that payment for the procedure is adequate to cover device costs as well as other costs.

CMS proposes to update the ASC list of covered surgical procedures that are eligible for payment according to the modified methodology for CY 2010 **consistent with the proposed update to the device-dependent APCs** under the OPPS.[3]

[3] "'Substantial Clinical Improvement Criterion': CMS determines that a device to be included in the category has demonstrated that it will **substantially improve** the diagnosis or treatment of an illness or injury or improve the functioning of a malformed body part compared to the benefits of a device or devices in a previously established category or other available treatment." (See Centers for Medicare and Medicaid Services, "Process and Information Required to Apply for Additional Device Categories for Transitional Pass-Through Payment Status Under the Hospital Outpatient Prospective Payment System," http://www.cms.hhs.gov/HospitalOutpatientPPS/Downloads/catapp.pdf).

Findings in Brief

Table 1 contains the proposed APC rates for 2009 and 2010, as well as the final rate for 2009. The table indicates that CMS has been responsive to Cochlear America's and others' concerns in the ASC and OPPS rulemaking process.

The proposed rate for APC 0425 under CY 2009 OPPS was $7,919.42, which was increased to $8,043.79 in the CY 2009 final rule. The proposed rule for CY 2010 OPPS rate is $7,785.45, which is $258 lower than the CY 2009 final rate.

The OPPS rate, which we were able to replicate in our analysis of the CY 2008 claims file, is based on flawed data related to the Baha™ device costs. Prior to December 31, 2008, the Baha™ device was still on pass-through status. The median APC 0425 cost in the CY 2008 outpatient claims is $4,480.91. This does not accurately reflect the cost of the Baha™ device to hospitals. We estimate that only 48 percent of the 2008 OPPS claims contained a correctly coded device. Our analyses showed that if the high degree of incorrect coding was remedied, APC 0425 would receive an increase in payment of approximately $600.

The ASC proposed payment for Baha™ was $3,086 in CY 2009. The CY 2009 final rule increased payment to $6,388.80. This increase was due to CMS treating the Baha™ procedure as "devise-intensive," consistent with its classification as device dependent in the hospital outpatient department. CMS uses a modified payment methodology to calculate the ASC payment rate for device-intensive procedures whereby the Baha™ device

costs are incorporated directly (without discount) into the ASC payment. The proposed CY 2010 APC rate for Baha™ is $6,227.12.

Table 1 below contains the CY 2010 proposed payments, as well as the CY 2009 proposed and final payments for OPPS and ASC.

Table 1: CY 2009 and CY 2010 Baha™ Payments

Setting	CY 2009 proposed[1]	CY 2009 final[2]	CY 2010 proposed[3]
Hospital Outpatient Department	$7,919.42	$8,043.79	$7,785.45
Ambulatory Surgical Center	$3,086	$6,388.88	$6,227.12
Median APC Payment	$7,275[4]		$7,822[4]
Median Device Payment	$3,937[4]		$4,481[4]

[1] *Code of Federal Regulations*, title 42, sec. 410 and 419, July 18, 2008.
[2] *Code of Federal Regulations*, title 42, sec. 410, 416, and 419, November 18, 2008.
[3] *Code of Federal Regulations*, title 42, sec. 410, 416, and 419, July 20, 2009.
[4] Dobson | DaVanzo analysis of the 2008 or 2007 OPPS LDS claims.

Analytic Methods

To initiate our study, we created a working data file from the 2010 OPPS hospital outpatient limited dataset, which contained outpatient claims for January 1, 2008 – December 31, 2008. The working data file was constructed by creating an extract from the 2010 OPPS file containing all claims for any of the procedures within APC 0425. The extraction produced a working data file that contained all devices and procedures related to Baha™ as well as the Common Procedure Terminology (CPT) codes shown in Table 2.

Table 2: CPT and HCPCS Codes Included in Data Extract

CPT/HCPCS	Description
69714	Implant Temple Bone w/ Stimulation
69715	Temple Bone Implant w/ Stimulation
69717	Temple Bone Implant Revision
69718	Revise Temple Bone Implant
L8690	Aud Osseo Device
L8691	Aud Osseo Dev Ext Snd Proces
L8699	Prosthetic Implant
L8614	Cochlear Device/System
23470	Reconstruct Shoulder Joint
24361	Reconstruct Elbow Joint
24363	Replace Elbow Joint
24366	Reconstruct Head of Radius
25441	Reconstruct Wrist Joint
25442	Reconstruct Wrist Joint
25446	Wrist Replacement
27446	Revision of knee joint

Analytic Methods

There is a reduction in the amount of data in the last quarter of 2008, as not all claims were processed in time to be included in the CY 2008 OPPS file used for rulemaking. Only claims that had been processed by December 31, 2008 were used. This primarily affects the overall claims count in the last quarter. We do not feel it had an adverse effect on our analysis as this is the same dataset used by CMS for rulemaking, and we were able to replicate the CMS estimates.

The extract was divided into two parts; claims for APC 0425 with a Baha™ HCPCS, and claims for APC 0425 without a Baha™ HCPCS. A Baha™ claim was identified as being a claim for APC 0425 which contained the CPT code 69714, 69715, 69717, or 69718.

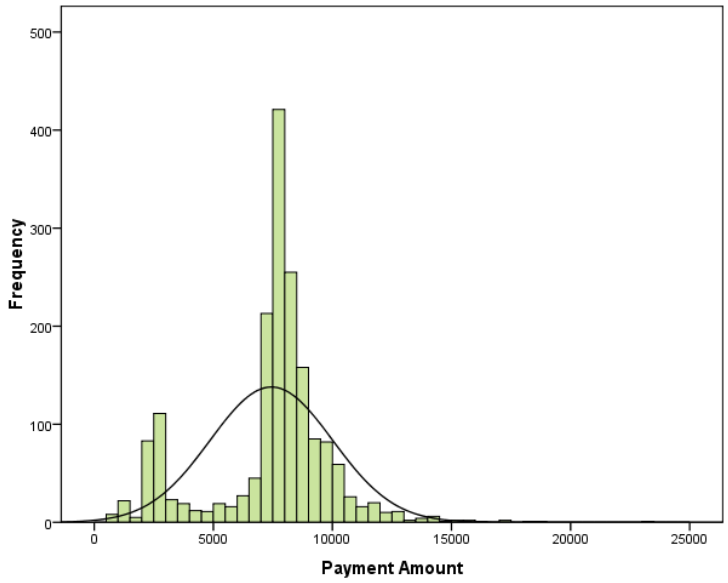
All claim lines were used to calculate the overall program expenditure for each claim. Descriptive statistics were then calculated on the resulting dataset. The descriptive statistics we calculated included a valid case count, mean, median, mode, standard deviation, variance, minimum and maximum. These statistics allowed us to determine the distribution and homogeneity of program payments within the APC. The intention behind the APC payment system is that each APC reflects a group of procedures which are clinically similar and have relatively uniform Medicare reimbursement. The descriptive statistics we chose allowed us to demonstrate if the distribution of payments in APC 0425 adheres to this principle. The results of our analysis can be seen in the next section.

Results

APC 0425 – Baha™ and Orthopedic Procedures

The results of our analyses of claims within APC 0425 are presented below. We found that the distribution of program payments for the whole APC was bi-modal (two distinct measures of central tendency), with the Baha™ claims being concentrated in the lower payment range (under $5,000) in comparison to the other procedures. This can be clearly seen in the histogram presented below in Exhibit 1.

Exhibit 1: APC 0425 with Claim Payments for Baha™ and Orthopedic Procedures

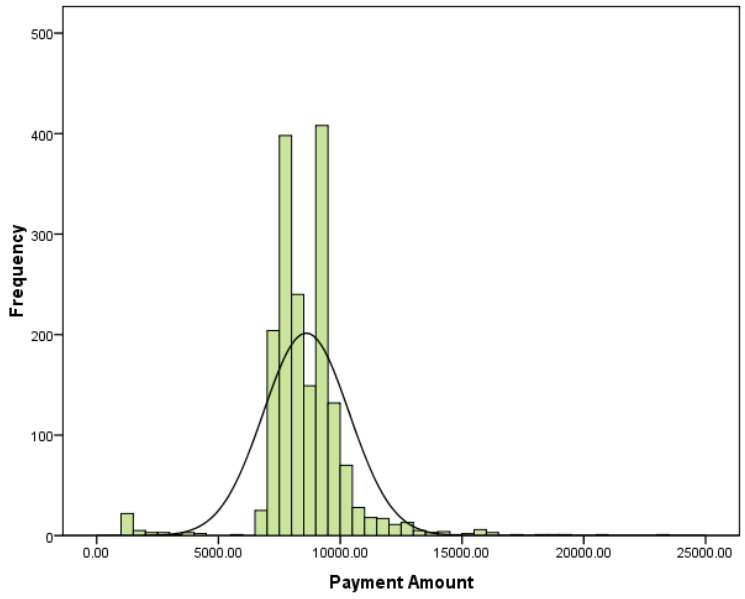


Source: Dobson | DaVanzo Analysis of the 2010 OPPS data.

Given the results above and our understanding of the Baha™ sales price, we speculated that there were some hospital miscoding issues (possibly related to the Baha™ pass-through status) reflected in the CY 2008 data. This led us to test the hypothesis that if we identified all the claims for HCPCS L8690 (auditory osseointegrated device) and substituted the "correct" paid amount (or sales price) for the amount paid for the Baha™, we would be able to mitigate the impact of hospital miscoding.

We also applied this procedure to claims with codes indicating a Baha™ procedure, but containing no Baha™ device. For these claims, we entered a new line item for a Baha™ device at the "correct" amount paid. The "correct" amount for 2010 was deemed to be $6,731.51. This was determined by using the proposed CY 2009 APC payment amount listed in our August 2008 report of $7,919.42, where the device represented 85 percent of the this amount. The "corrected" distribution for all APC 0425 claims can be seen below in Exhibit 2.

Exhibit 2: APC 0425 with "Corrected" Payment for Baha™ Device



Source: Dobson | DaVanzo Analysis of the 2010 OPPS data.

Exhibit 2 shows the change in the distribution seen in Exhibit 1. The "payments" for Baha™ are now higher than many of the other procedures contained in APC 0425. The measures of central tendency in the distribution after "correcting" the Baha™ paid amount both move closer together. As seen in Table 3, the median price increases by $637 when the payment amount for a Baha™ device is "corrected." The standard deviation and the variance decrease. This indicates that the overall payment accuracy of the APC would increase if the Baha™ claims were coded properly. Better coding would make APC 0425 more relative (and more accurate) in terms of measured resource utilization and Medicare payments.

Table 3: Comparison of Descriptive Statistics for APC 0425 Original versus Corrected Payments

Statistic	Claim Payment (Exhibit 1)	"Corrected" Payment (Exhibit 2)	Difference
Valid	1,783	1,783	0
Missing	0	0	0
Mean	$7,430	$8,604	$1,174
Median	$7,822	$8,459	$637
Mode	$10,146	$9,536	-$610
Std. Deviation	$2,577	$1,765	-$812
Variance	$6,638,834	$3,115,365	-$3,523,469
Minimum	$519	$1,019	$499
Maximum	$23,481	$23,481	$0

Source: Dobson | DaVanzo Analysis of the 2010 OPPS data.

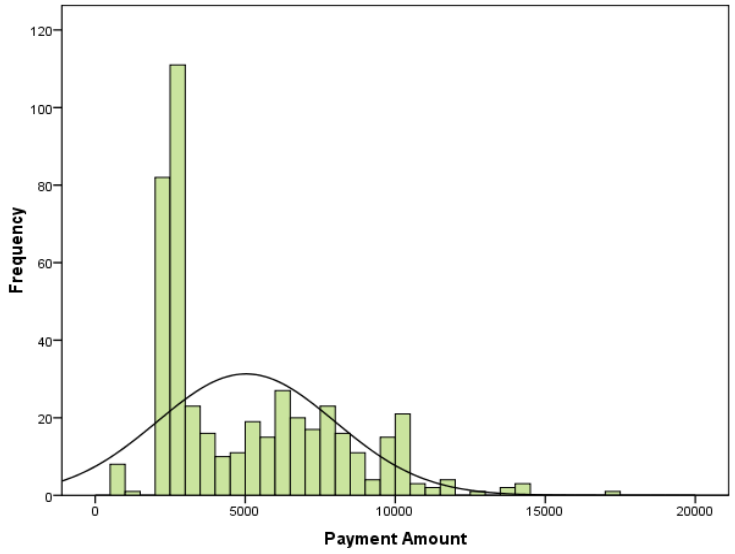
APC 0425 – Baha™ Only Procedures

Exhibit 3 shows the claims for only those APC 0425 claims which contained a Baha™ device in the original OPPS claims

data. This indicates that the distribution of payments for Baha™ claims is skewed due to unrealistically low charges for the Baha™ device.

Exhibit 3 shows that nearly half of the 467 Baha™ claims have a payment under $3,000 ostensibly for both the procedure and the device.

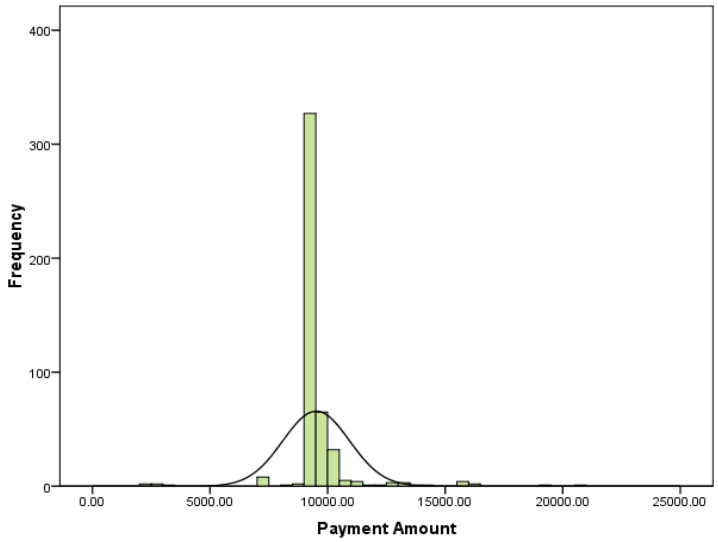
Exhibit 3: APC 0425 with Claim Payments for Only Baha™



Source: Dobson | DaVanzo Analysis of the 2010 OPPS data.

When the distribution of payments for Baha™ claims is presented using a "corrected" Baha™ payment amount, the distribution clusters around the mean. There is almost no skewing and the distribution is very kurtotic. Higher kurtosis means more of the variance is due to infrequent extreme deviations, as opposed to frequent modest-sized deviations. This can be seen in Exhibit 4. The two distributions shown in Exhibit3 and Exhibit 4 demonstrate the consequences of hospitals miscoding or underreporting the Baha™ device costs.

Exhibit 4: APC 0425 with "Corrected" Claim Payments for Only Baha™



Source: Dobson | DaVanzo Analysis of the 2010 OPPS data.

By correcting the Baha™ payment, the median increases (shown below in Table 4) while the mode decreases, and the standard deviation drops by half under the "corrected" amount paid. Additionally, the variance decreases by 75 percent. The minimum correct price is below the price imputed into the claims that did not have a Baha™ device or that had a Baha™ listed but paid at an incorrect amount.

We did not "correct" the amount paid for denied claims. Thus, the minimum payment amount shown in Exhibit 4 is below the imputed ("corrected") amount paid for the device in APC 0425 of $6,731.51. This further supports our contention that there is significant miscoding occurring, which is resulting in the Medicare claims data not being reflective of the true cost of the Baha™ procedure and device.

Table 4: Comparison of Descriptive Statistics for APC 0425 Baha™ Only - Original versus Corrected Payments

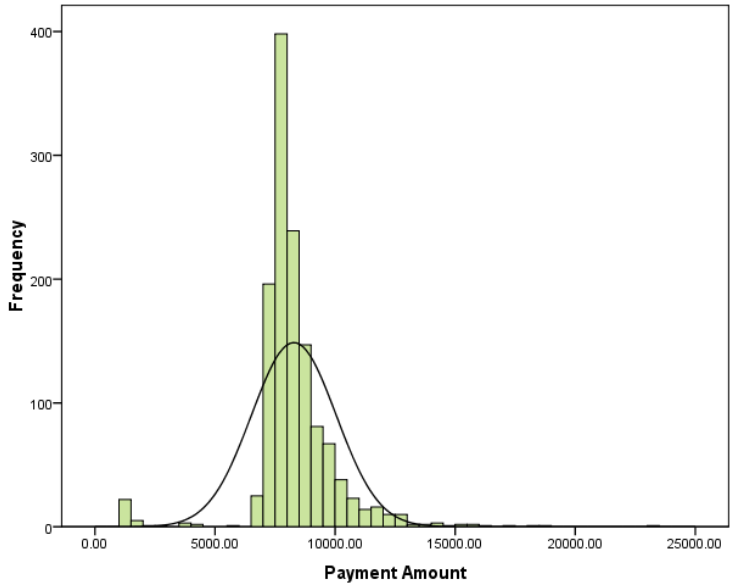
Statistic	Claim Price (Exhibit 3)	Corrected Price (Exhibit 4)	Difference
Valid	467	467	0
Missing	0	0	0
Mean	$5,033	$9,514	$4,481
Median	$3,718	$9,289	$5,571
Mode	$10,146	$9,536	-$610
Std. Deviation	$2,967	$1,416	-$1,551
Variance	$8,801,632	$2,005,063	-$6,796,569
Minimum	$519	$2,296	$1,776
Maximum	$17,375	$20,645	$3,270

Source: Dobson | DaVanzo Analysis of the 2010 OPPS data.

APC 0425 – Non-Baha™ Procedures

The non-Baha™ APC 0425 claims in the extract show a clustering around the mean and a highly kurtotic distribution. This finding suggests that the variance observed in the whole APC is being driven by the high degree of variance in the Baha™ only claims.

Exhibit 4: Payments for Claims for Non-Baha™ APC 0425 Procedures



Source: Dobson | DaVanzo Analysis of the 2010 OPPS data.

Table 5 details the distribution of the non-Baha™ claims in the CY 2010 OPPS file. Since we did not "correct" any prices in the non-Baha™ claims, we only present the actual claims price.

Table 5: Descriptive Statistics for APC 0425 Non-Baha™ Only

Statistic	Claim Price
Valid	1,316
Missing	0
Mean	$8,281
Median	$8,007
Mode	$8,151
Std. Deviation	$1,764
Variance	$3,112,740
Minimum	$1,019
Maximum	$23,481

Source: Dobson | DaVanzo Analysis of the 2010 OPPS data.

Provider-level Analysis

Our analysis by provider revealed that there were a significant number of hospitals that performed only one Baha™ implantation procedure. Out of approximately 125 hospitals who submitted 245 incorrectly coded claims for Baha™ in 2008, approximately 63 hospitals performed a single implantation procedure and coded the claim incorrectly (nearly half of providers). By way of contrast, only four hospitals each performed 4 procedures and all were coded incorrectly.

A recommendation for Cochlear is to widely and regularly disseminate information on the proper way to code claims for Baha™ implantation, which should also include an accurately coded device (with a cost of approximately $6000 for the device alone). A monthly communication on this topic might help to inform those hospitals that perform the procedure infrequently as well as remind hospitals who perform numerous procedures to both include the device and code it correctly (e.g., in the appropriate revenue center).

We calculated the percent of allowed charge that was paid for each of these claims. We found that this distribution ranged from 2 percent of charges paid to 59.9 percent, with a single provider being paid 107 percent of the allowed charge.

Distribution of Claims Data by Quarter

As discussed above, there was a reduction in the number of claims in the fourth quarter of CY 2008 due to some claims not being processed in time to get into the OPPS rulemaking dataset. In addition, there was a supply interruption of the device in the fourth quarter.

We wanted to be sure that this reduction in the number of claims was not exerting an inordinate influence on our descriptive

statistics. When we split the data by quarter, we found that the measures of central tendency (mean, median, and mode) did not appreciably change. The mode, however, did show a marked decrease in the 4th quarter. This was offset in its impact on the mean and median by the marked increase in the minimum paid for the Baha™. This quarterly distribution is summarized below in Table 6.

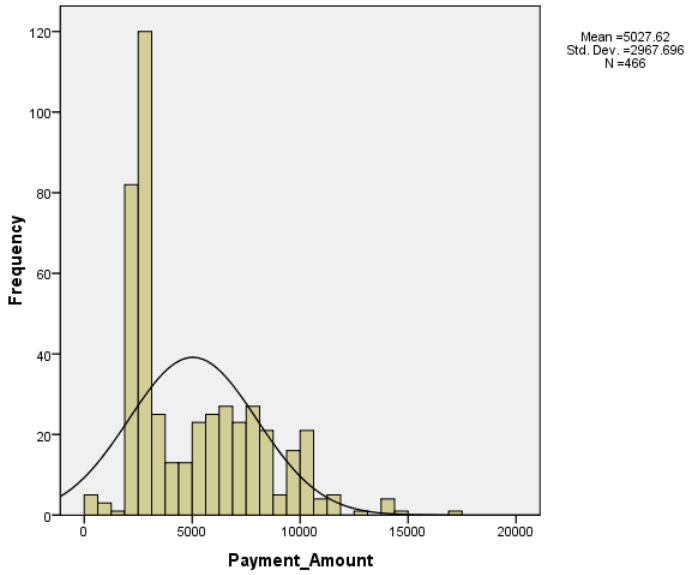
Table 6: APC 0425 Baha™ Claims Only
Quarter by Quarter Descriptive Statistics

	Quarter-by-Quarter Summary			
	Q1-2008	Q2-2008	Q3-2008	Q4-2008
Valid	126	115	135	90
Missing	0	0	0	0
Mean	$5,110	$5,177	$4,858	$4,975
Median	$3,427	$4,183	$3,120	$3,723
Mode	$10,146	$10,146	$6,071	$2,558
Std. Deviation	$3,163	$2,839	$2,980	$2,860
Variance	$10,002,840	$8,061,003	$8,882,790	$8,181,647
Minimum	$601	$519	$561	$2,296
Maximum	$14,270	$11,666	$17,375	$14,471

Source: Dobson | DaVanzo Analysis of the 2010 OPPS data.

We then performed an in-depth analysis of the data distribution within each of the quarters. We found that all of the minimum payment amounts in the allowed charges for claims which did not have a device code were determined by the allowed charges for procedure code 69714. As can be seen in Exhibit 5, the distribution of only claims with a Baha™ procedure is skewed. The outliers at the low end pull the mean down.

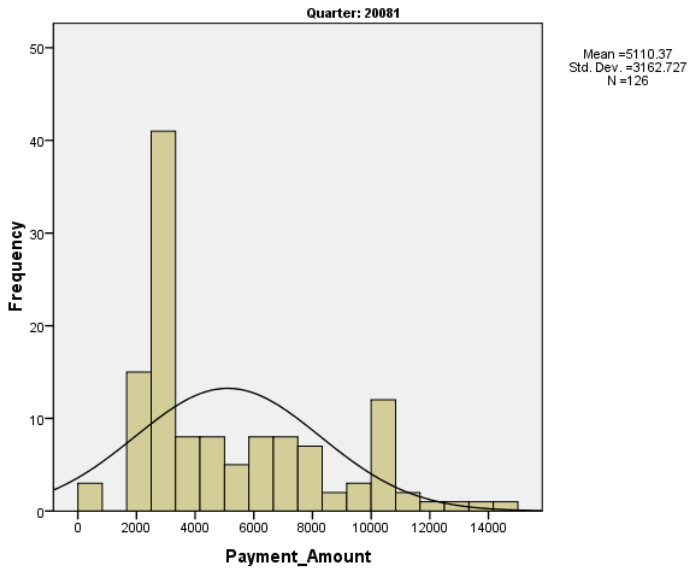
Exhibit 5 – Baha™ Only - Entire Year - 2008



Source: Dobson | DaVanzo Analysis of the 2010 OPPS data.

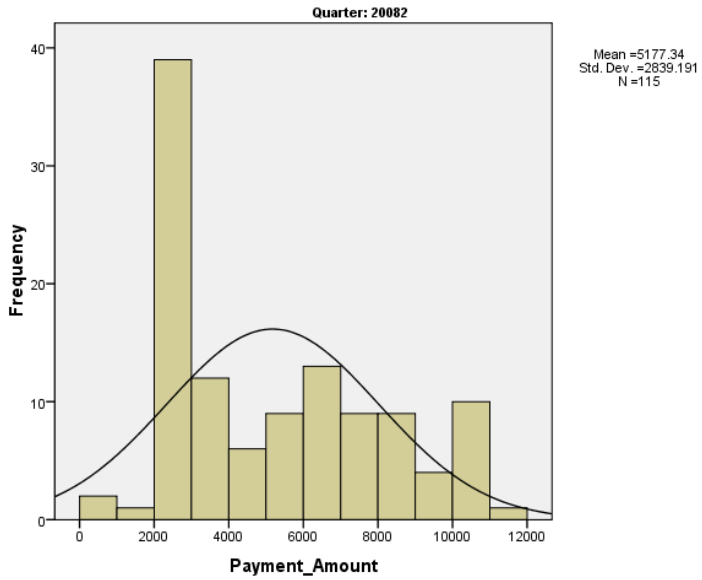
Exhibits 6 through 9 show the quarter-by-quarter distribution of allowed charges for Baha™ claims. It should be noted that the low end of the fourth quarter distribution is much higher than the low end of the distributions for the other three quarters.

Exhibit 6 – Baha™ Only - Quarter 1



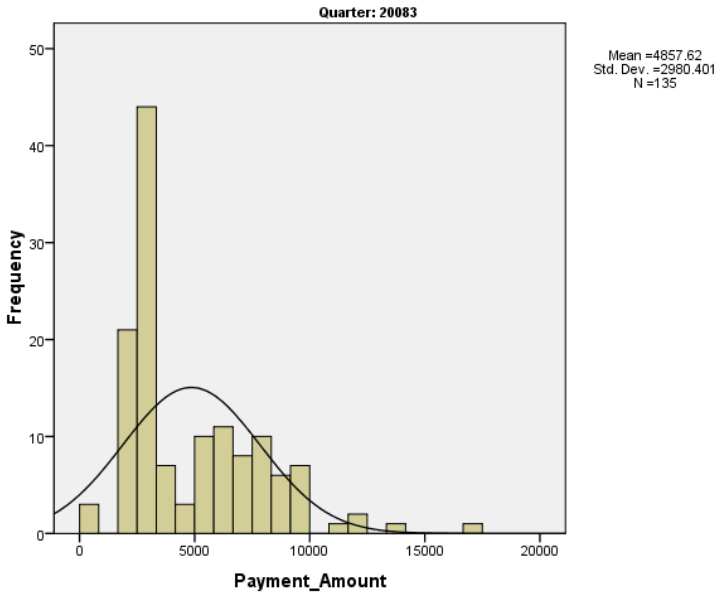
Source: Dobson | DaVanzo Analysis of the 2010 OPPS data.

Exhibit 7 – Baha™ Only - Quarter 2



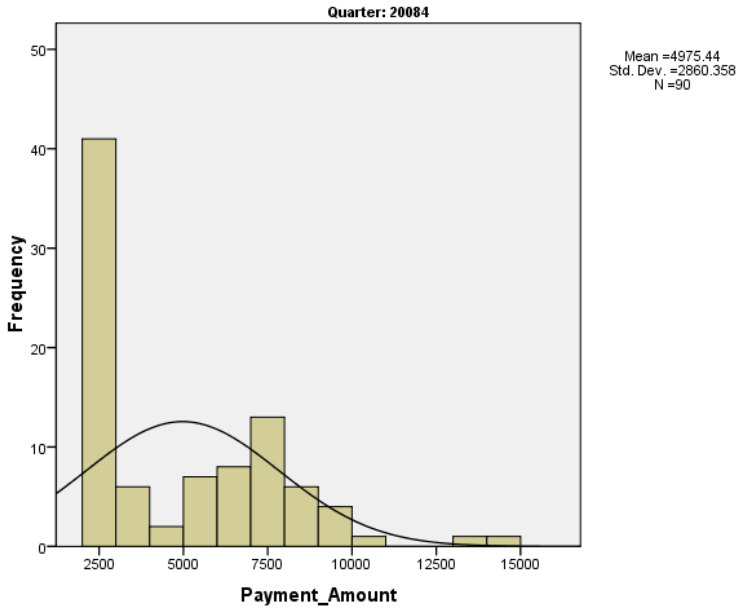
Source: Dobson | DaVanzo Analysis of the 2010 OPPS data.

Exhibit 8 – Baha™ Only - Quarter 3



Source: Dobson | DaVanzo Analysis of the 2010 OPPS data.

Exhibit 9 – Baha™ Only - Quarter 4



Source: Dobson | DaVanzo Analysis of the 2010 OPPS data.

We then calculated quarterly descriptive statistics for CPT 69714 only, which is the Baha™ procedure. As can be seen in Table 7, part of the reason for the increase in the minimum is that the minimum amount paid for the procedure increased.

Table 7 – CPT 69714 Quarter-by-Quarter

	Quarter-by Quarter Summary: CPT 69714			
	Q1-2008	Q2-2008	Q3-2008	Q4-2008
Valid	122	105	124	88
Missing	0	0	0	0
Mean	$2,561	$2,479	$2,514	$2,545
Median	$2,540	$2,482	$2,524	$2,482
Mode	$2,805	$2,482	$2,507	$2,482
Std. Deviation	$467	$429	$442	$329
Variance	$218,235	$184,017	$195,204	$108,131
Minimum	$477	$511	$561	$1,192
Maximum	$4,122	$3,548	$4,044	$3,718

Source: Dobson | DaVanzo Analysis of the 2010 OPPS data.

Although these analyses show that payments seem to be stabilizing, there are still unexpected variations in the data. Because of the extent of incorrect coding of Baha™ that we saw this year it proved advantageous to be assigned to APC 0425.

CMS added a knee revision procedure to the APC, and the median for the orthopedic procedures pulled up the APC payment. Unless hospitals can learn how to code properly for both the implantation and the device, at this time it seems better for Baha™ to be in APC 0425.

Discussion

The Baha™ device cost is routinely underpaid by Medicare. This is the result of several factors. First, Baha™ is a relatively new procedure and codes may be unfamiliar to hospital billing staff. Additionally, there were production issues during CY 2008 that disrupted the supply flow of Baha™ devices. This disruption added to the confusion associated with the already unfamiliar procedure and requisite billing code.

Finally, 2008 was the final year that the Baha™ device was eligible for a transitional pass-through payment. Many hospitals were unsure of how to code the device and/or submit charges, and, as a result, were not paid for the device. In addition to affecting individual hospitals' payments, the use of incorrect HCPCS codes impacts the integrity of the data CMS then uses to make future decisions regarding the reimbursement of Baha™.

Our key finding is that if the Baha™ device was correctly coded in APC 0425, the payment distribution would be "tighter" and thus, much more representative of all the devices and procedures in the APC. The correct coding would lead to a $637 increase in the median payment for CY 2008 claims data. The ASC payment rate would increase as well, due to the proper coding of the device in OPPS, and the linkage of the OPPS and ASC fee schedules.

Appendix A

The four tables contained in Appendix A detail the claims that represent the minimum allowed charges for each quarter. In the first and second quarters of 2008, the minimum does not have a device charge. This can be seen below in Tables A-1 and A-2.

Table A-1 – Quarter 1 Minimum Allowed Charge Claim

Provider	Claim ID	CPT	CPT_Description	Allowed Charge
340001	**34232951**			
		69714	Implant Temple Bone w/Stimul	$600.90
		J0330	Succinycholine Chloride Inj	$0.00
		J0690	Cefazolin Sodium Injection	$0.00
		J1100	Dexamethasone Sodium Phos	$0.00
		J1790	Droperidol Injection	$0.00
		J2370	Phenylephrine Hcl Injection	$0.00
		J2405	Ondansetron Hcl Injection	$0.10
		J2710	Neostigmine Methylslfte Inj	$0.00
		J3010	Fentanyl Citrate Injeciton	$0.00
		J7120	Ringers Lactate Infusion	$0.00
Total				**$601.00**

Source: Dobson | DaVanzo Analysis of the 2010 OPPS data.

Table A-2 – Quarter 2 Minimum Allowed Charge Claim

Provider	Claim ID	CPT	CPT_Description	Allowed Charge
030103	**1446145**			
		36415	Routine Venipuncture	$0.00
		69714	Implant Temple Bone w/Stimul	$511.40
		82805	Blood Gases w/02 Saturation	$0.00
		82948	Reagent Strip/Blood Glucose	$0.00
		94640	Airway Inhalation Treatment	$7.80
		A9270	Non-Covered Item or Service	$0.00
		G0378	Hospital observation per hr	$0.00
		36415	Routine Venipuncture	$0.00
		69714	Implant Temple Bone w/Stimul	$511.40
		82805	Blood Gases w/02 Saturation	$0.00
		82948	Reagent Strip/Blood Glucose	$0.00
		J2405	Ondansetron Hcl Injection	$0.20
		J3490	Drugs Unclassified Injection	$0.00
Total				**$519.40**

Source: Dobson | DaVanzo Analysis of the 2010 OPPS data.

In the third quarter, there is a device charge that is not paid.

Table A-3 – Quarter 3 Minimum Allowed Charge Claim

Provider	Claim ID	CPT	CPT_Description	Allowed Charge
050502	**5028582**			**$0.00**
		69714	Implant Temple Bone w/Stimul	$560.90
		J2250	Inj Midazolam Hydrochloride	$0.00
		J3010	Fentanyl Citrate Injeciton	$0.00
		J7120	Ringers Lactate Infusion	$0.00
		L8690	Aud Osse Device	$0.00
Total				**$560.90**

Source: Dobson | DaVanzo Analysis of the 2010 OPPS data.

In the fourth quarter, there is no device charge, but the amount paid increased substantially.

Table A-4 – Quarter 4 Minimum Allowed Charge Claim

Provider	Claim ID	CPT	CPT_Description	Allowed Charge
390050	**20084**			**$0.00**
		69714	Implant Temple Bone w/Stimul	$2,295.00
		C1713	Anchor/screw bn/bn,tis/bn	$0.00
		J2250	Inj Midazolam Hydrochloride	$0.00
		J2405	Ondansetron Hcl Injection	$1.00
		J3010	Fentanyl Citrate Injeciton	$0.00
		J7060	5% Dextrose/Water	$0.00
Total				**$2,296.00**

Source: Dobson | DaVanzo Analysis of the 2010 OPPS data.

Appendix B

Provider	Facility Name	Street	City, State ZIP	Phone	Number of Claims	Charge	Payment Amount	% of Allowed Charge Paid
010029	East Alabama Medical Center	2000 Pepperell Parkway	Opelika, AL 36801	(334) 749-3411	1	$6,227	$3,156	50.7%
010056	Saint Vincent's Birmingham	810 Saint Vincent's Drive	Birmingham, AL 35205	(205) 939-7000	4	$111,660	$10,771	9.6%
010167	UAB Highlands	1201 11th Avenue South	Birmingham, AL 35205	(205) 930-7000	5	$133,377	$11,856	8.9%
030002	Banner Good Samaritan Medical Center	1111 East McDowell Road	Phoenix, AZ 85006	(602) 239-2000	1	$49,196	$2,557	5.2%
030024	Saint Joseph's Hospital and Medical Center	350 West Thomas Road	Phoenix, AZ 85013	(602) 406-3000	3	$61,278	$7,711	12.6%
030065	Banner Desert Medical Center	1400 South Dobson Road	Mesa, AZ 85202	(480) 512-3000	7	$152,540	$17,946	11.8%
030085	Northwest Medical Center	6200 North La Cholla Boulevard	Tucson, AZ 85741	(520) 742-9000	4	$102,162	$11,056	10.8%
030103	Mayo Clinic Hospital	5777 East Mayo Boulevard	Phoenix, AZ 85054	(480) 515-6296	3	$81,394	$5,635	6.9%
040016	University of Arkansas for Medical Sciences (UAMS) Medical Center	4301 West Markham Street	Little Rock, AR 72205	(501) 686-7000	1	$9,296	$2,382	25.6%
050025	University of California, San Diego Medical Center - Hillcrest	200 West Arbor Drive	San Diego, CA 92103	(619) 543-6222	1	$15,759	$2,805	17.8%
050108	Sutter Memorial Hospital	5151 F Street	Sacramento, CA 95819	(916) 454-3333	1	$106,330	$4,403	4.1%
050153	O'Connor Hospital	2105 Forest Avenue	San Jose, CA 95128	(408) 947-2500	3	$231,790	$10,181	4.4%

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Provider	Facility Name	Street	City, State ZIP	Phone	Number of Claims	Charge	Payment Amount	% of Allowed Charge Paid
050272	Redlands Community Hospital	350 Terracina Boulevard	Redlands, CA 92373	(909) 335-5500	1	$43,928	$2,805	6.4%
050441	Stanford Hospital	300 Pasteur Drive	Stanford, CA 94305	(650) 723-4000	3	$181,286	$19,372	10.7%
050502	Saint Vincent Medical Center	2131 West Third Street	Los Angeles, CA 90057	(213) 484-7111	3	$50,446	$8,431	16.7%
050599	University of California Davis Medical Center	2315 Stockton Boulevard	Sacramento, CA 95817	(916) 734-2011	1	$14,835	$3,008	20.3%
050636	Pomerado Hospital	15615 Pomerado Road	Poway, CA 92064	(858) 613-4000	1	$12,050	$4,650	38.6%
050733	Shasta Regional Medical Center	1100 Butte Street	Redding, CA 96001	(530) 244-5400	1	$51,264	$3,998	7.8%
060022	Memorial Hospital Central	1400 East Boulder Street	Colorado Springs, CO 80909	(719) 365-5000	1	$27,896	$3,728	13.4%
060031	Penrose Hospital	2222 North Nevada Avenue	Colorado Springs, CO 80907	(719) 776-5000	1	$25,237	$2,489	9.9%
060034	Swedish Medical Center	501 East Hampden Avenue	Englewood, CO 80113	(303) 788-5000	1	$18,595	$2,656	14.3%
100088	Baptist Medical Center Downtown	800 Prudential Drive	Jacksonville, FL 32207	(904) 202-2000	1	$16,016	$2,402	15.0%
100128	Tampa General Hospital	1 Tampa General Circle	Tampa, FL 33606	(813) 844-7000	1	$22,184	$2,414	10.9%
100151	Saint Luke's Hospital	4201 Belfort Road	Jacksonville, FL 32216	(904) 296-3700	1	$25,473	$2,402	9.4%
100286	Physicians Regional - Pine Ridge	6101 Pine Ridge Road	Naples, FL 34119	(239) 348-4000	1	$14,372	$2,482	17.3%
110034	MCG Medical Center	1120 15th Street	Augusta, GA 30912	(706) 721-2273	3	$136,572	$8,886	6.5%
110036	Memorial Health University Medical Center	4700 Waters Avenue	Savannah, GA 31404	(912) 350-8000	1	$50,084	$2,407	4.8%
110054	Floyd Medical Center	304 Turner McCall Boulevard	Rome, GA 30165	(706) 509-5000	1	$35,237	$2,560	7.3%
110107	Medical Center of Central Georgia	777 Hemlock Street	Macon, GA 31201-2102	(478) 633-1000	1	$4,235	$2,538	59.9%
120001	The Queen's Medical Center	1301 Punchbowl Street	Honolulu, HI 96813	(808) 538-9011	2	$56,599	$5,479	9.7%

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Provider	Facility Name	Street	City, State ZIP	Phone	Number of Claims	Charge	Payment Amount	% of Allowed Charge Paid
130007	Saint Alphonsus Regional Medical Center	1055 North Curtis Road	Boise, ID 83706	(208) 367-2121	7	$127,989	$17,487	13.7%
140091	Carle Foundation Hospital	611 West Park Street	Urbana, IL 61801	(217) 383-3311	3	$91,179	$7,332	8.0%
140122	Adventist Hinsdale Hospital	120 North Oak Street	Hinsdale, IL 60521	(630) 856-9000	1	$39,053	$13,914	35.6%
140234	Illinois Valley Community Hospital	925 West Street	Peru, IL 61354	(815) 223-3300	1	$36,367	$2,337	6.4%
140281	Northwestern Memorial Hospital	251 East Huron	Chicago, IL 60611	(312) 926-2000	2	$52,676	$5,259	10.0%
150012	Saint Joseph Regional Medical Center - South Bend Campus	801 East LaSalle Avenue	South Bend, IN 46617	(574) 237-7111	2	$54,963	$5,013	9.1%
150017	Lutheran Hospital of Indiana	7950 West Jefferson Boulevard	Fort Wayne, IN 46804	(260) 435-7001	1	$36,927	$2,394	6.5%
160057	Great River Medical Center	1221 South Gear Avenue	West Burlington, IA 52655	(319) 768-1000	1	$13,202	$2,410	18.3%
160069	Mercy Medical Center - Dubuque	250 Mercy Drive	Dubuque, IA 52001	(563) 589-8000	3	$39,869	$7,109	17.8%
180040	Jewish Hospital	200 Abraham Flexner Way	Louisville, KY 40202	(502) 587-4011	2	$71,175	$4,791	6.7%
180067	University of Kentucky Hospital	800 Rose Street	Lexington, KY 40536	(859) 323-5000	1	$19,375	$6,282	32.4%
190036	Ochsner Medical Center - New Orleans	1514 Jefferson Highway	New Orleans, LA 70121	(504) 842-3000	1	$16,928	$2,368	14.0%
190064	Our Lady of the Lake Regional Medical Center	5000 Hennessy Boulevard	Baton Rouge, LA 70808	(225) 765-6565	2	$15,548	$4,499	28.9%
190098	Louisiana State University Health Sciences Center	1501 Kings Highway	Shreveport, LA 71130-4228	(318) 675-5000	1	$4,874	$2,320	47.6%
220077	Baystate Medical Center	759 Chestnut Street	Springfield, MA 01199	(413) 794-0000	1	$10,489	$4,044	38.6%
220171	Lahey Clinic Medical Center	41 Mall Road	Burlington, MA 01805	(781) 744-5100	4	$27,642	$11,182	40.5%
230019	Providence Hospital	16001 West 9 Mile Road	Southfield, MI 48075	(248) 849-3000	6	$128,477	$17,542	13.7%
230021	Lakeland Regional Medical Center	1234 Napier Avenue	Saint Joseph, MI 49085	(269) 983-8300	1	$26,649	$3,087	11.6%

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Provider	Facility Name	Street	City, State ZIP	Phone	Number of Claims	Charge	Payment Amount	% of Allowed Charge Paid
230024	Sinai-Grace Hospital	6071 West Outer Drive	Detroit, MI 48235	(313) 966-3300	2	$50,457	$5,146	10.2%
230038	Butterworth Hospital	100 Michigan Street Northeast	Grand Rapids, MI 49503	(616) 391-1774	3	$25,746	$7,700	29.9%
230046	University of Michigan Hospitals and Health Centers	1500 East Medical Center Drive	Ann Arbor, MI 48109	(734) 936-4000	1	$11,245	$3,740	33.3%
230141	McLaren Regional Medical Center	401 South Ballenger Highway	Flint, MI 48532	(810) 342-2000	1	$54,252	$2,698	5.0%
230174	North Ottawa Community Hospital	1309 Sheldon Road	Grand Haven, MI 49417	(616) 842-3600	1	$23,901	$2,562	10.7%
230197	Genesys Regional Medical Center	One Genesys Parkway	Grand Blanc, MI 48439	(810) 606-5000	1	$20,796	$2,702	13.0%
240038	United Hospital	333 North Smith Avenue	Saint Paul, MN 55102	(651) 241-8000	2	$57,630	$5,353	9.3%
240080	University of Minnesota Medical Center, Fairview - University Campus	500 Harvard Street	Minneapolis, MN 55455	(612) 273-3000	2	$18,493	$4,024	21.8%
250004	North Mississippi Medical Center - Tupelo	830 South Gloster Street	Tupelo, MS 38801	(662) 377-3000	1	$6,721	$2,382	35.4%
260020	Saint John's Mercy Medical Center	615 South New Ballas Road	Saint Louis, MO 63141	(314) 251-6000	1	$24,829	$2,409	9.7%
260105	Saint Louis University Hospital	3635 Vista Avenue	Saint Louis, MO 63110	(314) 577-8000	1	$28,628	$2,430	8.5%
260108	Missouri Baptist Medical Center	3015 North Ballas Road	Saint Louis, MO 63131	(314) 996-5000	1	$11,345	$2,428	21.4%
260138	Saint Luke's Hospital	4401 Wornall Road	Kansas City, MO 64111	(816) 932-2000	1	$40,456	$2,534	6.3%
280013	The Nebraska Medical Center	42nd and Dewey	Omaha, NE 68198	(402) 559-2000	5	$77,103	$12,313	16.0%
290001	Renown Regional Medical Center	1155 Mill Street	Reno, NV 89502	(775) 982-4100	2	$47,035	$5,463	11.6%
290007	University Medical Center	1800 West Charleston Boulevard	Las Vegas, NV 89102	(702) 383-2000	1	$79,059	$2,842	3.6%
300003	Mary Hitchcock Memorial Hospital	One Medical Center Drive	Lebanon, NH 03756	(603) 650-5000	2	$56,777	$8,814	15.5%
300023	Exeter Hospital	5 Alumni Drive	Exeter, NH 03833	(603) 778-7311	1	$4,996	$2,732	54.7%

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Provider	Facility Name	Street	City, State ZIP	Phone	Number of Claims	Charge	Payment Amount	% of Allowed Charge Paid
310045	Englewood Hospital and Medical Center	350 Engle Street	Englewood, NJ 07631	(201) 894-3000	1	$54,046	$3,032	5.6%
320018	Memorial Medical Center	2450 South Telshor Boulevard	Las Cruces, NM 88011	(575) 522-8641	2	$52,344	$4,833	9.2%
320021	Presbyterian Hospital	1100 Central Avenue Southeast	Albuquerque, NM 87106	(505) 841-1234	1	$18,901	$3,023	16.0%
330107	Peconic Bay Medical Center	1300 Roanoke Avenue	Riverhead, NY 11901	(631) 548-6000	2	$56,705	$5,957	10.5%
330136	The Mary Imogene Bassett Hospital	One Atwell Road	Cooperstown, NY 13326	(607) 547-3456	1	$16,038	$2,656	16.6%
330152	Long Island College Hospital	339 Hicks Street	Brooklyn, NY 11201	(718) 780-1000	1	$2,826	$3,032	107.3%
330162	Northern Westchester Hospital	400 East Main Street	Mount Kisco, NY 10549	(914) 666-1200	1	$16,199	$3,072	19.0%
330189	Albany Medical Center - South Clinical Campus	25 Hackett Boulevard	Albany, NY 12208	(518) 262-1200	2	$22,562	$4,697	20.8%
330354	Roswell Park Cancer Institute	Elm and Carlton Streets	Buffalo, NY 14263	(716) 845-2300	1	$8,896	$4,532	50.9%
340001	Carolinas Medical Center - NorthEast	920 Church Street North	Concord, NC 28025	(704) 403-3000	1	$28,909	$601	2.1%
340030	Duke University Hospital	2301 Erwin Road	Durham, NC 27710	(919) 684-8111	2	$44,188	$5,059	11.4%
340040	Pitt County Memorial Hospital	2100 Stantonsburg Road	Greenville, NC 27835-6028	(252) 847-4100	2	$35,232	$5,087	14.4%
340047	North Carolina Baptist Hospital	Medical Center Boulevard	Winston-Salem, NC 27157	(336) 716-2255	2	$33,528	$3,057	9.1%
340061	University of North Carolina Hospitals	101 Manning Drive	Chapel Hill, NC 27514	(919) 966-4131	3	$44,282	$7,502	16.9%
340091	The Moses H. Cone Memorial Hospital	1200 North Elm Street	Greensboro, NC 27401	(336) 832-7000	2	$33,395	$4,816	14.4%
340141	New Hanover Regional Medical Center	2131 South 17th Street	Wilmington, NC 28401	(910) 343-7000	1	$38,057	$3,687	9.7%
340173	WakeMed Cary Hospital	1900 Kildaire Farm Road	Cary, NC 27518	(919) 350-2300	2	$54,007	$5,158	9.6%
360003	University Hospital	234 Goodman Street	Cincinnati, OH 45219	(513) 584-1000	7	$238,449	$18,720	7.9%

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Provider	Facility Name	Street	City, State ZIP	Phone	Number of Claims	Charge	Payment Amount	% of Allowed Charge Paid
360051	Miami Valley Hospital	One Wyoming Street	Dayton, OH 45409	(937) 208-8000	1	$15,498	$2,431	15.7%
360055	Forum Health Trumbull Memorial Hospital	1350 East Market Street	Warren, OH 44482	(330) 841-9011	1	$23,297	$2,387	10.2%
360059	MetroHealth Medical Center	2500 MetroHealth Drive	Cleveland, OH 44109	(216) 778-7800	1	$14,855	$2,441	16.4%
360085	Ohio State University Hospital	410 West Tenth Avenue	Columbus, OH 43210	(614) 293-8000	2	$75,129	$5,088	6.8%
360262	Saint Anne Mercy Hospital	3404 West Sylvania Avenue	Toledo, OH 43623	(419) 407-2663	1	$63,592	$7,521	11.8%
370028	INTEGRIS Baptist Medical Center	3300 Northwest Expressway	Oklahoma City, OK 73112	(405) 949-3011	7	$242,708	$17,944	7.4%
380004	Providence Saint Vincent Medical Center	9205 Southwest Barnes Road	Portland, OR 97225	(503) 216-1234	6	$131,484	$18,762	14.3%
380009	Oregon Health & Science University Hospital	3181 Southwest Sam Jackson Park Road	Portland, OR 97239	(503) 494-8311	5	$67,082	$13,666	20.4%
390004	Holy Spirit Hospital	503 North 21st Street	Camp Hill, PA 17011	(717) 763-2100	2	$170,916	$4,941	2.9%
390050	Allegheny General Hospital	320 East North Avenue	Pittsburgh, PA 15212	(412) 359-3131	2	$24,122	$4,591	19.0%
390174	Thomas Jefferson University Hospital	111 South 11th Street	Philadelphia, PA 19107	(215) 955-6000	1	$28,759	$2,737	9.5%
390179	The Chester County Hospital	701 East Marshall Street	West Chester, PA 19380	(610) 431-5000	3	$42,946	$9,017	21.0%
410007	Rhode Island Hospital	593 Eddy Street	Providence, RI 02903	(401) 444-4000	1	$15,803	$2,739	17.3%
420004	Medical University of South Carolina - University Hospital	171 Ashley Avenue	Charleston, SC 29425	(843) 792-2300	2	$38,246	$6,618	17.3%
420018	Palmetto Health Richland	5 Richland Medical Park Drive	Columbia, SC 29203	(803) 434-7000	5	$143,619	$11,913	8.3%
420078	Greenville Memorial Hospital	701 Grove Road	Greenville, SC 29605	(864) 455-7000	3	$67,358	$7,499	11.1%
440053	Middle Tennessee Medical Center	400 North Highland Avenue	Murfreesboro, TN 37130	(615) 396-4100	1	$14,717	$2,505	17.0%
440133	Baptist Hospital	2000 Church Street	Nashville, TN 37236	(615) 284-5555	1	$20,129	$2,512	12.5%

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Provider	Facility Name	Street	City, State ZIP	Phone	Number of Claims	Charge	Payment Amount	% of Allowed Charge Paid
450021	Baylor University Medical Center at Dallas	3500 Gaston Avenue	Dallas, TX 75246	(214) 820-0111	2	$36,000	$5,032	14.0%
450054	Scott & White Hospital	2401 South Thirty-First Street	Temple, TX 76508	(254) 724-2111	1	$24,022	$5,853	24.4%
450135	Texas Health Harris Methodist Hospital Fort Worth	1301 Pennsylvania Avenue	Fort Worth, TX 76104	(817) 250-2000	2	$101,205	$5,136	5.1%
450184	Memorial Hermann Southwest Hospital	7600 Beechnut	Houston, TX 77074	(713) 456-5000	1	$7,921	$3,019	38.1%
450299	College Station Medical Center	1604 Rock Prairie Road	College Station, TX 77845	(979) 764-5100	1	$21,784	$2,459	11.3%
450388	Methodist Hospital	7700 Floyd Curl Drive	San Antonio, TX 78229	(210) 575-4000	1	$19,727	$2,402	12.2%
450766	University of Texas Southwestern Medical Center - Zale Lipshy	5151 Harry Hines Boulevard	Dallas, TX 75390	(214) 645-5555	2	$29,029	$5,050	17.4%
450833	Ennis Regional Medical Center	2201 West Lampasas Street	Ennis, TX 75119	(972) 875-0900	1	$16,376	$2,507	15.3%
450875	Quail Creek Surgical Hospital	6819 Plum Creek Drive	Amarillo, TX 79124	(806) 354-6100	3	$66,043	$7,521	11.4%
490007	Sentara Norfolk General Hospital	600 Gresham Drive	Norfolk, VA 23507	(757) 388-3000	2	$116,662	$6,259	5.4%
490024	Carilion Roanoke Memorial Hospital	1906 Belleview Avenue	Roanoke, VA 24033	(540) 981-7000	2	$22,542	$4,851	21.5%
490044	Sentara Obici Hospital	2800 Godwin Boulevard	Suffolk, VA 23434	(757) 934-4000	1	$28,574	$3,537	12.4%
490059	Saint Mary's Hospital	5801 Bremo Road	Richmond, VA 23226	(804) 285-2011	1	$28,077	$593	2.1%
500001	Northwest Hospital & Medical Center	1550 North 115th Street	Seattle, WA 98133-9733	(206) 364-0500	1	$16,044	$3,266	20.4%
500005	Virginia Mason Medical Center	1100 Ninth Avenue	Seattle, WA 98101	(206) 223-6600	1	$6,425	$2,748	42.8%
500008	University of Washington Medical Center	1959 Northeast Pacific	Seattle, WA 98195	(206) 598-3300	2	$41,141	$5,523	13.4%
500027	Swedish Medical Center / First Hill Campus	747 Broadway	Seattle, WA 98122	(206) 386-6000	2	$68,647	$6,912	10.1%
500108	Saint Joseph Medical Center	1717 South J Street	Tacoma, WA 98405	(253) 426-4101	4	$125,241	$13,108	10.5%

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Provider	Facility Name	Street	City, State ZIP	Phone	Number of Claims	Charge	Payment Amount	% of Allowed Charge Paid
520087	Gundersen Lutheran	1900 South Avenue	La Crosse, WI 54601	(608) 782-7300	2	$59,511	$5,243	8.8%
520098	University of Wisconsin Hospital and Clinics	600 Highland Avenue	Madison, WI 53792	(608) 263-6400	3	$49,416	$8,161	16.5%
520139	Aurora West Allis Memorial Hospital	8901 West Lincoln Avenue	West Allis, WI 53227	(414) 328-6000	1	$11,586	$3,073	26.5%
520177	Froedtert & Medical College of Wisconsin	9200 West Wisconsin Avenue	Milwaukee, WI 53226	(414) 805-3000	2	$118,104	$5,171	4.4%
Total					**245**	**$6,313,065**	**$692,068**	**11.0%**