



The Organ Donation and Transplantation Alliance connects organ procurement organizations, transplant centers and hospitals to education and best practice resources nationwide.

TRANSPLANT C-SUITE SNAPSHOT SERIES

MEDICARE REIMBURSEMENT FOR ORGAN ACQUISITION COSTS

1. UNIQUE SERVICE LINE

There are approximately 3,400 acute care hospitals reimbursed under the Medicare Inpatient Prospective Payment System with approximately 1,100 (32%) classified as teaching hospitals and approximately 200 (6%) classified as certified transplant centers (CTCs).

2. REIMBURSEMENT IS BASED ON REASONABLE COSTS

Medicare is the single largest payer for organ acquisition costs but only reimburses for its share of costs. In 2016, Medicare reimbursed CTCs \$1.6B of approximately \$3.3B (48%) claimed through the Medicare Cost Report. Organ acquisition costs include the reasonable and necessary services to acquire an organ (living and deceased) for transplant. Examples include the OPO organ fee, transportation of the organ, surgeon procurement for deceased donors, registry fees, physician pre-admission evaluations, preservation and perfusion costs, donor and recipient diagnostic evaluations prior to transplant, and inpatient services related to living donation (see Chapter 31 of the [Provider Reimbursement Manual](#)).

3. MAY INVOLVE FINANCIAL RISK

With cost-based reimbursement, there is financial risk with over-reporting as well as under-reporting organ acquisition costs claimed for Medicare reimbursement. Without adequate controls and systems for appropriate documentation, there is an increased risk of non-compliance with CMS regulations and guidelines. Prior Office of Inspector General (OIG) [audits](#) noted that transplant centers stated they lacked awareness and understanding of Medicare requirements or had inadvertently claimed non-allowable costs on the Medicare Cost Report.

4. KEY REIMBURSEMENT DRIVERS

Properly capturing total organ acquisition costs is paramount for appropriate Medicare reimbursement. In addition to direct organ acquisition costs, these also include evaluation services provided to prospective living donors and recipients (all payers) even if it does not result in a transplant or listing for transplant. Reporting these services on the Medicare Cost Report does not preclude the CTC from billing non-Medicare payers for these services. Common errors include inadequate process to track patient charges, not billing non-Medicare payers, time surveys not in compliance with CMS guidelines, and excluding personnel involved in pre-transplant administrative activities.

5. OTHER KEY DRIVERS

Medicare reimburses its share based on the ratio of Medicare usable organs to total usable organs for the specific organ type. Therefore, properly identifying Medicare and total usable organs is critical for appropriate Medicare reimbursement. Medicare usable organs include Medicare primary transplants, organs sent to the Organ Procurement Organization (OPO), organs sent to other CTCs such as through kidney paired donation and children's hospitals for adult to children live donation, and Medicare secondary payer organs where Medicare had a liability if primary. Common errors include not confirming as Medicare primary through EOBs, not testing for Medicare secondary eligibility, and excluding organs sold to the OPO and other CTCs.

6. SUCCESS REQUIRES TEAMWORK

Transplant is a complex service line unlike any other and requires collaboration between several departments to achieve financial success. Key departments include Reimbursement (Medicare Cost Report preparation and submission), Revenue Cycle (patient registration, hospital and physician billing), Accounting Cycle (accounting for direct organ acquisition costs and revenue), Managed Care Contracting (obtaining reimbursement from non-Medicare payers), and Transplant Administration.

TRANSPLANT C-SUITE SNAPSHOT WEBISODE SERIES

Visit organdonationalliance.org/csuite to view a special webisode presentation on Medicare Reimbursement, presented by Robert Howey, MBA, MHA, CPA – Senior Director at Toyon Associates, Inc.



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