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**2008 MEDICARE HOSPITAL OUTPATIENT CODING AND PAYMENT UPDATE  
 FOR  
 X-STOP® IPD® Procedure**

Medtronic Spine LLC is committed to providing you with current information regarding applicable coding and reimbursement for its products. With this notice, we wanted to provide you with an update concerning recent developments in reimbursement for the X-STOP® IPD® procedure performed on a hospital outpatient basis.

**CODING AND BILLING FOR X-STOP® IPD®**

On November 1, 2007, the Centers for Medicare & Medicaid Services (CMS) posted the Final Rule on the Hospital Outpatient Prospective Payment System (HOPPS) on its Web site. The Final Rule was published in the Federal Register on November 27, 2007. The payment rates become effective on January 1, 2008.

**HOSPITAL OUTPATIENT SERVICES -- MEDICARE PAYMENT**

Under the Medicare Hospital Outpatient Prospective Payment System, procedures are assigned by CPT code to ambulatory payment classifications based on clinical similarity and resource homogeneity. All procedures within an APC are paid the same amount. CMS uses hospital charge data (generally there is a lag time of two years) to determine the median costs for each of the procedures within an APC and then uses analyzes the cost data to set the payment amount.

The CPT codes for X-STOP® IPD® procedures are listed below with the 2008 Medicare payment rates.

**CPT CODES AND PAYMENT FOR THE X-STOP® IPD® PROCEDURE**

CPT Code	Description	APC	Status	2008* Payment
0171T	Insertion of posterior spinous process distraction device (including necessary removal of bone or ligament for insertion and imaging guidance), lumbar; single level	050	T	\$1,859
0172T	Insertion of posterior spinous process distraction device (including necessary removal of bone or ligament for insertion and imaging guidance), lumbar; each additional level	050	T	\$1,859  (Note that multiple surgical rules apply; therefore, payment will be reduced by 50% to \$930)
C1821	Interspinous implant	1821	** CCR	**CCR

\***FINAL** national average payment, rounded to nearest dollar.. Actual payment will vary by geographic location.

\*\*Separate cost-based pass-through payment; not subject to co-insurance. This means that payment is based on hospital charges, reduced to cost, using the hospital's overall cost-to-charge ratio (CCR).

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If multiple levels or procedures are furnished on the same day to the same patient, the hospital should bill for all the procedures and receive an APC payment for each of the procedures reported. Note, the listing of codes includes a status indicator that designate whether a discount (payment reduction) applies to the APC payment rate. A "T" status indicator means the APC is discounted for multiple procedures. For claims that include more than one code with a "T" status indicator, full payment is made for the highest paying procedure and all other procedures with "T" status will be paid at 50%.

### **BILLING GUIDELINES AND LIMITATIONS ON COVERAGE AND PAYMENT**

Providers should report the codes that most accurately describe the patient's medical condition, procedures performed and the products used. Medtronic Spine LLC cannot guarantee coverage or payment for products or procedures. Such determinations are made based on individual patient conditions and can vary depending upon the insurer's policies. The service and the product must be reasonable and necessary for the care of the patient to support reimbursement.

Providers should check Medicare bulletins, manuals, and guidelines to ensure compliance with the Medicare requirements and contact the particular private insurer and/or state Medicaid agency for additional information.

Medtronic Spine LLC cannot guarantee coverage or reimbursement for X-STOP® IPD® procedure, and Medtronic Spine LLC makes no other representations as to selecting codes for procedures or compliance with any other billing protocols or prerequisites. As with all claims, individual physicians and hospitals are responsible for exercising their independent clinical judgment in selecting the codes that most accurately reflect the patient's condition and procedures performed for a patient. Physicians and hospitals should refer to current, complete, and authoritative publications such as AMA CPT lists or insurer policies for selecting codes and completing claims forms based on the care rendered to an individual patient, and may wish to contact individual carriers, fiscal intermediaries, or other third-party payers as needed.

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