



September 12, 2006

TO: MEDRAD Customers Using the 1.5T or 3.0T Prostate eCoil™ with Magnetic Resonance Imaging

FROM: MEDRAD Marketing

RE: HCPCS Code: C 1770-Imaging coil, magnetic resonance (insertable)

As a result of the Benefits Improvement and Protection Act (BIPA) of 2000, Section 402(a); pass-through device "C" codes were created by the Centers for Medicare and Medicaid Services (CMS) for payment under the Hospital Outpatient Prospective Payment System (HOPPS) effective April 1, 2001.

The Social Security Act Section 1833(t)(6) limited this pass through payment for 2 years but not more than 3 years. Payment for pass through devices is based on the charge reported on the individual bill, converted to cost by application of a provider specific cost to charge ratio, and subject (in some instances) to a reduction that offsets the cost of similar devices already included in the Ambulatory Payment Classification (APC) payment rate.

The Hospital Outpatient Prospective Payment System (HOPPS) Final Rule for CY 2005 was published in a Federal Register **notice** dated November 15, 2004. It stated that hospitals are **required** to include device category HCPCS codes on claims when such devices are used in conjunction with procedures billed and paid for under HOPPS.

In this same final rule, CMS further summarized several provisions (Federal Register 65762, Part 69) related to the required use of HCPCS codes for devices. ***Specifically, hospitals are required to report "active" device codes such as C1770, even though pass-through payment status expired on 12/31/02, on claim forms where such devices are used in conjunction with procedures(s) that are billed and paid for under HOPPS.***

The reporting of HCPCS code C1770 for use of either the 1.5T or the 3.0T Prostate eCoil on claim forms will be used by CMS to **improve the claims coding and reimbursement data used annually to update the HOPPS payment rates.**

Please note that HCPCS code C1770 is **not** separately reimbursed. This device payment is bundled into in the HOPPS APC allowance for the technical component of the MRI procedure. HCPCS code C1770 does not have a professional component to it.

For detailed information on the requirements for reporting device code C1770 and satisfying device procedure edits under HOPPS please refer to Chapter 4, Section 61, in the IOM publication 100-4.