
42 C.F.R. § 510.300

Determination of episode quality-adjusted target prices.

(a) *General.* CMS establishes episode quality-adjusted target prices for participant hospitals for each performance year or performance year subset of the model as specified in this section. Episode quality-adjusted target prices are established according to the following:

(1) *MS-DRG and fracture status.* MS-DRG assigned at discharge for anchor hospitalization and present of hip fracture diagnosis for anchor hospitalization—

(i)

(A) MS-DRG 469 with hip fracture; or

(B) For episodes beginning on or after October 1, 2020, MS-DRG 521;

(ii) MS-DRG 469 without hip fracture;

(iii)

(A) MS-DRG 470 with hip fracture; or

(B) For episodes beginning on or after October 1, 2020, MS-DRG 522; or

(iv) MS-DRG 470 without hip fracture.

(2) *Applicable time period for performance year or performance year subset episode quality-adjusted target prices.*

For performance years 1 through 4 and performance year subset 5.1 only, episode quality-adjusted target prices are updated to account for Medicare payment updates no less than 2 times per year, for updated quality-adjusted target prices effective October 1 and January 1, and at other intervals if necessary.

(3) *Episodes that straddle performance years, performance year subsets, or payment updates.* The quality-adjusted target price that applies to the episode is one of the following:

(i) For episodes beginning on or after April 1, 2016 and ending on or before September 30, 2021, the date of admission for the anchor hospitalization.

(ii) For episodes beginning on or after July 4, 2021 and ending on or after October 1, 2021, the date of the anchor procedure or the date of admission for the anchor hospitalization, as applicable.

(4) *Identifying episodes with hip fracture.* CMS develops a list of ICD-CM hip fracture diagnosis codes that, when reported in the principal diagnosis code files on the claim for the anchor hospitalization or anchor procedure, represent a bone fracture for which a hip replacement procedure, either a partial hip arthroplasty or a total hip arthroplasty, could be the primary surgical treatment. The list of ICD-CM hip fracture diagnosis codes used to identify hip fracture episodes can be found on the CMS website. Beginning on October 1, 2020, hip fracture

episodes initiated by an anchor hospitalization will be identified by MS-DRGs 521 and 522.

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