

Applying for a New Technology Add-On Payment (NTAP) for a rare disease treatment

A biopharma company came to Magnolia to assess the feasibility of receiving an NTAP for a newly launched rare disease treatment used in an inpatient procedure.

If a new technology meets the criteria to receive an NTAP, hospitals are eligible to receive an additional payment equaling the *lesser* of:

- 65% of the cost of a new technology, or
- 65% of the amount by which the total covered cost of a patient case exceeds the assigned Medicare Severity-Diagnosis Related Group (MS-DRG) payment for that case



Determining the Likelihood for Receiving an NTAP

Magnolia assessed the product to determine if it would meet basic criteria for an NTAP application:

- Is the product considered new (out on the market for not more than 2 to 3 years)?
- Does it have a high cost that exceeds the level of the MS-DRG payment amount?
- Does it substantially improve diagnosis or treatment of Medicare patients?

Magnolia reviewed precedents, used the CMS methodology to calculate if the cost of the product would meet the criteria for NTAP payment, and determined what the NTAP payment would be, if awarded.



Applying for an NTAP

Based on the results of the financial assessment, Magnolia estimated hospitals would lose ≈25% without an NTAP payment. If an NTAP were granted, it could mitigate net financial losses to hospitals by 7% to 10%, depending on the case mix of their patient population.

Magnolia submitted an NTAP application to CMS on behalf of the client, providing clinical and financial justification for approval. We presented this information to CMS clinical staff at the annual New Technology Town Hall meeting.

Magnolia further recommended the company apply for a unique ICD-10-PCS code for the technology. We developed the coding application and provided support throughout the process.



Client Outcomes

CMS granted NTAP approval for the rare disease treatment.

- **The NTAP totaled an average of \$15,000 per case**
- **The client also received a new ICD-10-PCS code** and has engaged Magnolia to develop reimbursement guides for providers to aid in proper billing and coding for the use of this product