

January 13, 2025

Inspire V Payment & Coverage Quick Take

INSP's disclosure today that physicians will likely be billing its Inspire V device procedures under CPT 64568 (\$596) during a "transition period" – rather than existing Inspire IV code CPT 64582 (\$816), as we had thought possible – has several implications, in our view.

John Leppard

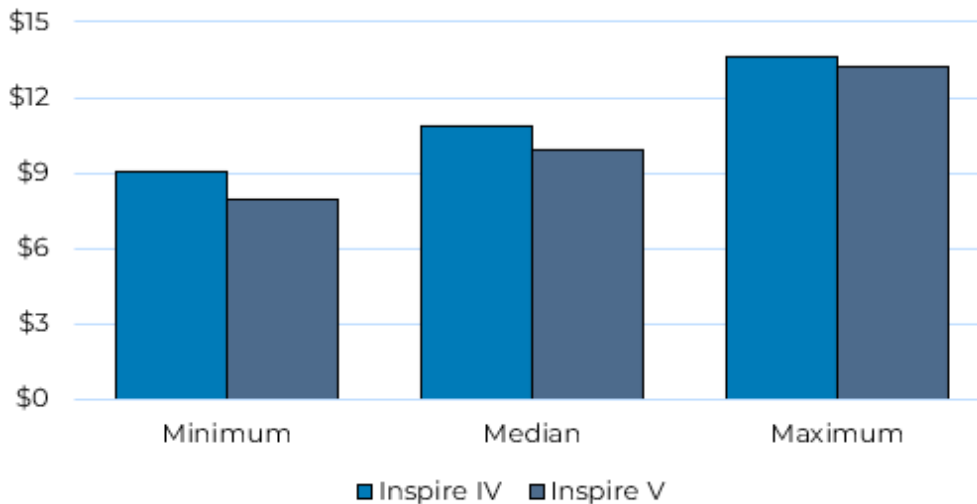
202-935-0238

john.leppard@capitolpolicypartners.com

Inspire Medical Systems Inc (INSP)

Price:	\$179.34
52-Week High:	\$257.40
52-Week Low:	\$123.00

Inspire Rate Per Minute



Source: CMS, Inspire Medical, Capitol Policy Partners

- The numerically 27% lower payment rate appears to be only partially mitigated by Inspire V's 20% shorter procedure time, with the per-minute rate still 9% lower than Inspire IV at the median.
- This would likely need to be made up for with improved case volumes per day.
- Since the \$596 code is not currently listed under Medicare coverage [policies](#), these will likely need to be updated to avoid prior authorization hurdles for physicians.
- Such an update risks eroding INSP's competitive moat if future devices (e.g., LIVN's Aura6000) target that same billing code, as we would expect.
- This coding does **not** bring any change in *facility* reimbursement, with Medicare CY25 hospital outpatient rates set at \$30,474 for *both* CPT 64568 and CPT 64582.
- With INSP also suggesting that it will seek revisions to existing code CPT 64582 to better describe the Inspire V device, as we have suspected, it is unlikely that this could be made effective prior to 2027.
- At that point, however, we would expect physician payment rates to exceed the \$596 level under CPT 64568, with our base case for an updated CPT 64582 being ~\$750, relative to today's \$816.

CODE	PHYSICIAN	HOSPITAL	DESCRIPTION
64582	\$816	\$30,474	Open implantation of hypoglossal nerve neurostimulator array, pulse generator, and distal respiratory sensor electrode or electrode array
64568	\$596	\$30,474	Open implantation of cranial nerve (e.g., vagus nerve) neurostimulator electrode array and pulse generator

Source: CMS, Capitol Policy Partners

	64582	64568	
PHYSICIAN RATES	INSPIRE IV	INSPIRE V	%Δ
Base Rate	\$816	\$594	-27%
Median Minutes	75	60	-20%
Rate Per Minute	\$10.88	\$9.89	-9%

	64582	64568	
CASE MINUTES	INSPIRE IV	INSPIRE V	%Δ
Minimum	60	45	-25%
Median	75	60	-20%
Maximum	90	75	-17%

	64582	64568	
RATE PER MINUTE	INSPIRE IV	INSPIRE V	%Δ
Minimum	\$9.06	\$7.91	-13%
Median	\$10.88	\$9.89	-9%
Maximum	\$13.60	\$13.19	-3%

Source: CMS, Inspire Medical, Capitol Policy Partners

DISCLOSURES AND DISCLAIMERS

Analyst Certification

The analyst, Capitol Policy Partners, primarily responsible for the preparation of this research report attests to the following: (1) that the views and opinions rendered in this research report reflect his or her personal views about the subject companies or issuers; and (2) that no part of the research analyst's compensation was, is, or will be directly related to the specific recommendations or views in this research report.

Analyst Certifications and Independence of Research.

Each of the Capitol Policy Partners analysts whose names appear on the front page of this report hereby certify that all the views expressed in this Report accurately reflect our personal views about any and all of the subject securities or issuers and that no part of our compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views of in this Report. Capitol Policy Partners (the "Company") is an independent equity research provider. The Company is not a member of the FINRA or the SIPC and is not a registered broker dealer or investment adviser. Capitol Policy Partners has no other regulated or unregulated business activities which conflict with its provision of independent research.

Limitation Of Research And Information.

This Report has been prepared for distribution to only qualified institutional or professional clients of Capitol Policy Partners. The contents of this Report represent the views, opinions, and analyses of its authors. The information contained herein does not constitute financial, legal, tax or any other advice. All third-party data presented herein were obtained from publicly available sources which are believed to be reliable; however, the Company makes no warranty, express or implied, concerning the accuracy or completeness of such information. In no event shall the Company be responsible or liable for the correctness of, or update to, any such material or for any damage or lost opportunities resulting from use of this data. Nothing contained in this Report or any distribution by the Company should be construed as any offer to sell, or any solicitation of an offer to buy, any security or investment. Any research or other material received should not be construed as individualized investment advice. Investment decisions should be made as part of an overall portfolio strategy and you should consult with a professional financial advisor, legal and tax advisor prior to making any investment decision. Capitol Policy Partners shall not be liable for any direct or indirect, incidental or consequential loss or damage (including loss of profits, revenue or goodwill) arising from any investment decisions based on information or research obtained from Capitol Policy Partners.

Reproduction And Distribution Strictly Prohibited.

No user of this Report may reproduce, modify, copy, distribute, sell, resell, transmit, transfer, license, assign or publish the Report itself or any information contained therein. Notwithstanding the foregoing, clients with access to working models are permitted to alter or modify the information contained therein, provided that it is solely for such client's own use. This Report is not intended to be available or distributed for any purpose that would be deemed unlawful or otherwise prohibited by any local, state, national or international laws or regulations or would otherwise subject the Company to registration or regulation of any kind within such jurisdiction.

Copyrights, Trademarks, Intellectual Property.

Capitol Policy Partners, and any logos or marks included in this Report are proprietary materials. The use of such terms and logos and marks without the express written consent of Capitol Policy Partners is strictly prohibited. The copyright in the pages or in the screens of the Report, and in the information and material therein, is proprietary material owned by Capitol Policy Partners unless otherwise indicated. The unauthorized use of any material on this Report may violate numerous statutes, regulations and laws, including, but not limited to, copyright, trademark, trade secret or patent laws.