



## Ambulatory Surgical Center Payment System: April 2023 Update

Related CR Release Date: **March 24, 2023**

MLN Matters Number: MM13143

Effective Date: April 1, 2023

Related Change Request (CR) Number: [CR 13143](#)

Implementation Date: April 3, 2023

Related CR Transmittal Number: **R11927CP**

Related CR Title: April 2023 Update of the Ambulatory Surgical Center (ASC) Payment System

**What's Changed: A revision to CR 13143 removed the HCPCS C1831- CPT 22612 code pair from Table 1 and corrected the language associated with this code pair. We made no substantive changes to the Article.**

### Affected Providers

- ASCs
- Other providers billing Medicare Administrative Contractors (MACs) for ASC services they provide to Medicare patients

### Action Needed

Make sure your billing staff knows about:

- New HCPCS codes for drugs and biologicals
- Corrected 2023 ASC code pair file
- Skin substitute product coding updates

### Background

The changes for the April 2023 ASC Payment system are:

#### 1.a. Device Offset from Payment for the Following HCPCS Codes

Section 1833(t)(6)(D)(ii) of the [Social Security Act](#) (the Act) requires CMS deduct from pass-through payments an amount reflecting the device portion of the Ambulatory Payment Classification (APC) payment amount. This is the device offset amount or the portion of the APC amount that's associated with the cost of the pass-through device. The device offset is a deduction from pass-through payments for the applicable pass-through device.

**b. Corrected January 2023 ASC Code Pair File**

Device offsets from surgical procedures begin in the ASC code pair file. In the January 2023 ASC quarterly update ([CR 13041](#)), the January 2023 ASC code pair file didn't include 3 code pairs whose offsets expired on December 31, 2022. Those code pairs may have remained active in 2023.

We're reissuing the January 2023 ASC code pair file and adding the 3 subject code pairs with 0.00% offset, effective January 1, 2023, expiring the offsets. MACs, as appropriate, will search for and reprocess impacted claims. The affected code pairs with the offsets and effective dates are in [Table 1 of CR 13143](#).

Additional information related to claims processing with device offsets is included in the [Medicare Claims Processing Manual, Chapter 14](#). Updates to the [ASC code pair file](#) are available.

**c. Device Pass-Through Category C1834 Removal**

In the October 2022 update to the ASC Payment System ([CR 12915](#)), we conditionally approved a new device for the hospital Outpatient Prospective Payment System (OPPS) pass-through status effective October 1, 2022. We established HCPCS code C1834 (Pressure sensor system, includes all components (for example, introducer, sensor), intramuscular (implantable), excludes mobile (wireless) software application), effective October 1, 2022, in the ASC payment system. After further review, we've decided that this conditional approval was an error and we're deleting the code on March 31, 2023.

We have no claims data for C1834, so there should be no reprocessing of claims for this code.

**2. Drugs, Biologicals, and Radiopharmaceuticals****a. Newly Established HCPCS Codes for Drugs and Biologicals, Effective April 1, 2023**

We're establishing 17 new drug and biological HCPCS codes on April 1, 2023. These codes, as well as their descriptors and ASC Payment Indicators (PI) are in [Table 2 of CR 13143](#).

**b. HCPCS Codes for Drugs Deleted on March 31, 2023**

We're deleting 2 HCPCS drug codes, J0610 and J0611, as of March 31, 2023. These codes are in [Table 3 of CR 13143](#).

**c. Drugs and Biologicals with Payments Based on Average Sales Price (ASP)**

For CY 2023, we continue making payment for nonpass-through drugs and biologicals at a single rate of ASP+ 6%. This provides payment for both the acquisition cost and pharmacy overhead costs associated with the drug or biological. We'll update payments for drugs and biologicals based on ASPs on a quarterly basis as later quarter ASP submissions become

available. Updated payment rates effective April 1, 2023, are in the [April 2023 update of ASC Addendum BB](#).

#### **d. Drugs and Biologicals Based on ASP Methodology with Restated Payment Rates**

Some drugs and biologicals with payment rates based on ASP methods may have their payment rates corrected retroactively. These retroactive corrections typically occur on a quarterly basis. The list of drugs and biologicals with corrected payment rates will be accessible on the first date of the quarter at [Restated Drug and Biological Payment Rates](#).

If you think you got an incorrect payment for drugs and biologicals impacted by these corrections, you may ask your MAC to adjust the previously processed claims.

### **3. Skin Substitutes**

We package the payment for skin substitute products that don't qualify for hospital OPPS pass-through status are packaged into the OPPS payment for the associated skin substitute application procedure. This policy also applies to the ASC payment system. We show the skin substitute products in 2 groups:

- High-cost skin substitute products - only use these in combination with the performance of 1 of the skin application procedures described by CPT codes 15271-15278
- Low-cost skin substitute products for packaging purposes - only use these in combination with the performance of 1 of the skin application procedures described by HCPCS code C5271-C5278

We assign new skin substitute HCPCS codes into the low-cost skin substitute group unless we have OPPS pricing data showing the cost of the product is above either the mean unit cost of \$47 or the per day cost of \$837 for CY 2023.

### **3. New Skin Substitute Products as of April 1, 2023**

There are 7 new skin substitute HCPCS codes active as of April 1, 2023. These are HCPCS codes, Q4265, Q4266, Q4267, Q4268, Q4269, Q4270, Q4271. The codes are packaged and are assigned to the low-cost skin substitute group. These new packaged codes are in [Table 4 of CR 13143](#).

Note that ASCs shouldn't separately bill for packaged skin substitutes (ASC PI=N1) since packaged codes aren't reportable under the ASC payment system.

### **4. ASC Drug Payments and the Inflation Reduction Act of 2022 (IRA)**

Effective January 1, 2023, the IRA of 2022 specifies that drug companies who raise their prices for certain Medicare Part B drugs faster than the rate of inflation must pay Medicare a rebate. We'll adjust patient coinsurance for certain Part B drugs (including biological products) with

prices that increased at a rate faster than the rate of inflation so patient coinsurance is based on the lower inflation-adjusted payment amount. This new inflation rebate applies to certain Part B single-source drugs and biological products, including biosimilar biological products. Starting April 1, 2023, when the Part B payment amount for a Part B rebatable drug for a calendar quarter is higher than the inflation-adjusted payment amount:

- Patient coinsurance is based on 20% of the inflation-adjusted payment amount for the quarter and reflected as a percentage (less than 20%) of the Part B payment amount.
- The Medicare portion of the payment is increased to the difference between the Part B payment amount and patient coinsurance, minus any Part B deductible and set-aside
- Patients must be charged the correct amount of coinsurance, which may change quarterly

More information on the IRA and its impact is in the [CY 2023 OPPS/ASC final rule](#).

Separately payable drugs in the ASC payment system use the OPPS payment rates and copayment amounts. See [OPPS Addendum B](#), which is updated quarterly.

ASC Addendum BB will include copayment and footnote language pertaining to the IRA change.

## 5. Coverage Determinations

The fact that a drug, device, procedure, or service is assigned a HCPCS code and a payment rate under the ASC payment system doesn't imply coverage by the Medicare Program. It only shows how we pay for the product, procedure, or service if covered by the program. MACs decide if a drug, device, procedure, or other service meets all program requirements for coverage. For example, MACs decide that it's reasonable and necessary to treat the patient's condition and if it's excluded from payment.

## More Information

We issued CR 13143 to your MAC as the official instruction for this change.

For more information, [find your MACs' website](#).

## Document History

Date of Change	Description
March 24, 2023	A revision to CR13143 removed the HCPCS C1831- CPT 22612 code pair from Table 1 and corrected the language associated with this code pair. We made no substantive changes to the Article.
March 16, 2023	Initial article released.

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