



Related MLN Matters Article #: SE0742 **Revised**

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### *Revised Payment System for Ambulatory Surgical Centers (ASC) in Calendar Year (CY) 2008*

**Note:** MLN Matters article SE0742 was revised on March 1, 2009, to delete Web addresses that no longer work.

#### Key Words

SE0742, Revised, Payment, Ambulatory, ASC

#### Provider Types Affected

ASCs billing Medicare carriers or Part A/B Medicare Administrative Contractors for services provided to Medicare beneficiaries

#### Key Points

- Medicare has paid for certain surgical procedures since 1982, including cataract removal, lens replacement, and colonoscopies when performed in freestanding or hospital-based ASCs.
- Currently, Medicare pays for more than 2,500 surgical procedures on the ASC approved list based on a simple fee schedule comprised of nine unadjusted prospectively determined payment rates. The rates of the nine payment groups, prior to the "limitation on payments" adjustment, range from \$333 to \$1,339.
- Provider payments include a separate adjustment for geographic wage variations.
- Medicare makes a separate payment to physicians for professional services.
- ASC payment rates were last rebased in March 1990 using cost, charge, and utilization data from a 1986 survey of ASC costs.
- With the passage of the Medicare Prescription Drug Improvement and Modernization Act of 2003, Congress required the Centers for Medicare & Medicaid Services (CMS) to revise the ASC payment system no later than January 1, 2008.
- In August of 2006, CMS issued a proposed rule encompassing proposed changes to OPPS policies and payment rates for CY 2007 and the proposed new payment methodology for ASCs.

- The OPPS and CY 2007 ASC provisions were finalized in November 2006, and the CY 2008 ASC policies related to the revised payment system were finalized in the August 2, 2007 final rule.
- On November 27, 2007, CMS issued a combined OPPS/ASC final rule that includes updates to the ASC payment rates for CY 2008. The ASC final rule outlines the policies for the revised ASC payment system to be implemented January 1, 2008. As recommended by the November 2006 Government Accountability Office report on ASC payment, CMS will implement the revised ASC payment system using OPPS relative payment weights as a guide.
- Beginning in CY 2008, the revised ASC payment system will provide a transition to the revised rates for currently covered ASC services through three years of transitional payments that are based on a blend of the payment rates from the existing system and the revised payment rates calculated according to the methodology of the revised payment system.
- The final rule greatly expands the types of procedures that are eligible for Medicare payment when performed in the ASC setting and also limits payments for procedures that are performed predominantly in physicians' offices to the amount that would be paid for the non-facility practice expense under the Medicare Physician Fee Schedule. The proposed rule includes no proposals to change these final ASC payment policies.
- MLN Matters article SE0742 discusses the provisions in the final and proposed rules as well as the new and revised billing procedures.
- Topics discussed in SE0742 are categorized below and their details may be viewed at <http://www.cms.hhs.gov/MLNMattersArticles/downloads/SE0742.pdf> on the CMS website:
  - **Provisions in the Final and Proposed Rules**
    - Expanded List of ASC Procedures.
    - Revised Payment Rates.
    - Implementation and Updates.
    - ASC Payment for Device-Intensive Procedures.
    - Payment for ASC Covered Ancillary Services.
    - Physician Payment for Non-Covered ASC Procedures.
  - **New and Revised Billing Procedures**
    - Reporting Separately Payable Ancillary Services.
    - Reporting Charges for Separately Payable Procedures and Services.
    - Billing Bilateral Procedures.
- There are hypothetical examples illustrating the revised payment policy in the tables in SE0742 that start on page 10.

## Important Links

The related MLN Matters article can be found at <http://www.cms.hhs.gov/MLNMattersArticles/downloads/SE0742.pdf> on the CMS website.

For more information regarding this and other ASC issues, CMS encourages providers to use the ASC webpage at <http://www.cms.hhs.gov/ASCPayment> on the CMS website.