

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Centers for Medicare & Medicaid Services



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Implementation Date: April 4, 2016

April 2016 Update of the Ambulatory Surgical Center (ASC) Payment System

Provider Types Affected

This MLN Matters® Article is intended for Ambulatory Surgical Centers (ASCs) submitting claims to Medicare Administrative Contractors (MACs) for services provided to Medicare beneficiaries.

Provider Action Needed

Change Request (CR) 9557 informs MACs about changes to billing instructions for various payment policies implemented in the April 2016 ASC payment system update. As appropriate, CR9557 also includes updates to the Healthcare Common Procedure Coding System (HCPCS). Make sure that your billing staffs are aware of these changes that are effective on April 1, 2016.

Background

This article notifies MACs about updates to the ASC payment system, payment rates for separately payable drugs and biologicals, including descriptors for newly created Level II HCPCS codes for drugs and biologicals (ASC DRUG files), and the CY 2016 ASC payment rates for covered surgical and ancillary services (ASCFS file).

Many ASC payment rates under the ASC payment system are established using payment rate information in the Medicare Physician Fee Schedule (MPFS). The payment files associated with CR9557 reflect the most recent changes to CY 2016 MPFS payment.

The changes effective with CR9557 are as follows:

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1. HCPCS Code C1822 and C1820

As described in the January 2016 Update of the ASC Payment System (See article [MM9484](#)), HCPCS code C1822 (Generator, neurostimulator (implantable), high frequency, with rechargeable battery and charging system) was added to the ASC list as a new pass-through device effective January 1, 2016.

- HCPCS code C1822 is based on a clinical trial that demonstrated that a high frequency spinal cord stimulator operated at 10,000 Hz and paresthesia-free provides a substantial clinical improvement in pain management versus a low-frequency spinal cord stimulator.
- No changes are being introduced to C1822, but this information is being announced as the descriptor is closely related to C1820.

In the January 2016 ASC Update (See article [MM9484](#)), the Centers for Medicare & Medicaid Services (CMS) added the words “non-high-frequency” to the descriptor of C1820. CMS is revising the descriptor for C1820 back to its original language and deleting “non-high-frequency” from the descriptor such that the descriptor again states the following: *Generator, neurostimulator (implantable), with rechargeable battery and charging system.*

- Neurostimulator generators that are not high frequency are to be reported with C1820.
- Note also that C1820, in the ASC payment system, is a packaged code.
- ASCs do not report packaged codes, but with the change in the descriptor for HCPCS code C1820, it is important to announce the differentiation between HCPCS code C1822 and C1820.

The latest short and long descriptor for HCPCS code C1820 are available at <https://www.cms.gov/Medicare/Coding/HCPCSReleaseCodeSets/HCPCS-Quarterly-Update.html> on the CMS HCPCS website.

2. Drugs, Biologicals, and Radiopharmaceuticals

a. Drugs and Biologicals with Payments Based on Average Sales Price (ASP) Effective April 1, 2016

For CY 2016, payment for non-pass-through drugs, biologicals and therapeutic radiopharmaceuticals is made at a single rate of ASP + 6 percent, which provides payment for both the acquisition cost and pharmacy overhead costs associated with the drug, biological or therapeutic radiopharmaceutical. In CY 2016, a single payment of ASP + 6 percent for pass-through drugs, biologicals and radiopharmaceuticals is made to provide payment for both the acquisition cost and pharmacy overhead costs of these pass-through items. Payments for drugs and biologicals based on ASPs will be updated on a quarterly

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basis as later quarter ASP submissions become available. Updated payment rates effective April 1, 2016, are available in the April 2016 ASC Addendum BB at [http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/ASCPayment/11 Addenda Updates.html](http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/ASCPayment/11_Addenda_Updates.html) on the CMS website.

b. New Separately Payable CY 2016 HCPCS Codes and Dosage Descriptors for Certain Drugs, Biologicals, and Radiopharmaceuticals Effective April 1, 2016

For April 2016, nine new HCPCS codes have been created for reporting drugs and biologicals in the ASC setting. Additionally, one existing code, J7503, is now separately payable. These new codes, their descriptors, and payment indicators (PI) are listed in the following table.

New CY 2016 HCPCS Codes and Dosage Descriptors for Certain Drugs, Biologicals, and Radiopharmaceuticals, Effective April 1, 2016

HCPCS Code	Short Descriptor	Long Descriptor	ASC PI
C9137	Adynovate Factor VIII recom	Injection, Factor VIII (antihemophilic factor, recombinant) PEGylated, 1 I.U.	K2
C9138	Nuwiq Factor VIII recomb	Injection, Factor VIII (antihemophilic factor, recombinant) (Nuwiq), 1 I.U.	K2
C9461	Choline C 11, diagnostic	Choline C 11, diagnostic, per study dose	K2
C9470	Aripiprazole lauroxil im	Injection, aripiprazole lauroxil, 1 mg	K2
C9471	Hymovis, 1 mg	Hyaluronan or derivative, Hymovis, for intra-articular injection, 1 mg	K2
C9472	Inj talimogene laherparepvec	Injection, talimogene laherparepvec, 1 million plaque forming units (PFU)	K2
C9473	Injection, mepolizumab	Injection, mepolizumab, 1 mg	K2
C9474	Inj, irinotecan liposome	Injection, irinotecan liposome, 1 mg	K2
C9475	Injection, necitumumab	Injection, necitumumab, 1 mg	K2
J7503	Tacrol envarsus ex rel oral	Tacrolimus, extended release, (envarsus xr), oral, 0.25 mg	K2

c. Revised Status Indicator for HCPCS Codes

Effective April 1, 2016, the PI for HCPCS code J0130 (Injection abciximab, 10 mg) will change from ASC PI= K2 (Drugs and biologicals paid separately when provided integral to a surgical procedure on ASC list; payment based on OPPS rate.) to ASC PI=N1 (Packaged service/item; no separate payment made.).

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Effective April 1, 2016, the PI for HCPCS code J0583 (Injection, bivalirudin, 1 mg) will change from ASC PI= K2 (Drugs and biologicals paid separately when provided integral to a surgical procedure on ASC list; payment based on OPPS rate.) to ASC PI=N1 (Packaged service/item; no separate payment made.).

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

Some drugs and biologicals based on ASP methodology may have payment rates that are corrected retroactively. These retroactive corrections typically occur on a quarterly basis. The list of drugs and biologicals with corrected payments rates will be accessible on the first date of the quarter at <http://cms.gov/Medicare/Medicare-Fee-for-Service-Payment/ASCPayment/index.html> on the CMS website.

Suppliers who think they may have received an incorrect payment for drugs and biologicals impacted by these corrections may ask their MAC to adjust such previously processed claims.

3. 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 does not imply coverage by the Medicare program, but indicates only how the product, procedure, or service may be paid if covered by the program. MACs determine whether a drug, device, procedure, or other service meets all program requirements for coverage. For example, MACs determine that it is reasonable and necessary to treat the beneficiary's condition and whether it is excluded from payment.

Additional Information

The official instruction, CR9557, issued to your MAC regarding this change, is available at <https://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/Downloads/R3478CP.pdf> on the CMS website.

If you have any questions, please contact your MAC at their toll-free number. That number is available at <http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/index.html> on the CMS website under - How Does It Work.

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