



**News Flash** – Did you know that your local Medicare contractor (carrier, fiscal intermediary, or Medicare Administrative Contractor (MAC)) is a valuable source of news and information regarding Medicare business in your specific practice location? Through their electronic mailing lists, your local contractor can quickly provide you with information pertinent to your geographic area, such as local coverage determinations, local provider education activities, etc. If you have not done so already, you should go to your local contractor website and sign up for their listserv or e-mailing list. Many contractors have links on their home page to take you to their registration page to subscribe to their listserv. If you do not see a link on the homepage, just search their site for “listserv” or “e-mail list” to find the registration page. If you do not know the Web address of your contractor’s homepage, it is available at <http://www.cms.hhs.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip> on the CMS website.

MLN Matters® Number: MM6496 **Revised**

Related Change Request (CR) #: 6496

Related CR Release Date: June 19, 2009

Effective Date: July 1, 2009

Related CR Transmittal #: R1759CP

Implementation Date: July 6, 2009

## July 2009 Update to the Ambulatory Surgical Center (ASC) Payment System; Summary of Payment Policy Changes

**Note:** See the MLN Matters® article MM6630 at <http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM6630.pdf> for an update on a correction regarding liability for intraocular lenses in the ASC Payment Indicator File.

### Provider Types Affected

Providers (ASCs) who submit claims to Medicare Administrative Contractors (MACs) and carriers, for services provided to Medicare beneficiaries paid under the ASC payment system.

### Provider Action Needed

This article is based on Change Request (CR) 6496 which describes changes to, and billing instructions for, payment policies implemented in the July 2009 ASC update. This update provides updated payment rates for selected separately payable drugs and biologicals and provides rates and descriptors for newly

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created Level II Healthcare Common Procedure Coding System (HCPCS) codes for drugs and biologicals. Be sure your billing staff is aware of these changes.

## Background

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Final policy under the revised ASC payment system, as set forth in the final rule CMS-1517-F, requires that ASC payment rates for covered separately payable drugs and biologicals be consistent with the payment rates under the Medicare hospital outpatient prospective payment system (OPPS). Those rates are updated quarterly. Therefore, beginning with the update notification (Transmittal R1488CP, CR5994) issued April 9, 2008, the Centers for Medicare & Medicaid Services (CMS) has issued quarterly updates to ASC payment rates for separately paid drugs and biologicals. CMS also updates the lists of covered surgical procedures and covered ancillary services to include newly created HCPCS codes, as appropriate. CR 6496 provides the new HCPCS codes for 12 separately payable drugs and biologicals, and two new Category III *Current Procedural Terminology* (CPT) codes for surgical procedures that will be added to the ASC list of covered surgical procedures effective July 1, 2009.

In CR 6496, CMS issued instructions to their contractors to modify their systems to include new payment rates for all separately payable drugs and biologicals and to update the payment indicators for payable and non-payable ASC services.

## Key Points

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CMS reminds ASCs that under the ASC payment system if two or more drugs or biologicals are mixed together to facilitate administration, the correct HCPCS codes should be reported separately for each product used in the care of the patient. The mixing together of two or more products does not constitute a "new" drug as regulated by the Food and Drug Administration (FDA) under the New Drug Application (NDA) process. In these situations, ASCs are reminded that it is not appropriate to bill HCPCS code C9399. HCPCS code C9399, Unclassified drug or biological, is for new drugs and biologicals that are approved by the FDA on or after January 1, 2004, for which a HCPCS code has not been assigned.

CMS also reminds ASCs that updated drug payment rates effective July 1, 2009 are included in the July 1, 2009 updated ASC Addendum BB that will be posted on the CMS website at the end of June.

Eleven new HCPCS drug codes have been created that are separately payable for dates of service on or after July 1, 2009. The new HCPCS codes, the long descriptors, and payment indicators (PIs) are identified in the following table:

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**New Drugs and Biologicals Separately Payable under the ASC Payment System Effective July 1, 2009.**

HCPCS	Long Descriptor	PI
C9250	Human plasma fibrin sealant, vapor-heated, solvent-detergent (Artiss), 2ml	K2
C9251	Injection, C1 esterase inhibitor (human), 10 units	K2
C9252	Injection, plerixafor, 1 mg	K2
C9253	Injection, temozolomide, 1 mg	K2
C9360	Dermal substitute, native, non-denatured collagen, neonatal bovine origin (SurgiMend Collagen Matrix), per 0.5 square centimeters	K2
C9361	Collagen matrix nerve wrap (NeuroMend Collagen Nerve Wrap), per 0.5 centimeter length	K2
C9362	Porous purified collagen matrix bone void filler (Integra Mozaik Osteoconductive Scaffold Strip), per 0.5 cc	K2
C9363	Skin substitute, Integra Meshed Bilayer Wound Matrix, per square centimeter	K2
C9364	Porcine implant, Permacol, per square centimeter	K2
Q2023	Injection, factor viii (antihemophilic factor, recombinant) (Xyntha), per i.u.	K2
Q4116	Skin substitute, Alloderm, per square centimeter	K2

The payment rates for several HCPCS codes were incorrect in the January 2009 ASC DRUG file that CMS supplied to its contractors. Suppliers who think they may have received an incorrect payment between January 1, 2009 and March 31, 2009 may voluntarily submit claims to their contractors for reprocessing after July 6, 2009. The corrected payment rates are shown in the following table:

**Updated Payment Rates for Certain HCPCS Codes Effective January 1, 2009 through March 31, 2009**

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HCPCS Code	Short Descriptor	Payment Indicator	Corrected Payment Rate
J1441	Filgrastim 480 mcg injection	K2	\$304.27
J1740	Ibandronate sodium injection	K2	\$136.35
J2505	Injection, pegfilgrastim 6mg	K2	\$2,135.12
J7513	Daclizumab, parenteral	K2	\$341.09

CMS has determined that two new Category III CPT codes are appropriate for payment in ASCs, effective July 1, 2008. Payment rates for these services can be found in the July 2009 updated ASC Addendum AA that will be posted on the CMS website at the end of June. The new Category III codes, their descriptors and their ASC payment indicators are as follows:

#### Category III CPT Codes Implemented as ASC Covered Surgical Procedures as of July 1, 2009

HCPCS	Long Descriptor	PI
0200T	Percutaneous sacral augmentation (sacroplasty), unilateral injection(s), including the use of a balloon or mechanical device (if utilized), one or more needles	G2
0201T	Percutaneous sacral augmentation (sacroplasty), bilateral injections, including the use of a balloon or mechanical device (if utilized), two or more needles	G2

CR6496 also provides reminders about the correct reporting of drugs and biologicals when used as implantable devices and the correct reporting of units for drugs.

### Additional Information

If you have questions, please contact your Medicare MAC or Carrier at their toll-free number which may be found at

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<http://www.cms.hhs.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip>  
on the CMS website.

The official instruction (CR6496) issued to your Medicare MAC and/or Carrier is available at <http://www.cms.hhs.gov/Transmittals/downloads/R1759CP.pdf> on the CMS website.

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