

MLN Matters Number: MM3420

Related Change Request (CR) #: 3420

Related CR Release Date: August 27, 2004

Effective Date: October 1, 2004

Related CR Transmittal #: R290CP

Implementation Date: October 4, 2004

## October 2004 Update of the Hospital Outpatient Prospective Payment System (OPPS)

Note: This article was updated on April 6 2013, to reflect current Web addresses. All other information remains unchanged.

### Provider Types Affected

Hospitals and other providers paid under the OPPS

### Provider Action Needed

This instruction provides changes to the OPPS for the October 2004 quarterly update. Unless otherwise noted, all changes in this article are effective for services furnished on or after October 1, 2004.

### Background

This article describes changes to the Hospital Outpatient Prospective Payment System (OPPS) to be implemented in the October 2004 update. The October 2004 Outpatient Code Editor (OCE) and OPPS PRICER will reflect the Healthcare Common Procedure Coding System (HCPCS) codes and Ambulatory Payment Classification (APC) additions, changes, and deletions, identified in this article.

Details regarding OPPS changes for the October 2004 quarterly update, including Attachment A, Summary of Data Modifications, OCE/APC v5.3, effective October 1, 2004, are contained in the official instruction issued to your intermediary. That instruction may be viewed by going to <http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/downloads/R290CP.pdf> on the CMS website.

A summary of the key changes as a result of CR3420 follows:

#### Disclaimer

This article was prepared as a service to the public and is not intended to grant rights or impose obligations. This article may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations and other interpretive materials for a full and accurate statement of their contents.

### 1. New Service

The following new service is assigned for payment under the OPPS OCE, effective October 1, 2004.

Table 1. Payment for New Service

| HCPCS | Effective Date | SI | APC  | Short Descriptor        | Long Descriptor  | Payment Rate | Minimum Unadjusted Copayment |
|-------|----------------|----|------|-------------------------|--|--------------|------------------------------|
| C9717 | 10/01/04       | T  | 0150 | Stapled Hemorrhoidopexy | Hemorrhoidopexy, Complex or Extensive, by a Circular Stapler | \$1,210.81   | \$242.16                     |

### 2. Payment for Drugs and Biologicals Recently Approved by the FDA

Transmittal 188 (CR 3287) explains how hospitals may report new drugs and biologicals after Food and Drug Administration (FDA) approval but before assignment of product-specific HCPCS codes. Beginning in 2004, the Medicare Prescription Drug, Improvement and Modernization Act (MMA) requires that payment for new drugs and biologicals after FDA approval but before assignment of product-specific HCPCS codes be equal to 95 percent of AWP.

- For services furnished on or after the designated effective date in Table 2, through September 30, 2004, but prior to the effective date of pass-through status and assignment of a product-specific HCPCS code, payment for the drugs and biologicals in Table 2 will be made at 95 percent of AWP.
- For services furnished on or after the designated effective date in Table 2, through September 30, 2004, beneficiary copayment will equal 20 percent of the designated payment rate.
- Effective October 1, 2004, the drugs and biologicals in Table 2 are approved for payment as pass-through drugs and biologicals (see section 3, below).
- Hospitals that used a code other than C9399 to bill for drugs and biologicals listed in Table 2 that were furnished prior to installation of the July 2004 release may submit adjustment bills.
- The "Effective Date of Payment Rate" listed in Table 2 reflects the date the drug or biological received FDA approval. Claims that are submitted using these HCPCS codes with dates of service prior to the specified "Effective Date of Payment Rate" found in Table 2 will receive OCE edit 67, "Service provided prior to FDA approval." OCE edits are addressed in the October 2004 OCE Specifications Recurring Update Notification, CR3395.

#### Disclaimer

This article was prepared as a service to the public and is not intended to grant rights or impose obligations. This article may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations and other interpretive materials for a full and accurate statement of their contents.

Note: The MLN Matters article for CR3395 may found at <http://www.cms.gov/outreach-and-education/medicare-learning-network-mln/mlnmattersarticles/downloads/MM3395.pdf> on the CMS website.

Table 2. Payment for Drugs and Biologicals Recently Approved by the FDA

| HCP CS | SI | APC  | Short Descriptor        | Long Descriptor                     | Payment Rate | Minimum Unadjusted Copayment | Effective Date of Payment Rate |
|--------|----|------|-------------------------|-------------------------------------|--------------|------------------------------|--------------------------------|
| C9218  | K  | 9218 | Injection, Azacitidine  | Injection, Azacitidine, per 1 mg    | \$4.52       | \$0.90                       | 05/19/04                       |
| C9219  | K  | 9219 | Mycophenolic Acid, Oral | Mycophenolic Acid, Oral, per 180 mg | \$2.67       | \$0.53                       | 02/27/04                       |

### ***3. Drugs and Biologicals Newly Approved for Pass-Through Payment***

- The drugs and biologicals listed in Table 3 have been designated as eligible for pass-through payment under the OPPS, effective October 1, 2004. The effective date of pass-through status for C9218 and C9219 coincides with the date of assignment of product-specific HCPCS codes for each of these drugs.
- Payment for the drugs and biologicals listed in Table 3 equals 95 percent of AWP. Effective October 1, 2004, beneficiary copayment for C9218 and C9219 is recalculated consistent with coinsurance rules that apply to drugs and biologicals with pass-through status.
- “Injection, Azacitidine, per 1 mg” and “Mycophenolic Acid, Oral, per 180 mg” were originally approved by the FDA effective 05/19/04 and 02/27/04, respectively (see Table 2). These drugs both received product-specific HCPCS codes and were assigned pass-through status effective 10/01/04. Therefore, for claims with dates of service from the effective date of FDA approval to September 30, 2004, these drugs may be appropriately billed using C9399. Effective October 1, 2004, these drugs are no longer billable using C9399 and must be billed using the appropriate HCPCS identified in this article.

#### **Disclaimer**

This article was prepared as a service to the public and is not intended to grant rights or impose obligations. This article may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations and other interpretive materials for a full and accurate statement of their contents.

Table 3. Drugs and Biologicals Newly Approved for Pass-Through Payment

| HCPCS | SI | APC  | Short Descriptor        | Long Descriptor                     | Payment Rate | Minimum Unadjusted Copayment | Effective Date of Pass-Through Status |
|-------|----|------|-------------------------|-------------------------------------|--------------|------------------------------|---------------------------------------|
| C9218 | G  | 9218 | Injection, Azacitidine  | Injection, Azacitidine, per 1 mg    | \$4.52       | \$0.68                       | 10/01/04                              |
| C9219 | G  | 9219 | Mycophenolic Acid, Oral | Mycophenolic Acid, Oral, per 180 mg | \$2.67       | \$0.40                       | 10/01/04                              |

#### ***4. Misclassified Drugs and Biologicals: Billing and Payment for “Ganciclovir Long Act Implant,” “Bcg Live Intravesical Vac,” and “Gallium ga 67”***

In the January 6, 2004 interim final rule, the Centers for Medicare & Medicaid Services (CMS) inadvertently misclassified “Ganciclovir Long Act Implant,” “Bcg Live Intravesical Vac,” and “Gallium ga 67” as multiple-source products and, therefore, incorrectly established new HCPCS for brand name forms of these drugs.

These three drugs should not have been listed as multiple source drugs in CR3144, “April 2004 Changes to the Hospital Outpatient Prospective Payment System (OPPS): Payment for Drugs, Biologicals, and Radiopharmaceuticals, Generic Versus Brand Name,” in which CMS addresses coding and payment for innovator multiple-source (brand name) drugs and non-innovator multiple-source (generic) drugs, and in which CMS implements HCPCS codes and payment amounts for brand name drugs that CMS was not able to previously implement in the January 1, 2004 update.

CMS is modifying the OCE and PRICER to reflect the reclassification of “Ganciclovir Long Act Implant,” “Bcg Live Intravesical Vac,” and “Gallium ga 67” as sole source products, effective January 1, 2004. As mandated by the MMA, the payment amounts for these products are between 88 and 95 percent of their May 1, 2003 AWP.

For claims that are submitted on or after implementation of the October 2004 update, for services furnished on or after January 1, 2004, hospitals should use the sole source codes identified in Table 4, below, for reporting “Ganciclovir Long Act Implant,” “Bcg Live Intravesical Vac,” and “Gallium ga 67.”

HCPCS C9416 and C9434, representing “Bcg Live Intravesical, brand,” and “Gallium ga 67, brand,” are deleted from the OPPS OCE effective January 1, 2004. Because of release deadlines, CMS was unable to delete HCPCS C9412, representing “Ganciclovir Implant, brand,” in the October update of the OCE.

#### **Disclaimer**

This article was prepared as a service to the public and is not intended to grant rights or impose obligations. This article may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations and other interpretive materials for a full and accurate statement of their contents.

Because PRICER was appropriately updated, however, hospitals should use the sole source code identified in Table 4, below, for reporting "Ganciclovir Long Act Implant." C9412 will be appropriately deleted in the January 1, 2005 OPPS update.

Separate instruction will be issued to address billing and payment for claims for "Ganciclovir Long Act Implant," "Bcg Live Intravesical Vac," and "Gallium ga 67" that were processed prior to implementation of the October 2004 update.

Table 4. Reclassified Drugs and Biologicals

| HCPCS | SI | APC  | Short Descriptor             | Long Descriptor  | Payment Rate | Minimum Unadjusted Copayment | Effective Date |
|-------|----|------|------------------------------|--|--------------|------------------------------|----------------|
| J7310 | K  | 0913 | Ganciclovir Long Act Implant | Ganciclovir, 4.5 mg, Long-Acting Implant                                       | \$4,400.00   | \$880.00                     | 01/01/04       |
| J9031 | K  | 0809 | Bcg live intravesical vac    | BCG (Intravesical) per Instillation  | \$148.33     | \$29.67                      | 01/01/04       |
| Q3002 | K  | 1619 | Gallium ga 67                | Supply of Radiopharmaceutical diagnostic Imaging Agent, Gallium GA 67, per mCi | \$28.73      | \$5.75                       | 01/01/04       |

### ***5. Billing for "FDG, per Dose (4-40 mCi/ml)," C9408 and APC 9408***

In the October 2004 update of the OPPS OCE, CMS inadvertently deleted HCPCS code C9408 and its associated APC, 9408, effective January 1, 2004.

For claims with dates of service on or after January 1, 2004, that are submitted after implementation of the October 2004 update, hospitals should bill for "FDG, per Dose (4-40 mCi/ml)" using HCPCS code C1775.

For claims submitted prior to implementation of the October 2004 update, hospitals may still use C9408 to bill for the brand name form of "FDG, per Dose (4-40 mCi/ml)."

### ***6. October 2004 OCE Modifications***

Attachment A of CR3420 is the OPPS OCE Summary of Data Modifications, effective October 1, 2004. This document summarizes all of the modifications made to APCs, HCPCS and CPT procedure codes, APC assignments, status indicators, modifiers, revenue codes, and edits to update the OPPS OCE for the October 1, 2004 quarterly release. CR3420 may be found at <http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/downloads/R290CP.pdf> on the CMS website.

#### **Disclaimer**

This article was prepared as a service to the public and is not intended to grant rights or impose obligations. This article may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations and other interpretive materials for a full and accurate statement of their contents.

## Additional Information

---

If you have any questions, please contact your intermediary at their toll-free number, which may be found at <http://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/provider-compliance-interactive-map/index.html> on the CMS website.

### Disclaimer

This article was prepared as a service to the public and is not intended to grant rights or impose obligations. This article may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations and other interpretive materials for a full and accurate statement of their contents.