



AMBULATORY SURGICAL CENTER PAYMENT SYSTEM

Target Audience: Medicare Fee-For-Services Providers

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Learn about these Ambulatory Surgical Center (ASC) Payment System topics:

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- Ambulatory Surgical Center Quality Reporting (ASCQR) Program
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ASC Definition

An ASC is a distinct entity that operates exclusively to furnish outpatient surgical services to patients who need no hospitalization and for whom the expected duration of services is less than 24 hours following admission. Medicare ASC patients should not need active medical monitoring at midnight on the day of the procedure.

To be a recognized ASC, you must meet certification requirements and enter into an agreement with the Centers for Medicare & Medicaid Services (CMS) according to [42 CFR 416 Subpart B](#) (General Conditions and Requirements) to receive Medicare payment. An ASC can be:

- Independent (not part of a provider of services or any other facility)
- Operated by a hospital (under the common ownership, licensure, or control of a hospital), and meets all the following conditions:
 - Be a separately identifiable entity, separately certified and enrolled in Medicare with a supplier approval and agreement distinct from the hospital's Medicare provider agreement
 - Be physically, administratively, and financially independent and distinct from other hospital operations
 - Treat ASC costs as a non-reimbursable cost center on the hospital's cost report

- Agree to the same assignment, coverage, and payment rules applied to independent ASCs
- Be surveyed, approved, and in compliance with the ASC conditions for coverage in 42 CFR 416.25-54

A hospital-operated ASC is not the same as a provider-based outpatient surgery hospital department. A provider-based outpatient hospital department, including an outpatient surgery department:

- May be on or off-campus
- Is an integral part of the hospital, subject to hospital conditions of participation
- Is not separately Medicare-enrolled or Medicare-certified, or subject to ASC coverage conditions

ASC Payment

CMS implemented a revised ASC Payment System using the Outpatient Prospective Payment System (OPPS) relative payment weights as a guide for services furnished after January 1, 2008. The Federal Register published the revised ASC Payment System policies in the [ASC Calendar Year \(CY\) 2008 Final Rule](#).

The ASC Payment System expanded the eligible types of procedures in the ASC setting and excluded procedures that pose a significant patient safety risk or require active medical monitoring at midnight on the day of the procedure. The rule provided a 4-year transition to revise the ASC payment rates.

Beginning with the [CY 2008 OPPS/ASC Final Rule](#), the annually updated OPPS/ASC Final Rule with Comment Period provides the ASC payment rates and lists the surgical procedures and services that qualify for separate payment.

ASCs receive a single Medicare payment for covered surgical procedures, including ASC facility services furnished with the covered procedure. Examples of covered ASC facility services are:

- Nursing services, technical personnel furnished services and other related services
- Drugs and biologicals for which Medicare makes no OPPS separate payment; surgical dressings; supplies; splints; casts; appliances; and equipment
- Administrative, recordkeeping, and housekeeping items and services
- Blood, blood plasma, and platelets, except when the blood deductible applies
- Materials for anesthesia
- Intraocular lenses
- Implantable devices, except devices with OPPS pass-through status
- OPPS-packaged radiology services

Medicare pays ASCs separately for covered ancillary services integral to a covered surgical procedure, such as certain services furnished immediately before, during, or immediately after the procedure. Covered ancillary services include:

- Certain drugs and biologicals
- Radiology services integral to the surgical procedure

- Brachytherapy sources
- Implantable pass-through status devices
- Corneal tissue acquisition

Appropriately certified providers or suppliers may furnish and bill certain ASC services. The following table provides payment and billing examples.

Examples of Covered Surgical Procedures or Ancillary Items and Services Not Included in ASC Payments

Items or Services Not Included	Who Receives Payment	Where to Submit Bills
Physicians' Services	Physician	Medicare Administrative Contractor (MAC)
Non-Implantable Durable Medical Equipment (DME) Purchase or Rental for Home Use	DME supplier A DME supplier must have a National Supplier Clearinghouse (NSC) DME supplier number and a separate National Provider Identifier (NPI) An ASC may not simultaneously be an ASC and DME supplier	Durable Medical Equipment Medicare Administrative Contractor (DME MAC)
Non-Implantable Prosthetic Devices	DME supplier A DME supplier must have an NSC DME supplier number and a separate NPI An ASC may not simultaneously be an ASC and a DME supplier	DME MAC
Ambulance Services	Certified ambulance supplier	MAC
Leg, Arm, Back, and Neck Braces	DME supplier	DME MAC
Artificial Legs, Arms, and Eyes	DME supplier	DME MAC
Independent Laboratory Services	Certified laboratory (ASCs can receive laboratory certification and a Clinical Laboratory Improvement Amendments number)	MAC
Surgical Procedures Excluded From the ASC List (listed in the OPPI/ASC Final Rule with Comment Period Addendum EE)	Not covered by Medicare	Patient is liable

The ASC patient coinsurance is 20 percent of the Medicare ASC payment after meeting the yearly Part B deductible. The Affordable Care Act waives the coinsurance and deductible for certain Medicare-paid grade A or B preventive services recommended by the U.S. Preventive Services Task Force.

Payment Rates

CMS sets annual ASC Payment System updates using relative payment weights equal to OPPS relative payment weights for the same services and then scales the ASC weights to maintain budget neutrality from year to year. CMS scales ASC relative payment weights to eliminate any difference in the total payment weight between the current and upcoming CY by:

- Holding ASC use and mix of services constant from the most recent full year claims data available
- Comparing the covered ASC surgical procedures and separately payable ancillary services total payment weight using the current CY's ASC relative payment weights to the total payment weight using the applicable upcoming CY OPPS relative payment weights

The ratio of the current CY to the upcoming CY total payment weight is the **weight scalar**. It is applied to the upcoming CY relative payment weights to maintain budget neutrality.

CMS annually adjusts the ASC **conversion factor** (CF) for budget neutrality by removing the effects of changes in wage index values for the upcoming year compared to the current year, and makes a productivity adjustment. The productivity adjustment reduces the ASC Payment System annual update factor.

In the past, absent another update factor, CMS updated the ASC CF using the Consumer Price Index for All Urban (CPI-U) Consumers. However, beginning CY 2019 through 2023, CMS is updating the ASC payment system using the hospital market basket update.

ASCs receive the lesser of the actual charge or the ASC payment rate for each procedure or service. CMS sets the standard ASC covered surgical procedures payment rate using the ASC CF and the ASC relative payment weight product for each separately payable procedure or service.

CMS establishes alternate payment methods for office-based procedures, device-intensive procedures, covered ancillary radiology services, and drugs and biologicals. CMS makes a geographic payment adjustment to covered surgical procedures and certain covered ancillary services using the pre-floor and pre-reclassified hospital wage index values, with a labor-related factor of 50 percent. CMS makes an additional adjustment when the ASC furnishes multiple surgical procedures in the same encounter or when ASC personnel discontinue procedures prior to their initiation or the administration of anesthesia.

The following table provides information on alternate methods to establish payment rates for some surgical procedures and ancillary services.

Establishing Alternate Methods Payment Rates for Some Surgical Procedures and Ancillary Services

Surgical Procedure/Ancillary Service	Payment Method
Office-Based Procedures in Physicians' Offices at Least 50 Percent of the Time that CMS Classifies "Office-Based"	Paid at the lower of the ASC rate or the non-facility practice expense (PE) relative value unit (RVU) amount of the Medicare Physician Fee Schedule (PFS) for the relevant year.
Device-Intensive Procedures (ASC-Covered Surgical Procedures When the Estimated Device Offset Percentage Is Greater Than 30 Percent of the HCPCS Code's Mean Cost)	Paid with the device-related portion of the procedure (Medicare pays an ASC and OPSS the same amount) and a service portion (calculated according to the standard rate setting method).
Separately Payable Covered Ancillary Radiology Services Facility Costs	Paid at the lower of the ASC rate or the technical component or non-facility PE RVU amount of the Medicare PFS for the same year (whichever applies).
Separately Payable OPSS Drugs and Biologicals	Paid at the same amount as OPSS.
Brachytherapy Sources	Paid at the same amount as OPSS rates if a prospective OPSS rate is available. Otherwise, Medicare pays at contractor-priced rates. There is no payment adjustment for geographic wage differences.

ASCs should submit claims on the CMS-1500 claim form.

ASC Payment System Updates

Refer to the [CY 2019 Hospital Outpatient Prospective Payment and Ambulatory Surgical Center Payment Systems and Quality Reporting Programs](#) for more information about ASC Payment System updates.

ASCQR Program

ASCs must meet all ASCQR Program requirements to receive the full ASC annual program payment update. Requirements include submitting complete data on individual quality measures using appropriate Quality Data Codes on Medicare claims. Visit the [ASC Quality Reporting](#) or the [ASCQR Program Support Contractor](#) webpages for more information about ASCQR Program requirements.

Resources

ASC Payment System Resources

For More Information About...	Resource
ASC Center	CMS.gov/Center/Provider-Type/Ambulatory-Surgical-Centers-ASC-Center.html
ASC Payment Rates	CMS.gov/Medicare/Medicare-Fee-for-Service-Payment/ASCPayment/11_Addenda_Updates.html
ASC Payment System	CMS.gov/Medicare/Medicare-Fee-for-Service-Payment/ASCPayment CMS.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/clm104c14.pdf
Guidance for Surveyors: Ambulatory Surgical Centers	CMS.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/som107ap_I_ambulatory.pdf
Medicare Learning Network® (MLN) Products	CMS.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/Downloads/MLNCatalog.pdf

Hyperlink Table

Embedded Hyperlink	Complete URL
42 CFR 416 Subpart B	https://www.ecfr.gov/cgi-bin/text-idx?SID=5c153934c52d43aa28fb1e2a66e4749d&mc=true&node=pt42.3.416&rgn=div5%20-%20sp42.3.416.b#se42.3.416_125
ASC Calendar Year (CY) 2008 Final Rule	https://www.federalregister.gov/d/07-3490
ASC Quality Reporting	https://www.cms.gov/Medicare/Quality-Initiatives-Patient-Assessment-Instruments/ASC-Quality-Reporting
ASCQR Program Support Contractor	https://www.qualitynet.org/dcs/ContentServer?c=Page&pagename=QnetPublic%2FPage%2FQnetTier2&cid=1228772497737
CY 2008 OPPS/ASC Final Rule	https://www.federalregister.gov/d/07-5507
CY 2019 Hospital Outpatient Prospective Payment and Ambulatory Surgical Center Payment Systems and Quality Reporting Programs	https://s3.amazonaws.com/public-inspection.federalregister.gov/2018-24243.pdf

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