

<b>CMS Manual System</b>	<b>Department of Health &amp; Human Services (DHHS)</b>
<b>Pub 100-04 Medicare Claims Processing</b>	<b>Centers for Medicare &amp; Medicaid Services (CMS)</b>
<b>Transmittal 3792</b>	<b>Date: June 9, 2017</b>
	<b>Change Request 10138</b>

**Transmittal 3788, dated June 2, 2017, is being rescinded and replaced by Transmittal 3792, dated, June 9, 2017 to correct an error to the ASC Payment Indicator for C9747 in the attachment Table 2, and correct the ASCFS filename in Business Requirement 10138.1. All other information remains the same.**

**SUBJECT: July 2017 Update of the Ambulatory Surgical Center (ASC) Payment System**

**I. SUMMARY OF CHANGES:** This Recurring Update Notification describes changes to and billing instructions for various payment policies implemented in the July 2017 ASC payment system update. This Recurring Update Notification applies to chapter 14, section 10. As appropriate, this notification also includes updates to the Healthcare Common Procedure Coding System (HCPCS).

**EFFECTIVE DATE: July 1, 2017**

*\*Unless otherwise specified, the effective date is the date of service.*

**IMPLEMENTATION DATE: July 3, 2017**

*Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.*

**II. CHANGES IN MANUAL INSTRUCTIONS:** (N/A if manual is not updated)

R=REVISED, N=NEW, D=DELETED-Only One Per Row.

<b>R/N/D</b>	<b>CHAPTER / SECTION / SUBSECTION / TITLE</b>
N/A	N/A

**III. FUNDING:**

**For Medicare Administrative Contractors (MACs):**

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

**IV. ATTACHMENTS:**

**Recurring Update Notification**

# Attachment - Recurring Update Notification

Pub. 100-04	Transmittal: 3792	Date: June 9, 2017	Change Request: 10138
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**EFFECTIVE DATE: July 1, 2017**

*\*Unless otherwise specified, the effective date is the date of service.*

**IMPLEMENTATION DATE: July 3, 2017**

## **I. GENERAL INFORMATION**

**A. Background:** This Recurring Update Notification describes changes to and billing instructions for various payment policies implemented in the July 2017 ASC payment system update. This Recurring Update Notification applies to chapter 14, section 10. As appropriate, this notification also includes updates to the Healthcare Common Procedure Coding System (HCPCS).

Included in this notification are updates to payment rates for separately payable drugs and biologicals, including descriptors for newly created Level II HCPCS codes for drugs and biologicals (ASC DRUG files). CY 2017 ASC payment rates for covered surgical and ancillary services (ASCFS file) are included in this release.

### **B. Policy: 1. Category III CPT Code Effective July 1, 2017**

The American Medical Association (AMA) releases Category III Current Procedural Terminology (CPT) codes twice per year: in January, for implementation beginning the following July, and in July, for implementation beginning the following January.

For the July 2017 update, CMS is implementing one (1) Category III CPT code that the AMA released in January 2017 for implementation on July 1, 2017. The ASC payment rate and ASC payment indicator (ASC PI) for this code is listed in Table 1 (see Attachment A: Policy Section Tables).

### **2. New Separately Payable Procedure Codes**

Effective July 1, 2017, three new HCPCS codes, C9745, C9746, and C9747 have been created. These codes, along with their descriptors and ASC PI, are listed in Table 2 (see Attachment A: Policy Section Tables).

### **3. Drugs, Biologicals, and Radiopharmaceuticals**

#### **a. ASC Drugs and Biologicals with OPPS Pass-Through Status Effective July 1, 2017**

For CY 2017, two new HCPCS codes, with OPPS Pass-Through Status, have been created for reporting drugs and biologicals in the ASC payment system, where there have not previously been specific codes available. These new codes are listed in Table 3 (see Attachment A: Policy Section Tables).

#### **b. Drugs and Biologicals with Payments Based on Average Sales Price (ASP) Effective July 1, 2017**

For CY 2017, payment for non pass-through drugs, biologicals and therapeutic radiopharmaceuticals continues to be 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 addition, in CY 2017, a single payment of ASP + 6 percent continues to be made 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 basis as later quarter ASP submissions become available. Updated payment rates effective July 1, 2017, and drug price restatements can be found in the July 2017 ASC Addendum BB on the CMS Web site 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) .

### **c. 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 CMS Web site on the first date of the quarter at <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/ASCPayment/ASC-Restated-Payment-Rates.html>.

Suppliers who think they may have received an incorrect payment for drugs and biologicals impacted by these corrections may request contractor adjustment of the previously processed claims.

### **d. New Drug HCPCS Codes Effective July 1, 2017**

Effective July 1, 2017, one new HCPCS code has been created for reporting drugs and biologicals in the ASC payment system, where there have not previously been specific codes available. This new code is listed in Table 4 (see Attachment A: Policy Section Tables).

### **e. Change to ASC Payment Indicator for CPT Code 90682**

The influenza vaccine associated with CPT code 90682 (Influenza virus vaccine, quadrivalent (riv4), derived from recombinant dna, hemagglutinin (ha) protein only, preservative and antibiotic free, for intramuscular use) is approved for use in the 2017-2018 flu season (see Transmittal 3754, Change Request 9876 issued April 21, 2017). CPT code 90682 was added to the January 2017 ASCFS with an effective date of January 1, 2017 and assigned an ASC PI of "L1" (Influenza vaccine; pneumococcal vaccine. Packaged item/service; no separate payment made). Because this code is not a payable code until the start of the 2017 flu season, the payment indicator will be retroactively corrected from ASC PI=L1 to ASC PI=Y5 (Nonsurgical procedure/item not valid for Medicare purposes because of coverage, regulation and/or statute; no payment made) effective January 1, 2017 through June 30, 2017. Effective July 1, 2017, CPT code 90682 is assigned SI=L1. ASCs are reminded that ordinarily packaged codes are not billed in the ASC payment system. This change is described in Table 5 (see Attachment A: Policy Section Tables).

### **f. Revised ASC Payment Indicator for HCPCS Code J1725**

For the July 2017 update, the HCPCS Workgroup inactivated HCPCS code J1725 for Medicare reporting and replaced it with HCPCS code Q9986 (see table 4; Attachment A- Policy Section Tables, for Q9986 descriptors and ASC PI). Therefore, effective July 1, 2017, the ASC PI for HCPCS code J1725 (Injection, hydroxyprogesterone caproate, 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= Y5 (Nonsurgical procedure/item not valid for Medicare purposes because of coverage, regulation and/or statute; no payment made). Table 6; Attachment A- Policy Section Tables, describes the payment indicator change and effective date for HCPCS code J1725. The payment rate for HCPCS codes Q9986 is included on the ASC Drug File, and in the July 2017 ASC Addendum BB, which is available on the CMS Web site at: [https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/ASCPayment/11\\_Addenda\\_Updates.html](https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/ASCPayment/11_Addenda_Updates.html) .

### **g. Other Changes to CY 2017 HCPCS Codes for Certain Drugs, Biologicals, and Radiopharmaceuticals**



Number	Requirement	Responsibility								
		A/B MAC			D M E M A C	Shared-System Maintainers				Other
		A	B	H H H		F I S S	M C S	V M S	C W F	
	<b>separate email communication from CMS.</b>									
10138.4	Contractors and CWF shall add TOS F, as appropriate, for HCPCS included in attachment A, tables 1-4, and 7, effective for services July 1, 2017 and later payable in the ASC setting.		X						X	
10138.5	Contractors and CWF shall end date C9487 and J1725 in their systems effective June 30, 2017.		X						X	
10138.6	CWF, as appropriate, shall remove the TOS F records for C9487, in table 7, effective June 30, 2017.								X	
10138.7	CWF, as appropriate, shall remove the TOS F records for J1725, in table 6, effective June 30, 2017.								X	
10138.8	If released by CMS, Medicare contractors shall download and install the revised April 2017 ASC DRUG file.  FILENAME:  MU00.@BF12390.ASC.CY17.DRUG.APRB.V0623  <b>NOTE: Date of retrieval will be provided in a separate email communication from CMS.</b>		X						VDCs	
10138.8.1	Medicare contractors shall adjust as appropriate claims brought to their attention that:  1) Have dates of service April 1, 2017- June 30, 2017 and ;  2) Were originally processed prior to the installation of the revised April 2017 ASC DRUG File.		X							
10138.9	If released by CMS, Medicare contractors shall download and install the revised January 2017 ASC DRUG file.  FILENAME:  MU00.@BF12390.ASC.CY17.DRUG.JANC.V0623  <b>NOTE: Date of retrieval will be provided in a separate email communication from CMS.</b>		X						VDCs	

Number	Requirement	Responsibility								
		A/B MAC			D M E M A C	Shared- System Maintainers				Other
		A	B	H H H		F I S S	M C S	V M S	C W F	
10138.9.1	<p>Medicare contractors shall adjust as appropriate claims brought to their attention that:</p> <p>1) Have dates of service January 1, 2017- March 31, 2017 and ;</p> <p>2) Were originally processed prior to the installation of the revised January 2017 ASC DRUG File.</p>		X							
10138.10	<p>If released by CMS, Medicare contractors shall download and install the revised October 2016 ASC DRUG file.</p> <p>FILENAME:</p> <p>MU00.@BF12390.ASC.CY16.DRUG.OCTC.V0623</p> <p><b>NOTE: Date of retrieval will be provided in a separate email communication from CMS.</b></p>		X						VDCs	
10138.10.1	<p>Medicare contractors shall adjust as appropriate claims brought to their attention that:</p> <p>1) Have dates of service October 1, 2016- December 31, 2016 and ;</p> <p>2) Were originally processed prior to the installation of the revised October 2016 ASC DRUG File.</p>		X							
10138.11	<p>If released by CMS, Medicare contractors shall download and install the revised July 2016 ASC DRUG file.</p> <p>FILENAME:</p> <p>MU00.@BF12390.ASC.CY16.DRUG.JULC.V0623</p> <p><b>NOTE: Date of retrieval will be provided in a separate email communication from CMS.</b></p>		X						VDCs	
10138.11.1	<p>Medicare contractors shall adjust as appropriate claims brought to their attention that:</p> <p>1) Have dates of service July 1, 2016- September 30, 2016 and ;</p>		X							

Number	Requirement	Responsibility								
		A/B MAC			D M E M A C	Shared-System Maintainers				Other
		A	B	H H H		F I S S	M C S	V M S	C W F	
	2) Were originally processed prior to the installation of the revised July 2016 ASC DRUG File.									
10138.12	Contractors shall make July 2017 ASCFS fee data for their ASC payment localities available on their web sites.		X							

### III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
		A/B MAC			D M E M A C	C E D I
		A	B	H H H		
10138.13	MLN Article: A provider education article related to this instruction will be available at <a href="http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/">http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/</a> shortly after the CR is released. You will receive notification of the article release via the established "MLN Matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web sites and include information about it in a listserv message within 5 business days after receipt of the notification from CMS announcing the availability of the article. In addition, the provider education article shall be included in the contractor's next regularly scheduled bulletin. Contractors are free to supplement MLN Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.		X			

### IV. SUPPORTING INFORMATION

**Section A: Recommendations and supporting information associated with listed requirements: N/A**

*"Should" denotes a recommendation.*

X-Ref Requirement Number	Recommendations or other supporting information:
1-7	Attachment A: POLICY SECTION TABLES

**Section B: All other recommendations and supporting information: N/A**

### V. CONTACTS

**Pre-Implementation Contact(s):** Chuck Braver, 410-786-6719 or [chuck.braver@cms.hhs.gov](mailto:chuck.braver@cms.hhs.gov) (ASC Payment Policy) , Mark Baldwin, 410-786-8139 or [mark.baldwin@cms.hhs.gov](mailto:mark.baldwin@cms.hhs.gov) (B MAC Claims Processing Issues) , Yvette Cousar, 410-786-2160 or [yvette.cousar@cms.hhs.gov](mailto:yvette.cousar@cms.hhs.gov) (B MAC Claims Processing Issues)

**Post-Implementation Contact(s):** Contact your Contracting Officer's Representative (COR).

## **VI. FUNDING**

### **Section A: For Medicare Administrative Contractors (MACs):**

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

**ATTACHMENTS: 1**



**POLICY SECTION TABLES**

**Table 1 – Category III CPT Code Effective July 1, 2017**

<b>CPT Code</b>	<b>Short Descriptor</b>	<b>Long Descriptor</b>	<b>July 2017 ASC PI</b>
0474T	Insj aqueous drg dev io rsvr	Insertion of anterior segment aqueous drainage device, with creation of intraocular reservoir, internal approach, into the supraciliary space	J8

**Table 2 – New Separately Payable Procedure Codes Effective July 1, 2017**

<b>HCPCS Code</b>	<b>Short Descriptor</b>	<b>Long Descriptor</b>	<b>July 2017 ASC PI</b>
C9745	Nasal endo eustachian tube	Nasal endoscopy, surgical; balloon dilation of eustachian tube	J8
C9746	Trans imp balloon cont	Transperineal implantation of permanent adjustable balloon continence device, with cystourethroscopy, when performed and/or fluoroscopy, when performed	J8

C9747	Ablation, HIFU, prostate	Ablation of prostate, transrectal, high intensity focused ultrasound (HIFU), including imaging guidance	G2
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**Table 3 – ASC Drugs and Biologicals with OPPS Pass-Through Status Effective July 1, 2017**

HCPCS Code	Short Descriptor	Long Descriptor	ASC PI
C9489	Injection, nusinersen	Injection, nusinersen, 0.1 mg	K2
C9490	Injection, bezlotoxumab	Injection, bezlotoxumab, 10 mg	K2

**Table 4 – New Drug HCPCS Codes Effective July 1, 2017**

HCPCS Code	Short Descriptor	Long Descriptor	ASC PI
Q9986	Inj, Makena	Injection, hydroxyprogesterone caproate (Makena), 10 mg	K2

**Table 5 – Change to ASC Payment Indicator for CPT Code 90682**

CPT Code	Short Descriptor	Long Descriptor	ASC PI	Effective Date
90682	Riv4 vacc recombinant dna im	Influenza virus vaccine, quadrivalent (riv4), derived from recombinant dna, hemagglutinin (ha) protein only, preservative and antibiotic free, for intramuscular use	Y5	January 1, 2017 – June 30, 2017
90682	Riv4 vacc recombinant dna im	Influenza virus vaccine, quadrivalent (riv4), derived from recombinant dna, hemagglutinin (ha) protein only, preservative and antibiotic free, for intramuscular use	L1	July 1, 2017

**Table 6 – Revised ASC Payment Indicator for HCPCS Code J1725**

<b>HCPCS</b>	<b>Short Descriptor</b>	<b>Long Descriptor</b>	<b>ASC PI</b>	<b>Effective Date</b>	<b>Termination Date</b>
J1725	Hydroxyprogesterone caproate	Injection, hydroxyprogesterone caproate, 1 mg	K2	01/01/2012	06/30/2017
J1725	Hydroxyprogesterone caproate	Injection, hydroxyprogesterone caproate, 1 mg	Y5	07/01/2017	

**Table 7 – Other Changes to CY 2017 HCPCS Codes for Certain Drugs, Biologicals, and Radiopharmaceuticals Effective July 1, 2017**

<b>HCPCS Code</b>	<b>Short Descriptor</b>	<b>Long Descriptor</b>	<b>ASC PI</b>	<b>Effective Date</b>	<b>Termination Date</b>
C9487	Ustekinumab IV inj, 1 mg	Ustekinumab, for Intravenous Injection, 1 mg	K2	04/01/2017	06/30/2017
Q9989	Ustekinumab IV Inj, 1 mg	Ustekinumab, for Intravenous Injection, 1 mg	K2	07/01/2017	