

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 4076	Date: June 26, 2018
	Change Request 10788

Transmittal 4067, dated June 1, 2018, is being rescinded and replaced by Transmittal 4076, dated, June 26, 2018 to add both missing policy section language as section B.2.e, with a corresponding table in Attachment A, policy section B.2.b and B.2.f, update impacted Attachment A table number labels in the policy section, business requirement 10788.3 and 10788.4, and Attachment A. All other information remains the same.

SUBJECT: July 2018 Update of the Ambulatory Surgical Center (ASC) Payment System

I. SUMMARY OF CHANGES: This Recurring Update Notification of the ASC payment system, applies to 100-04, chapter 14, section 30.1 of the Internet-Only Manual (IOM).

EFFECTIVE DATE: July 1, 2018

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

IMPLEMENTATION DATE: July 2, 2018

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.

R/N/D	CHAPTER / SECTION / SUBSECTION / TITLE
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: 4076	Date: June 26, 2018	Change Request: 10788
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Transmittal 4067, dated June 1, 2018, is being rescinded and replaced by Transmittal 4076, dated, June 26, 2018 to add both missing policy section language as section B.2.e, with a corresponding table in Attachment A, policy section B.2.b and B.2.f, update impacted Attachment A table number labels in the policy section, business requirement 10788.3 and 10788.4, and Attachment A. All other information remains the same.

SUBJECT: July 2018 Update of the Ambulatory Surgical Center (ASC) Payment System

EFFECTIVE DATE: July 1, 2018

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

IMPLEMENTATION DATE: July 2, 2018

I. GENERAL INFORMATION

A. Background: This Recurring Update Notification describes changes to and billing instructions for various payment policies implemented in the July 2018 ASC payment system update. As appropriate, this notification also includes updates to the Healthcare Common Procedure Coding System (HCPCS).

Included in this notification are calendar year (CY) 2018 payment rates for separately payable drugs and biologicals, including descriptors for newly created Level II HCPCS codes for drugs and biologicals (ASC DRUG) files. We are also including a July 2018 ASC payment rates for covered surgical and ancillary services (ASCFS) update file. No ASC Code Pair file is being issued.

B. Policy: 1. Bilateral Indicator for HCPCS Code C9749

In the April 2018 OPPI update CR (Transmittal 4005, CR 10515 dated March 20, 2018), we announced the establishment of HCPCS code C9749 (Repair of nasal vestibular lateral wall stenosis with implant(s)), effective April 1, 2018. We are clarifying that this code describes an inherently bilateral procedure, and that for unilateral procedures, ASCs need to report either modifier 73 or 74. We note that modifiers 73 and 74 are only used to indicate discontinued procedures for which anesthesia is planned or provided.

2. Drugs, Biologicals, and Radiopharmaceuticals

a. Drugs and Biologicals with Payments Based on Average Sales Price (ASP) Effective July 1, 2018

For CY 2018, payment for nonpass-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 2018, 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, 2018, and drug price restatements, can be found in the July 2018 update of ASC Addendum BB on the CMS Web site at: https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/ASCPayment/11_Addenda_Updates.html.

b. July 2018 HCPCS Codes and Dosage Descriptors for Certain Drugs, Biologicals, and Radiopharmaceuticals Effective July 1, 2018

Five new HCPCS codes have been created for reporting drugs and biologicals in the ASC payment system effective July 1, 2018, where there have not previously been specific codes available. These new codes are

listed in Table 1. (see Attachment A: Policy Section Tables).

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 <http://cms.gov/Medicare/Medicare-Fee-for-Service-Payment/ASCPayment/index.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. Other Changes to CY 2018 HCPCS Codes for Certain Drugs, Biologicals, and Radiopharmaceuticals Effective July 1, 2018

Effective July 1, 2018, HCPCS code Q9993 (Injection, triamcinolone acetonide, preservative-free, extended-release, microsphere formulation, 1 mg) will replace HCPCS code C9469 (Injection, triamcinolone acetonide, preservative-free, extended-release, microsphere formulation, 1 mg). The ASC Payment Indicator will remain K2, “Drugs and biologicals paid separately when provided integral to a surgical procedure on ASC list; payment based on OPPS rate.” See Table 2, (see Attachment A: Policy Section Tables).

e. New Biosimilar Biological Products Effective July 1, 2018

Two new HCPCS codes will be created for reporting Retacrit, (epoetin alfa-epbx) as a biosimilar to Epogen/Procrit (epoetin alfa) for the treatment of anemia caused by chronic kidney disease, chemotherapy, or use of zidovudine in patients with HIV infection. Retacrit is also approved for use before and after surgery to reduce the chance that red blood cell transfusions will be needed because of blood loss during surgery. The codes, descriptors, and ASC payment indicators are separately listed in Table 3, (see Attachment A: Policy Section Tables), and are effective for services furnished on or after July 1, 2018. Payment for each of these codes can be found in Addendum BB of the July 2018 ASC addenda that are posted on the CMS website.

f. Drugs and Biologicals with a Change in Status Indicator

Two drugs, specifically, HCPCS codes J9216 and Q2049, have a change in status indicator from “K2” to not separately payable, effective July 1, 2018, since we do not have pricing information for either drug code.

3. Category III CPT Code Effective July 1, 2018

The AMA releases Category III 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 2018 update, CMS is implementing one Category III CPT code that the AMA released in January 2018 for implementation on July 1, 2018. The ASC payment indicator for this code is shown in Table 4, (see Attachment A: Policy Section Tables). The payment rate for this service can be found in Addendum BB of the July 2018 ASC addenda that is posted on the CMS website.

4. Reassignment of Skin Substitute Product from the Low Cost Group to the High Cost Group

The payment for skin substitute products that do not qualify for hospital outpatient prospective payment system (OPPS) pass-through status are packaged into the OPPS payment for the associated skin substitute application procedure. This policy is also implemented in the ASC payment system. The skin substitute products are divided into two groups: 1) high cost skin substitute products and 2) low cost skin substitute products for packaging purposes. Table 4 in attachment A lists the skin substitute product(s) and their assignment as either a high cost or a low cost skin substitute product, when applicable. ASCs should not

separately bill for packaged skin substitutes (ASC PI=N1). High cost skin substitute products should only be utilized in combination with the performance of one of the skin application procedures described by CPT codes 15271-15278. Low cost skin substitute products should only be utilized in combination with the performance of one of the skin application procedures described by HCPCS code C5271-C5278. All OPPI pass-through skin substitute products (ASC PI=K2) should be billed in combination with one of the skin application procedures described by CPT code 15271-15278.

The skin substitute product listed in table 5 has been reassigned from the low cost skin substitute group to the high cost skin substitute group based on updated pricing information. Please note that this skin substitute product is packaged and should not be separately billed by ASCs. (see Attachment A: Policy Section Tables).

4. 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. Medicare Administrative Contractors (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.

5. Attachment

II. BUSINESS REQUIREMENTS TABLE

"Shall" denotes a mandatory requirement, and "should" denotes an optional requirement.

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	
10788.1	Medicare contractors shall download the July 2018 ASCFS from the CMS mainframe. FILENAME: MU00.@BF12390.ASC.CY18.FS.JULA.V0601 NOTE: The July 2018 ASCFS is a partial update. NOTE: Date of retrieval will be provided in a separate email communication from CMS.		X							VDCs
10788.2	Medicare contractors shall download and install the July 2018 ASC DRUG file. FILENAME: MU00.@BF12390.ASC.CY18.DRUG.JULA.V0622 NOTE: Date of retrieval will be provided in a separate email communication from CMS.		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	
10788.3	Medicare contractors shall download and install the July 2018 ASC PI file. FILENAME: MU00.@BF12390.ASC.CY18.PLJULA.V0622 NOTE: Date of retrieval will be provided in a separate email communication from CMS.		X							VDCs
10788.4	Contractors and CWF shall add TOS F for HCPCS included in attachment A, table 1-4, effective for services July 1, 2018 and later payable in the ASC setting.		X						X	
10788.5	Contractors and CWF shall end date C9469 in their systems effective June 30, 2018.		X						X	
10788.6	CWF shall remove the TOS F records for C9469 effective June 30, 2018.								X	
10788.7	If released by CMS, Medicare contractors shall download and install the revised April 2018 ASC DRUG file. FILENAME: MU00.@BF12390.ASC.CY18.DRUG.APRB.V0622 NOTE: Date of retrieval will be provided in a separate email communication from CMS.		X							VDCs
10788.7.1	Medicare contractors shall adjust as appropriate claims brought to their attention that: 1) Have dates of service April 1, 2018 - June 30, 2018; and 2) Were originally processed prior to the installation of the revised April 2018 ASC DRUG File.		X							
10788.8	If released by CMS, Medicare contractors shall download and install the revised January 2018 ASC DRUG file.		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	
	FILENAME: MU00.@BF12390.ASC.CY18.DRUG.JANB.V0622 NOTE: Date of retrieval will be provided in a separate email communication from CMS.									
10788.8.1	Medicare contractors shall adjust as appropriate claims brought to their attention that: 1) Have dates of service January 1, 2018 - March 31, 2018; and 2) Were originally processed prior to the installation of the revised January 2018 ASC DRUG File.		X							
10788.9	If released by CMS, Medicare contractors shall download and install the revised October 2017 ASC DRUG file. FILENAME: MU00.@BF12390.ASC.CY17.DRUG.OCTC.V0622 NOTE: Date of retrieval will be provided in a separate email communication from CMS.		X						VDCs	
10788.9.1	Medicare contractors shall adjust as appropriate claims brought to their attention that: 1) Have dates of service October 1, 2017 - December 31, 2017; and 2) Were originally processed prior to the installation of the revised October 2017 ASC DRUG File.		X							
10788.10	If released by CMS, Medicare contractors shall download and install the revised July 2017 ASC DRUG file. FILENAME: MU00.@BF12390.ASC.CY17.DRUG.JULD.V0622 NOTE: Date of retrieval will be provided in a separate email communication from CMS.		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	
10788.10.1	Medicare contractors shall adjust as appropriate claims brought to their attention that: 1) Have dates of service July 1, 2017 - September 30, 2017; and 2) Were originally processed prior to the installation of the revised July 2017 ASC DRUG File.		X							
10788.11	Contractors shall make July 2018 ASCFS fee data for their ASC payment localities available on their web sites.		X							
10788.12	Contractors shall notify CMS of successful receipt via e-mail to price_file_receipt@cms.hhs.gov stating the name of the file received, (e.g., CLAB, ASP, etc.) and the entity for which it was received (i.e., include states, carrier numbers, quarter, and if Part A, Part B, or both).		X						VDCs	

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		
10788.13	MLN Article: CMS will make available an MLN Matters provider education article that will be marketed through the MLN Connects weekly newsletter shortly after the CR is released. MACs shall follow IOM Pub. No. 100-09 Chapter 6, Section 50.2.4.1, instructions for distributing MLN Connects information to providers, posting the article or a direct link to the article on your website, and including the article or a direct link to the article in your bulletin or newsletter. You may supplement MLN Matters articles with localized information benefiting your provider community in billing and administering the Medicare program correctly. Subscribe to the “MLN Matters” listserv to get article release notifications, or review them in the MLN Connects weekly newsletter.		X			

IV. SUPPORTING INFORMATION

Section A: Recommendations and supporting information associated with listed requirements:

"Should" denotes a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:
1-4	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 (ASC Payment Policy) , Yvette Cousar, 410-786-2160 or yvette.cousar@cms.hhs.gov (Part 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

Attachment A – Policy Section Tables

Table 1. — July 2018 HCPCS Codes and Dosage Descriptors for Certain Drugs, Biologicals, and Radiopharmaceuticals Effective July 1, 2018

HCPCS Code	Long Descriptor	Short Descriptor	ASC PI
C9030	Injection, copanlisib, 1 mg	Inj copanlisib	K2
C9032	Injection, voretigene neparvovec-rzyl, 1 billion vector genome	Voretigene neparvovec-rzyl	K2
Q5105	Injection, epoetin alfa, biosimilar, (Retacrit) (for esrd on dialysis), 100 units	Inj Retacrit esrd on dialysi	K2
Q5106	Injection, epoetin alfa, biosimilar, (Retacrit) (for non-esrd use), 1000 units	Inj Retacrit non-esrd use	K2
Q9991	Injection, buprenorphine extended-release (Sublocade), less than or equal to 100 mg	Buprenorph xr 100 mg or less	K2
Q9992	Injection, buprenorphine extended-release (Sublocade), greater than 100 mg	Buprenorphine xr over 100 mg	K2
Q9995	Injection, emicizumab-kxwh, 0.5 mg	inj. emicizumab-kxwh, 0.5 mg	K2

Table 2. — Other Changes to CY 2018 HCPCS Codes for Certain Drugs, Biologicals, and Radiopharmaceuticals Effective July 1, 2018

HCPCS Code	Long Descriptor	Short Descriptor	ASC PI	Effective Date	Termination Date
C9469	Injection, triamcinolone acetonide, preservative-free, extended-release, microsphere formulation, 1 mg	Inj triamcinolone acetonide	D5	04/01/2018	06/30/2018
Q9993	Injection, triamcinolone acetonide, preservative-free, extended-release, microsphere formulation, 1 mg	Inj., triamcinolone ext rel	K2	07/01/2018	

Table 3.- New Biosimilar Biological Products Effective July 1, 2018

HCPCS Code	Long Descriptor	Short Descriptor	ASC PI
Q5105	Injection, epoetin alfa, biosimilar, (Retacrit) (for esrd on dialysis), 100 units	Inj Retacrit esrd on dialysi	K2
Q5106	Injection, epoetin alfa, biosimilar, (Retacrit) (for non-esrd use), 1000 units	Inj Retacrit non-esrd use	K2

Table 4.- Category III CPT Codes Effective July 1, 2018

CPT Code	Long Descriptor	Short Descriptor	ASC PI
0508T	Pulse-echo ultrasound bone density measurement resulting in indicator of axial bone mineral density, tibia	Pls echo us b1 dns meas tib	Z2

Table 5. — Reassignment of Skin Substitute Product from the Low Cost Group to the High Cost Group Effective July 1, 2018

CY 2018 HCPCS Code	CY 2018 Short Descriptor	CY 2018 ASC PI	Low/High Cost Skin Substitute
Q4178	Floweramniopatch, per sq cm	N1	High