

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-20 One-Time Notification	Centers for Medicare & Medicaid Services (CMS)
Transmittal 1280	Date: August 16, 2013
	Change Request 8349

SUBJECT: Ambulatory Surgical Center Quality Reporting (ASCQR) Program Payment Reduction (MIEA-TRCHA, 2006) - Implementation

I. SUMMARY OF CHANGES: The purpose of this Change Request (CR) is to provide instructions to contractors to implement the payment penalty of the quality reporting program for ambulatory surgical centers beginning January 1, 2014.

EFFECTIVE DATE: January 1, 2014

IMPLEMENTATION DATE: January 6, 2014 - CWF full implementation. MCS and Contractors implementation of all BRs except 9, 9.1, 9.2, 9.3, 9.4, 9.4.1, 9.5, 13, and 13.1.; April 7, 2014 - MCS and Contractors implementation of BRs 9, 9.1, 9.2, 9.3, 9.4, 9.4.1, 9.5, 13, and 13.1.

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

R/N/D	CHAPTER / SECTION / SUBSECTION / TITLE
N/A	

III. FUNDING:

For Fiscal Intermediaries (FIs), Regional Home Health Intermediaries (RHHIs) and/or Carriers:

No additional funding will be provided by CMS; Contractors activities are to be carried out with their operating budgets

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 obliged 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:

One Time Notification

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

Attachment - One-Time Notification

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I. GENERAL INFORMATION

A. Background: The Centers for Medicare and Medicaid Services (CMS) implemented a quality reporting program for ambulatory surgical centers (ASCs) in the CY 2012 OPPS/ASC final rule with comment period (76 FR 74492 to 74517), finalizing additional program policies in the FY 2013 IPPS/LTCH final rule with comment period (77 FR 53637 to 53644). Beginning with January 1, 2014 services, ASCs that do not successfully meet ASCQR Program requirements shall be subject to a payment reduction.

Section 109(b) of the Medicare Improvement and Extension Act of 2006 under Division B, Title I of the Tax Relief and Health Care Act of 2006 (MIEA-TRCHA; Pub. L. 109-432) amended section 1833(i) of the Social Security Act to state that the Secretary may provide that any ASC that does not submit quality measures to the Secretary in accordance with paragraph (7) shall incur a 2.0 percentage point reduction to any annual increase provided under the revised ASC payment system for such year. Any facility that receives Medicare payment under part B as an ASC and is subject to this annual payment increase, whether independent, or operated by a hospital, is subject to these provisions.

The application of a reduced ASC fee schedule (ASCFS) update results in reduced national unadjusted payment rates that will apply to certain ASC services provided by Medicare certified ASCs that fail to meet the ASCQR Program requirements. All other ASCs paid under the CY 2014 ASC payment system will receive the full ASC payment update without the reduction.

For the first affected payment update, that for CY 2014, CMS will analyze fee-for-service claims data from dates of service October 1, 2012 to December 31, 2012, paid by the Medicare administrative contractor by April 30, 2013, to determine if an ASC successfully meets ASCQR Program requirements. ASCs which are not successful, and are subject to these requirements, will be subject to the payment reduction to the CY 2014 payment rates. The processing of claims with the reduced ASCFS payment rates for certain ASCs constitutes the application of the ASCQR Program penalty.

B. Policy: Participation in the ASC Quality Reporting Program

ASCs will be deemed successful and not penalized, for purposes of the ASCQR Program by meeting program requirements during a specified reporting period. For purposes of the CY 2014 payment determination, ASCs must report Quality Data Codes (QDCs) on Medicare Part B claims submitted for reimbursement using the Form CMS-1500 or related electronic data set and must meet data completeness requirements. The QDCs for reporting are outlined in Change Request (CR) 7754, Transmittal 2425, dated March 16, 2012.

Assessment of Payment Reduction via National Provider Identifier (NPI)

Determination of whether an ASC failed to meet quality reporting requirements will be made by CMS, at the individual supplier level, based on the billing ASC facility's National Provider Identifier.

Penalty Hierarchy and Beneficiary Co-Pay and Deductible Issues

The payment reduction under the ASCQR Program applies to certain Medicare Part B covered ASC services subject to the ASC annual payment update. The payment reduction per statute is a 2.0 percentage point reduction to any payment update provided under the revised ASC payment system for the year applied. CMS will supply the reduced payment rates to contractors as part of the ASCFS update.

ASC module programming will be applied to the quality penalty reduced payment rates on the ASCFS in the same manner and order as is applied to the non-reduced ASCFS schedule amount. For example, in calendar year (CY) 2014, the ASCFS amount for a particular service is \$100. If the ASC is not subject to a payment reduction, the paid amount the ASC will receive is \$80 [$\100 (the allowed ASC fee schedule amount) - ($\$100 \times 20\%$ (beneficiary co-pay) = \$80)]. However, if the ASC is subject to a 2.0 percentage point payment reduction due to not successfully meeting ASCQR Program requirements, the 2.0 percentage point reduction will be applied to the initial allowed ASCFS payment. As such, the reduced ASCFS amount is \$98. If the beneficiary co-pay is 20%, the beneficiary will pay $\$98 \times 20\% = \19.60 . The paid amount to the ASC accounting for the payment reduction will, thus, be $\$78.40$ ($\$98 - \19.60) = \$78.40.

Process for Designating an ASC as Receiving the ASCQR Program Payment Reduction

Beginning on or about November 1, 2013, a CMS specialty contractor shall send an annual Negative Payment Adjustment File of unsuccessful suppliers.

Process for Removing an ASC from the ASCQR Program Payment Reduction

If an ASC believes that a payment reduction was applied in error, the ASC may apply for reconsideration to CMS through a process which was finalized in the FY 2013 IPPS/LTCH final rule with comment period (77 FR 53643). An ASC seeking a reconsideration of a quality reporting payment determination must submit to CMS a completed Reconsideration Request Form by March 17 of the affected payment year. CMS would complete any reconsideration reviews and communicate the results of these determination to the designated ASC staff. If CMS determines through the reconsideration process that a payment reduction was applied in error, CMS will notify contractors to remove the ASC from the payment reduction via an ASC Quality Penalty List update file that will be supplied to contractors. This ASC Penalty List update file will be sent to contractors up to five times per month at weekly intervals; these will be full replacement files. Two actions will occur when the contractor receives notice that an ASC is to be removed from the payment reduction. First, the contractor shall no longer process claims submitted by the ASC identified in error using the reduced payment rates. Second, the contractor shall reprocess all claims affected by the reduced payment rates for that supplier for that calendar year no later than 45 days after receipt of the notification to remove the ASC from the payment reduction. The reduced payment rates are only applied as an entire "calendar year" adjustment. ASCs will not be added to the annual ASC Quality Penalty List during the year; therefore, partial year reduced payment rates will not be assessed.

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	F I	C A R R I E R	R H I	Shared- System Maintainers				Other
		A	B	H H H					F I S S	M C S	V M S	C W F	
8349.1	<p>Beginning on November 1, 2013, the CMS specialty contractor shall send an annual ASC Quality Penalty List of ASCs that failed to meet program requirements to the data centers in a Comma Separated Values or CSV file containing the following information.</p> <ul style="list-style-type: none"> • ASC billing NPI • ASC Contractor Number • Payment Reduction effective date - indicates the beginning of the payment reduction year. The date will default to January 1st • Payment Reduction end date - indicates the end of the payment reduction year, not the date the ASC shall stop receiving the payment reduction. This date will default to December 31 of the payment reduction year. • Payment Reduction decision date - indicates the date CMS determined the ASC should no longer receive the payment reduction. <p>NOTE: The Decision date field will be blank on the annual file; ASCs will not be added to the ASC Quality Penalty List Update File during the year. Therefore, partial year negative adjustments will not be assessed.</p>								X				
8349.2	The MCS shall flag these ASC suppliers in the system so they will receive the reduced ASCFS payment rates appearing on the ASCFS during the calendar year of 2014.								X				
8349.3	The MCS shall receive a test Comma Separated Value (CSV) file from the specialty contractor on or about September 2013.								X				

Number	Requirement	Responsibility											
		A/B MAC			D M E M A C	F I	C A R R I E R	R H I	Shared- System Maintainers				Other
		A	B	H H H					F I S S	M C S	V M S	C W F	
8349.3.1	Contractors shall receive a test Comma Separated Value (CSV) file from the specialty contractor on or about September 2013.		X										
8349.3.2	Contractors shall receive a TEST ASCFS file after the release of the October 2013 ASCFS.		X				X						
8349.4	<p>The contractors shall load and/or test the revised ASC record layout (Attachment 1) which will have additional filler and four new ASC quality penalty reduced payment fields containing the ASC payable codes that will have the 2 percentage point reduction applied to them. The added field names are:</p> <ul style="list-style-type: none"> • Penalty FB MOD Reduced Price • Penalty Price • Penalty FC MOD • Penalty Group Price <p>NOTE: The 2 percentage point reduction only impacts the ASCFS. It does not apply to or impact codes appearing on the ASCDRUG file, the ASCPI file code assignments, or the ASC Code Pair file.</p>		X				X		X				
8349.5	The MCS shall apply ASC module programming to the quality penalty reduced payment rates on the ASCFS in the same manner and order as it is applied to the non-reduced ASCFS payment rates.									X			
8349.6	Contractors shall apply the multiple procedure payment reductions after the Quality Reporting Payment Reduction.		X				X			X			
8349.7	For claims with dates of service on or after January 1, 2014, contractors shall apply the reduced ASCFS fee of applicable ASCFS codes to those ASCs flagged in the system to receive the reduced ASCFS amount.		X				X			X			

Number	Requirement	Responsibility											
		A/B MAC			D M E M A C	F I	C A R R I E R	R H I	Shared-System Maintainers				Other
		A	B	H H H					F I S S	M C S	V M S	C W F	
8349.8	<p>Beginning January 1, 2014, MCS and the SSM shall use the following messages for the ASCs receiving the reduced payment amount on the ASCFS:</p> <p>Claim Adjustment Reason Code (CARC) 237 - Legislated/Regulatory Penalty. At least one Remark Code must be provided (may be comprised of either the NCPDP Reject Reason Code, or Remittance Advice Remark Code that is not an ALERT).</p> <p>Remittance Advice Remark Code (RARC): N551 - Payment adjusted based on the Ambulatory Surgical Center (ASC) Quality Reporting Program.</p> <p>CO is the appropriate group code.</p>		X				X			X			
8349.9	<p>Beginning on or about January 1, 2014, the CMS specialty contractor shall send an ASC Quality Penalty List update file up to 5 times per month to the data centers via MCS containing the following information:</p> <ul style="list-style-type: none"> • ASC billing NPI • ASC Contractor Number • Payment Reduction effective date - indicates the beginning of the payment reduction year. The date will default to January 1st • Payment Reduction end date - indicates the end of the payment reduction year, not the date the ASC shall stop receiving the payment reduction. This date will default to December 31 of the payment reduction year • Payment Reduction Decision date - indicates the date CMS determined the ASC should no longer receive the payment reduction <p>NOTE: ASCs will not be added to the ASC</p>								X				

Number	Requirement	Responsibility											
		A/B MAC			D M E M A C	F I	C A R R I E R	R H I	Shared- System Maintainers				Other
		A	B	H H H					F I S S	M C S	V M S	C W F	
	Quality Penalty List Update File during the year. Therefore, partial year negative adjustments will not be assessed.												
8349.9.1	The specialty contractor shall transmit the ASC Quality Penalty List update file to the CDS and HP EDC into the CVS format.												CDS, EDCs
8349.9.2	The MCS shall segregate the ASC Quality Penalty List update file by MAC/Carrier workload number and load into the appropriate instance of MCS.									X			
8349.9.3	Upon receiving the ASC Quality Penalty List update file, MCS shall search for any records containing a decision date. For ASCs with a decision date, MCS shall take any necessary action to end the payment reduction.									X			
8349.9.4	The MCS shall reprocess all claims affected by the relevant payment reduction for ASCs showing a decision date as soon as possible, but no later than 45 days after receipt of the ASC Penalty List update file from the specialty contractor.									X			
8349.9.4.1	The MCS shall recalculate the beneficiary co-payments for these reprocessed claims.									X			
8349.9.5	Contractors and the SSM shall use the following messages for the ASCs receiving their adjusted claims: Claim Adjustment Reason Code (CARC) 237 - Legislated/Regulatory Penalty. At least one Remark Code must be provided; this Remark Code may be comprised of either the NCPDP Reject Reason Code, or Remittance Advice Remark Code that is not an ALERT. Remittance Advice Remark Code (RARC): N551 - Payment adjusted based on the Ambulatory Surgical Center (ASC) Quality Reporting Program.		X							X			

Number	Requirement	Responsibility											
		A/B MAC			D M E M A C	F I	C A R R I E R	R H I	Shared- System Maintainers				Other
		A	B	H H H					F I S S	M C S	V M S	C W F	
	CO is the appropriate group code.												
8349.10	Contractors shall direct inquiries regarding the ASCQR Program to the designated ASCQR contact on the www.QualityNet.org Web-site. This contact is currently Florida Medical Quality Assurance, Inc. (FMQAI); phone (toll-free) 1-866-800-8756, & AM to 6 PM EST or via the ASC Question/Answers Web-site at https://cms-ocsq.custhelp.com .		X				X						
8349.11	ASC claims subject to the reduced fee amount of applicable codes on the ASCFS, MCS, NCH, and CWF shall include the adjustment amount attributable to each line in the "Other Amounts Applied" field, using the Other Amount Indicator "K" to indicate the amount by which each line was reduced for the ASC Quality Reporting Program Payment Reduction.								X			X	IDR
8349.12	MCS shall not apply the reduced ASCFS amount to claims of employees (paid under the MPFSDB or other provisions of the Medicare program) who have reassigned their benefits to an ASC that is receiving the reduced ASCFS amount. These ASCs will be enrolled as Option Code 8 and 9.								X				
8349.13	Contractors shall post all ASCFS fees (adjusted and unadjusted) to their respective Web-sites for Core Based Statistical Areas (CBSAs) in their jurisdictions.		X				X						
8349.13.1	The MCS shall update their fee disclosure reports to reflect the new adjusted HCPCS codes on the ASCFS that are posted to contractor Web-sites.		X				X		X				

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility						
		A/B MAC		D M E	F I	C A R R I E R	R H H I	Other
		A	B	H H H	M A C			
8349.14	MLN Article: A provider education article related to this instruction will be available at http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/ 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 one week of the availability of the provider education 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				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:
Policy Section	Change Request (CR) 7754 April 2012 Update of the Ambulatory Surgical Center (ASC) Payment System

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

V. CONTACTS

Pre-Implementation Contact(s): Chuck Braver, 410-786-2160 or chuck.braver@cms.hhs.gov (ASC Payment Policy Information) , Yvette Cousar, 410-786-2160 or yvette.cousar@cms.hhs.gov (Claims Processing Information) , Mark Baldwin, 410-786-8139 or mark.baldwin@cms.hhs.gov (Claims Processing Information) , Anita Bhatia, 410-786-7236 or anita.bhatia@cms.hhs.gov (ASCQR Program Information)

Post-Implementation Contact(s): Contact your Contracting Officer's Representative (COR) or Contractor Manager, as applicable.

VI. FUNDING

Section A: For Fiscal Intermediaries (FIs), Regional Home Health Intermediaries (RHHIs), and/or Carriers:

No additional funding will be provided by CMS; Contractors activities are to be carried out with their operating budgets

Section B: For Medicare Administrative Contractors (MACs):

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS do 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.

Attachment

ASCFS Record Layout

(for 1/1/2014 update)

<u>Field Name</u>	<u>Positions</u>	<u>Length</u>	
HCPCS	1-5	5	ASC Procedures and Devices NOTE: The ASC FS File will contain a record for each HCPCS/CBSA
Filler (Space)	6	1	
Modifier	7-8	2	
Filler (Space)	9-11	3	
ASC Group	12-16	5	
Filler (Space)	17	1	
CBSA	18-22	5	
Filler (Space)	23	1	
Wage Index	24-28	9v9999 (9.9999)	
Filler (Space)	29-33	5	
Procedure Indicator	34	1	S—Surgical Procedure A—Ancillary Service C—Carrier Priced
Filler (Space)	35	1	
Coinsurance 25% Indicator	36	1	Y—Yes N—No
Filler (Space)	37	1	
Multi-Procedure Discount Indicator	38	1	0--Surgical Procedure for which multi adjustment does not apply 1--Surgical Procedure for which multiple payment adjustments can apply 9—Concept of multiple procedure adjustment does not apply
Filler (Space)	39	1	
FB Mod Reduced Price	40-46	9(5)v99 (\$\$\$\$\$.cc)	Field is zero filled when FB/FC Modifier Field has value of "N"

Filler (Space)	47	1	
Price	48-54	9(5)v99 (\$\$\$\$\$.cc)	Field is zero filled for carrier priced codes
Filler (Space)	55	1	
FC Mod Reduced Price	56-62	9(5)v99 (\$\$\$\$\$.cc)	Field is zero filled when FB/FC Modifier Field has value of “N”
Filler (Space)	63	1	
Group Price	64-70	9(5)v99 (\$\$\$\$\$.cc)	
Filler (Space)	71	1	
FB/FC Modifier	72	1	Y—Yes N—No
Filler (Space)	73	1	
Year (Update)	74-81	8	YYYYMMDD—Effective date of prices
Filler (Space)	82	1	
Penalty FB Mod Reduced Price	83-89	9(5)v99 (\$\$\$\$\$.cc)	Field is zero filled when FB/FC Modifier Field has value of “N”
Filler (Space)	90	1	
Penalty Price	91-97	9(5)v99 (\$\$\$\$\$.cc)	Field is zero filled for carrier priced codes
Filler (Space)	98	1	
Penalty FC Mod Reduced Price	99-105	9(5)v99 (\$\$\$\$\$.cc)	Field is zero filled when FB/FC Modifier Field has value of “N”
Filler (Space)	106	1	
Penalty Group Price	107-113	9(5)v99 (\$\$\$\$\$.cc)	
Filler (Space)	114-142	29	