

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 2770	Date: August 16, 2013
	Change Request 8437

SUBJECT: October 2013 Update of the Ambulatory Surgery 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 October 2013 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: October 1, 2013

IMPLEMENTATION DATE: October 7, 2013

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	

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:

Recurring Update Notification

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

Attachment - Recurring Update Notification

Pub. 100-04	Transmittal: 2770	Date: August 16, 2013	Change Request: 8437
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SUBJECT: October 2013 Update of the Ambulatory Surgery Center (ASC) Payment System

EFFECTIVE DATE: October 1, 2013

IMPLEMENTATION DATE: October 7, 2013

I. GENERAL INFORMATION

A. Background: This Recurring Update Notification describes changes to, and billing instructions for, various payment policies implemented in the October 2013 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).

B. Policy:

1. New Device Pass-Through Categories

Additional payments may be made to the ASC for covered ancillary services, including certain implantable devices with pass-through status under the outpatient prospective payment system (OPPS). Section 1833(t)(6)(B) of the Social Security Act requires that, under the OPPS, categories of devices be eligible for transitional pass-through payments for at least 2, but not more than 3 years. Section 1833(t)(6)(B)(ii)(IV) of the Act requires that we create additional categories for transitional pass-through payment of new medical devices not described by existing or previously existing categories of devices. The ASC payment system follows this OPPS policy and implements new device pass-through codes, as appropriate, in the ASC payment system.

CMS is establishing one new device pass-through category as of October 1, 2013 for the OPPS and the ASC payment system. The new HCPCS code, descriptors, and ASC payment indicator are listed in table 1 of attachment A.

a. Device Offset from Payment: The device offset is a payment deduction from the device pass-through payment that reflects the device portion of the surgical procedure payment. We have determined that we are not able to identify a device portion of the surgical procedure payment amount associated with the cost of C1841 (Retinal prosthesis, includes all internal and external components). Therefore, we will not make any offset deduction from the pass-through payment for C1841.

2. Billing for Drugs, Biologicals, and Radiopharmaceuticals

a. Drugs and Biologicals with Payments Based on Average Sales Price (ASP) Effective October 1, 2013: Payments for separately payable drugs and biologicals based on the ASPs are updated on a quarterly basis as later quarter ASP submissions become available. In cases where adjustments to payment rates are necessary based on the most recent ASP submissions, we will incorporate changes to the payment rates in the October 2013 release of the ASC DRUG file. The updated payment rates, effective October 1, 2013, will be included in the October 2013 update of ASC Addendum BB, which will be posted on the CMS Web site.

b. New HCPCS Codes for Drugs and Biologicals Separately Payable under the ASC Payment System Effective October 1, 2013: Two drugs and biologicals have been granted ASC payment status effective October 1, 2013. These items, along with their descriptors and ASC payment indicator, are identified in Table 2, attachment A.

c. **Fluzone (Influenza virus vaccine):** CPT code 90685 was effective January 1, 2013, however, the flu vaccine associated with this code was not approved by the FDA until recently. Specifically, Fluzone (Influenza virus vaccine) was approved by the FDA on June 7, 2013. Because of this recent FDA approval, we are revising the ASC payment indicator for CPT code 90685 from “Y5” (Nonsurgical procedure/item not valid for Medicare purposes because of coverage, regulation and/or statute; no payment made) to “L1” ((Influenza vaccine; pneumococcal vaccine; packaged item/service; no separate payment made) effective June 7, 2013.

d. **Revised ASC Payment Indicators for HCPCS Codes Q4135 and Q4136 Effective October 1, 2013:** Effective October 1, 2013, the ASC payment indicators for HCPCS code Q4135 (Mediskin, per square centimeter) and HCPCS code Q4136 (Ez-derm, per square centimeter) will change from PI=Y5 (Nonsurgical procedure/item not valid for Medicare purposes because of coverage, regulation and/or statute; no payment made)) to PI=K2 (Drugs and biological paid separately when provided integral to a surgical procedure on ASC list). For the remainder of CY 2013, HCPCS code Q4135 and HCPCS code Q4136 will be separately paid and the prices for these codes will be updated on a quarterly basis. These codes are listed in table 3, attachment A, and are effective for services furnished on or after October 1, 2013.

e. **Updated Payment Rates for Certain HCPCS Codes Effective July 1, 2013 through September 30, 2013:** The payment rate for one HCPCS code was incorrect in the July 2013 ASC Drug File. The corrected payment rate is listed in table 4, attachment A, and has been installed in the revised July 2013 ASC Drug File, effective for services furnished on July 1, 2013 through September 30, 2013. Suppliers who received an incorrect payment for dates of service between July 1, 2013 and September 30, 2013 may request contractor adjustment of the previously processed claims.

3. 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. Carriers/Medicare Administrative Contractors (MACs) determine whether a drug, device, procedure, or other service meets all program requirements for coverage. For example, Carriers/MACs determine that it is reasonable and necessary to treat the beneficiary's condition and whether it is excluded from payment.

4. Attachments

One attachment is provided to this transmittal that contractors may wish to use as references to support their ASC module updating and validation processes.

Attachment A: **POLICY SECTION TABLES**

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	
8437.1	Contractors shall download and install the October 2013 ASCFS from the CMS mainframe.		X				X						COBC , EDCs

Number	Requirement	Responsibility											
		A/B MAC			D M E M A C	F I R I E R	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	
	FILENAME: MU00.@BF12390.ASC.CY13.FS.OCTA.V0904 NOTE: Date of retrieval will be provided in a separate email communication from CMS NOTE: This is an update file and is not a full replacement file.												
8437.2	Medicare contractors shall download and install a revised July 2013 ASC DRUG file. FILENAME: MU00.@BF12390.ASC.CY13.DRUG.JULB.V0920 NOTE: Date of retrieval will be provided in a separate email communication from CMS.		X				X						COBC , EDCs
8437.2.1	Medicare contractors shall adjust as appropriate claims brought to their attention that: 1. Have dates of service that fall on or after July 1, 2013 through September 30, 2013; 2. and were originally processed prior to the installation of the revised July 2013 ASC DRUG File		X				X						COBC , EDCs
8437.3	Medicare contractors shall download and install the October 2013 ASC DRUG file. FILENAME: MU00.@BF12390.ASC.CY13.DRUG.OCTA.V0920 NOTE: Date of retrieval will be provided in a separate email communication from CMS.		X				X						COBC , EDCs
8437.4	Medicare contractors shall download and install the October 2013 ASC PI file. FILENAME:		X				X						COBC , EDCs

Number	Requirement	Responsibility											
		A/B MAC			D M E M A C	F I E R	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	
	MU00.@BF12390.ASC.CY13.PI.OCTA.V0906 NOTE: Date of retrieval will be provided in a separate email communication from CMS.												
8437.5	Contractors shall modify the procedure code file and TOS tables for HCPCS codes C1841, C1204, C9132, Q4135, and Q4136 for claims with DOS on or after October 1, 2013.		X				X						COBC , EDCs
8437.6	CWF shall assign TOS F to HCPCS codes C1841, C1204, C9132, Q4135, and Q4136 for claims with DOS on or after October 1, 2013.											X	COBC , EDCs
8437.7	Medicare contractors shall send notification of successful receipt via email to price_file_receipt@cms.hhs.gov stating the name of the file received and the entity for which it was received (e.g., carrier/fiscal intermediary name and number).		X				X						
8437.8	Contractors shall make the October 2013 ASCFS fee data for their ASC payment localities available on their web sites.		X				X						

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility										
		A/B MAC			D M E M A C	F I E R	C A R R I E R	R H I	Other			
		A	B	H H H								
8437.9	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		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	Other
		A	B	H H H					
	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.								

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:
8437.2	Attachment A
8437.2.1	Attachment A
8437.3	Attachment A
8437.4	Attachment A
8437.5	Attachment A
8437.6	Attachment A
8437.1	Attachment A

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 (Carrier/ AB MAC Claims Processing Issues) , Mark Baldwin, 410-786-8139 or mark.baldwin@cms.hhs.gov (Carrier/ AB MAC Claims Processing Issues)

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):

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ATTACHMENT: 1

POLICY SECTION TABLES

Table 1 – New Device Pass-Through Code Effective October 01, 2013

HCPSCS	Short Descriptor	Long Descriptor	ASC Payment Indicator
C1841	Retinal prosth int/ext comp	Retinal prosthesis, includes all internal and external components	J7

Table 2 – Drugs and Biologicals with OPPS Pass-Through Status Effective October 1, 2013

HCPSCS Code	Short Descriptor	Long Descriptor	ASC Payment Indicator
C1204	Tc 99m tilmanocept	Technetium Tc 99m tilmanocept, diagnostic, up to 0.5 millicuries	K2
C9132	Kcentra, per i.u.	Prothrombin complex concentrate (human), Kcentra, per i.u. of Factor IX activity	K2

Table 3 – Drugs and Biologicals with Revised Payment Indicators Effective October 1, 2013

HCPSCS Code	Long Descriptor	ASC Payment Indicator
Q4135	Mediskin, per square centimeter	K2
Q4136	Ez-derm, per square centimeter	K2

Table 4 – Updated Payment Rates for Certain HCPSCS Codes Effective July 1, 2013 through September 30, 2013

HCPSCS Code	Short Descriptor	Corrected Payment Rate	ASC Payment Indicator
J1566	Immune globulin, powder	\$30.66	K2