CMS Manual System	**Department of Health & Human Services (DHHS)**
Pub 100-04 Medicare Claims Processing	**Centers for Medicare & Medicaid Services (CMS)**
Transmittal 3783	**Date: May 26, 2017**
	Change Request 10122

SUBJECT: July 2017 Update of the Hospital Outpatient Prospective Payment System (OPPS)

I. SUMMARY OF CHANGES: This Recurring Update Notification describes changes to and billing instructions for various payment policies implemented in the July 2017 OPPS update. The July 2017 Integrated Outpatient Code Editor (I/OCE) will reflect the Healthcare Common Procedure Coding System (HCPCS), Ambulatory Payment Classification (APC), HCPCS Modifier, and Revenue Code additions, changes, and deletions identified in this Change Request (CR). This Recurring Update Notification applies to Chapter 4, section 10.9.

The July 2017 revisions to I/OCE data files, instructions, and specifications are provided in the forthcoming July 2017 I/OCE CR.

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.*

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: 3783	Date: May 26, 2017	Change Request: 10122

SUBJECT: July 2017 Update of the Hospital Outpatient Prospective Payment System (OPPS)

EFFECTIVE DATE: July 1, 2017
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I. GENERAL INFORMATION

A. Background: This Recurring Update Notification describes changes to and billing instructions for various payment policies implemented in the July 2017 OPPS update. The July 2017 Integrated Outpatient Code Editor (I/OCE) will reflect the Healthcare Common Procedure Coding System (HCPCS), Ambulatory Payment Classification (APC), HCPCS Modifier, and Revenue Code additions, changes, and deletions identified in this Change Request (CR). This Recurring Update Notification applies to Chapter 4, section 10.9.

The July 2017 revisions to I/OCE data files, instructions, and specifications are provided in the forthcoming July 2017 I/OCE CR.

B. Policy:

1.Category III CPT Codes 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 10 Category III CPT codes that the AMA released in January 2017 for implementation on July 1, 2017. The status indicators and APC assignments for these codes are shown in Table 1, attachment A. Payment rates for these services can be found in Addendum B of the July 2017 OPPS Update that is posted on the CMS website.

2. Proprietary Laboratory Analyses (PLA) CPT Codes Effective May 1, 2017

The AMA CPT Editorial Panel established two additional PLA CPT codes, specifically, CPT codes 0004U and 0005U effective May 1, 2017. The long descriptors for the codes are listed in table 2, Attachment A. Because the codes were effective May 1, 2017, they were not included in the April 2017 OPPS Update and are instead being including in the July Update with an effective date of May 1, 2017.

Under the hospital OPPS, CPT code 0004U is assigned to status indicator “A” and CPT code 0005U to status indicator “Q4” (Conditionally packaged laboratory tests). For more information on OPPS SI “A” and “Q4”, refer to OPPS Addendum D1 of the CY 2017 OPPS/ASC final rule for the latest definitions to the OPPS status indicators for CY 2017.

CPT codes 0004U and 0005U have been added to the July 2017 I/OCE with an effective date of May 1, 2017. These codes, along with their short descriptors and status indicators, are also listed in the July 2017 OPPS Addendum B.

3. New Separately Payable Procedure Codes

Effective July 1, 2017, three new HCPCS codes, C9745, C9746, and C9747 have been created. Table 3, Attachment A, provides the short and long descriptors and the APC placement for these new codes.

4. New Procedures Requiring the Insertion of a Device

As described in the CY 2017 OPPS/ASC final rule with comment period, effective January 1, 2017, all new procedures requiring the insertion of an implantable medical device will generally be assigned a default device offset percentage of 41 percent and assigned device intensive status, until claims data become available. In certain rare instances, we may to temporarily assign a higher offset percentage if warranted by additional information. In accordance with this policy, the following new code(s) requiring the insertion of a device (listed in Table 4, attachment A) will be assigned device intensive status.

Table 4, attachment A, provides a listing of new coding and payment information concerning the new device intensive procedures.

5. New HCPCS Code for Pathogen Testing for Blood Platelets

For the July 2017 update, the HCPCS Workgroup inactivated HCPCS P9072 for Medicare reporting and replaced the code with two new HCPCS codes effective July 1, 2017. Specifically, to report either of the services described by HCPCS P9072 based on the code descriptor in effect for January 1, 2017 – June 30, 2017, providers must instead report either HCPCS code Q9988 (Platelets, pathogen reduced, each unit) or Q9987 (Pathogen(s) test for platelets) effective July 1, 2017. We note that HCPCS code Q9987 should be reported to describe the test used for the detection of bacterial contamination in platelets as well as any other test that may be used to detect pathogen contamination. The coding changes associated with these codes were published on the CMS HCPCS Quarterly Update website effective July 2017, at https://www.cms.gov/Medicare/Coding/HCPCSReleaseCodeSets/HCPCS-Quarterly-Update.html. The payment rates for HCPCS codes Q9987 and Q9988 can be found in the July 2017 OPPS Addendum B, which is available via the Internet on the CMS Web site.

6. Drugs, Biologicals, and Radiopharmaceuticals

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

For CY 2017, payment for nonpass-through drugs, biologicals and therapeutic radiopharmaceuticals is 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 CY 2017, a single payment of ASP + 6 percent 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 can be found in the July 2017 update of the OPPS Addendum A and Addendum B on the CMS website at http://www.cms.gov/HospitalOutpatientPPS/.

b. Drugs and Biologicals Based on ASP Methodology with Restated Payment Rates

Some drugs and biologicals based on ASP methodology will 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/HospitalOutpatientPPS/OPPS-Restated-Payment-Rates.html.

Providers may resubmit claims that were impacted by adjustments to previous quarter's payment files.

c. Drugs and Biologicals with OPPS Pass-Through Status Effective July 1, 2017

Two drugs and biologicals have been granted OPPS pass-through status effective July 1, 2017. These items, along with their descriptors and APC assignments, are identified in Table 6, attachment A.

d. New Drug HCPCS Codes Effective July 1, 2017

Effective July 1, 2017, three new HCPCS codes have been created for reporting drugs and biologicals in the hospital outpatient setting, where there have not previously been specific codes available. These new codes are listed in Table 7, attachment A.

e. Changes to Status 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 3711, Change Request 9876 issued February 3, 2017). CPT code 90682 was added to the January 2017 I/OCE with an effective date of January 1, 2017 and assigned status indicator “L” (Not paid under OPPS. Paid at reasonable cost; not subject to deductible or coinsurance). Because this code is not payable until the start of the 2017 flu season, the status indicator will be retroactively corrected from SI=L to SI=E1 (Not paid by Medicare when submitted on outpatient claims [any outpatient bill type]) effective January 1, 2017 through June 30, 2017. Effective July 1, 2017, CPT code 90682 is assigned SI=L. Table 8, attachment A, describes the status indicator change and effective date.

f. Revised Status 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. Therefore, effective July 1, 2017, the status indicator for HCPCS code J1725 (Injection, hydroxyprogesterone caproate, 1 mg) will change from SI=K (Paid under OPPS; separate APC payment) to SI=E1 (Not paid by Medicare when submitted on outpatient claims [any outpatient bill type]). Table 9, attachment A, describes the status indicator change and effective date for HCPCS code J1725. The payment rates for HCPCS codes Q9986 can be found in the July 2017 OPPS Addendum B, which is available via the Internet on the CMS Web site.

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

Effective July 1, 2017, HCPCS code Q9989 (Ustekinumab, for Intravenous Injection, 1 mg) will replace HCPCS code C9487 (Ustekinumab, for Intravenous Injection, 1 mg). The status indicator will remain G, “Pass-Through Drugs and Biologicals”. Table 10, attachment A, describes the HCPCS code change and effective date.

7. Application of Co-insurance and Deductible for HCPCS Code G0404

For CY 2017 HCPCS code G0404 (Electrocardiogram, routine ECG with 12 leads; tracing only, without interpretation and report, performed as a screening for the Initial Preventive Physical Examination (IPPE)) was inadvertently assigned a waiver of coinsurance and deductible. Beginning July 1, 2017, we will apply coinsurance and deductible to HCPCS code G0404. This change will be retroactive back to January 1, 2017.

8. Changes to OPPS Pricer Logic

a. Effective January 1, 2017, for outliers for Community Mental Health Centers (bill type 76x), updated logic to cap CMHC claims' outlier payments at 8% of payments based on the current claim’s OPPS Pricer calculations.

b. Effective January 1, 2017, added Payment Method Flag (PMF) '9' to valid list to bypass the outlier cap logic.

c. Effective for CY's 2016 and 2017, changed the location of the device credit selection logic to ensure that providers with a special payment indicator of '1' or '2' in the OPSF receive the device credit.

d. Effective July 1, 2017, added line item Denial/Rejection (D/R) Flag '3' to valid list for FISS informational use.

9. Coverage Determinations

As a reminder, the fact that a drug, device, procedure or service is assigned a HCPCS code and a payment rate under the OPPS 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.

II. BUSINESS REQUIREMENTS TABLE

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

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
10122.1	Medicare contractors shall install the July 2017 OPPS Pricer.	X		X		X				
10122.2	Medicare contactors shall manually add the following codes to their systems: • All HCPCS codes listed in tables 1, 3, 6 and 7, attachment A, effective July 1, 2017; • HCPCS codes Q9987- Q9988, listed in table 5, and Q9989 listed in table 10, attachment A, effective July 1, 2017; • HCPCS codes listed in table 2, attachment A, effective May 1, 2017; • HCPCS codes K0553-K0554, and CPT code 90587, listed in the upcoming July I/OCE CR, effective July 1, 2017. **Note:** These HCPCS codes will be included with the July 2017 I/OCE update. Status and payment indicators for these HCPCS codes will be listed in the July 2017 update of the OPPS Addendum A and Addendum B on the CMS Web site at https://www.cms.gov/Medicare/Medicare-Fee-for-Service-	X		X						

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
	Payment/HospitalOutpatientPPS/Addendum-A-and-Addendum-B-Updates.html									
10122.3	Medicare contactors shall manually delete the following HCPCS code from their systems: • HCPCS code C9487 listed in table 10, attachment A, effective June 30, 2017. **Note:** This deletion will be reflected in the July 2017 I/OCE update and in the July 2017 Update of the OPPS Addendum A and Addendum B on the CMS Web site at https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/HospitalOutpatientPPS/Addendum-A-and-Addendum-B-Updates.html	X		X						
10122.4	Medicare contractors shall adjust, as appropriate, claims brought to their attention with any retroactive changes that were received prior to implementation of July 2017 OPPS Pricer.	X		X						

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
		A/B MAC			DME MAC	CEDI
		A	B	HHH		
10122.5	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 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		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:

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

V. CONTACTS

Pre-Implementation Contact(s): Marina Kushnirova, marina.kushnirova@cms.hhs.gov

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 − Tables for the Policy Section

Table 1 ─ Category III CPT Codes Effective July 1, 2017

CPT Code	Long Descriptor	July 2017 OPPS SI	July 2017 OPPS APC
0469T	Retinal polarization scan, ocular screening with on-site automated results, bilateral	E1	N/A
0470T	Optical coherence tomography (OCT) for microstructural and morphological imaging of skin, image acquisition, interpretation, and report; first lesion	M	N/A
0471T	Optical coherence tomography (OCT) for microstructural and morphological imaging of skin, image acquisition, interpretation, and report; each additional lesion (List separately in addition to code for primary procedure)	N	N/A
0472T	Device evaluation, interrogation, and initial programming of intra-ocular retinal electrode array (eg, retinal prosthesis), in person, with iterative adjustment of the implantable device to test functionality, select optimal permanent programmed values with analysis, including visual training, with review and report by a qualified health care professional	Q1	5743
0473T	Device evaluation and interrogation of intra-ocular retinal electrode array (eg, retinal prosthesis), in person, including reprogramming and visual training, when performed, with review and report by a qualified health care professional	Q1	5742
0474T*	Insertion of anterior segment aqueous drainage device, with creation of intraocular reservoir, internal approach, into the supraciliary space	J1	5492
0475T	Recording of fetal magnetic cardiac signal using at least 3 channels; patient recording and storage, data scanning with signal extraction, technical analysis and result, as well as supervision, review, and interpretation of report by a physician or other qualified health care professional	M	N/A
0476T	Recording of fetal magnetic cardiac signal using at least 3 channels; patient recording, data scanning, with raw electronic signal transfer of data and storage	Q1	5734
0477T	Recording of fetal magnetic cardiac signal using at least 3 channels; signal extraction, technical analysis, and result	Q1	5734
0478T	Recording of fetal magnetic cardiac signal using at least 3 channels; review, interpretation, report by physician or other qualified health care professional	M	N/A

***For the device offset amount associated with this CPT code, refer to the discussion on device offset.**

Table 2 ─ Proprietary Laboratory Analyses (PLA) CPT Codes Effective May 1, 2017

CPT Code	Long Descriptor	OPPS SI
0004U	Infectious disease (bacterial), DNA, 27 resistance genes, PCR amplification and probe hybridization in microarray format (molecular detection and identification of AmpC, carbapenemase and ESBL coding genes), bacterial culture colonies, report of genes detected or not detected, per isolate	A

0005U	Oncology (prostate) gene expression profile by real-time RT-PCR of 3 genes (ERG, PCA3, and SPDEF), urine, algorithm reported as risk score	Q4

Table 3 — New Separately Payable Procedure Codes Effective July 1, 2017

HCPCS Code	Short Descriptor	Long Descriptor	July 2017 OPPS SI	July 2017 OPPS APC	July 2017 ASC PI
C9745	Nasal endo eustachian tube	Nasal endoscopy, surgical; balloon dilation of eustachian tube	J1	5165	J8
C9746	Trans imp balloon cont	Transperineal implantation of permanent adjustable balloon continence device, with cystourethroscopy, when performed and/or fluoroscopy, when performed	J1	5377	J8
C9747	Ablation, HIFU, prostate	Ablation of prostate, transrectal, high intensity focused ultrasound (HIFU), including imaging guidance	J1	5376	J8

Table 4 — New Device Intensive Procedures Effective July 1, 2017

HCPCS Code	Long Descriptor	Effective Date	July 2017 OPPS SI	July 2017 OPPS APC	CY 2017 OPPS Payment Rate	CY 2017 Device Offset
0474T	Insertion of anterior segment aqueous drainage device, with creation of intraocular reservoir, internal approach, into the supraciliary space	7-01-2017	J1	5492	$3,418.76	$1,401.69
C9745	Nasal endoscopy, surgical; balloon dilation of eustachian tube	7-01-2017	J1	5165	$4,130.94	$1,693.69
C9746	Transperineal	7-01-2017	J1	5377	$14,363.61	$5,889.08

	implantation of permanent adjustable balloon continence device, with cystourethroscopy, when performed and/or fluoroscopy, when performed					

Table 5 – Blood Platelet Coding Changes Effective July 1, 2017

HCPCS Code	Short Descriptor	Long Descriptor	July 2017 OPPS SI	July 2017 OPPS APC
P9072	Plate path red/rapid bac tes	Platelets, pheresis, pathogen reduced or rapid bacterial tested, each unit	E1	N/A
Q9987	Pathogen test for platelets	Pathogen(s) test for platelets	S	1493
Q9988	Platelets, pathogen reduced	Platelets, pathogen reduced, each unit	R	9536

Table 6 ─ Drugs and Biologicals with OPPS Pass-Through Status Effective July 1, 2017

HCPCS Code	Long Descriptor	APC	Status Indicator
C9489	Injection, nusinersen, 0.1 mg	9489	G
C9490	Injection, bezlotoxumab, 10 mg	9490	G

Table 7 ─ New Drug HCPCS Codes Effective July 1, 2017

HCPCS Code	Long Descriptor	Status Indicator	APC
Q9984	Levonorgestrel-releasing intrauterine contraceptive system (Kyleena), 19.5 mg	E1	N/A
Q9985	Injection, hydroxyprogesterone caproate, not otherwise specified, 10 mg	N	N/A
Q9986	Injection, hydroxyprogesterone caproate (Makena), 10 mg	K	9074

Table 8 ─ Changes to Status Indicator for HCPCS Code 90682

CPT Code	Long Descriptor	Status Indicator	Effective Date

90682	(Influenza virus vaccine, quadrivalent (riv4), derived from recombinant dna, hemagglutinin (ha) protein only, preservative and antibiotic free, for intramuscular use)	E1	January 1, 2017 – June 30, 2017
90682	(Influenza virus vaccine, quadrivalent (riv4), derived from recombinant dna, hemagglutinin (ha) protein only, preservative and antibiotic free, for intramuscular use)	L	July 1, 2017

Table 9 – Revised Status Indicator for HCPCS Code J1725

HCPCS	Long Descriptor	Status Indicator	Effective Date	Termination Date
J1725	Injection, hydroxyprogesterone caproate, 1 mg	K	01/01/2012	06/30/2017
J1725	Injection, hydroxyprogesterone caproate, 1 mg	E1	07/01/2017	

Table 10 – Other Changes to CY 2017 HCPCS Codes for Certain Drugs, Biologicals, and Radiopharmaceuticals Effective July 1, 2017

HCPCS Code	Long Descriptor	Status Indicator	APC	Effective Date	Termination Date
C9487	Ustekinumab, for Intravenous Injection, 1 mg	G	9487	04/01/2017	06/30/2017
Q9989	Ustekinumab, for Intravenous Injection, 1 mg	G	9487	07/01/2017	