| CMS Guidance Document | **Department of Health & Human Services (DHHS)** |
|---|---|
| Pub 100-04 Medicare Claims Processing | **Centers for Medicare & Medicaid Services (CMS)** |
| **Executive Guidance Number 0316** | **Date: March 25, 2008** |
| **Planned Web Site Address** http://www.cms.hhs.gov/manuals/ | **Release planned: April 8, 2008** |

**PROGRAM AREA: Claims Processing**

**SUBJECT: April 2008 Update to the ASC Payment System; Summary of Payment Policy Changes**

**APPLIES TO: Ambulatory Surgical Centers**

**I. SUMMARY OF DOCUMENT:** This Recurring Update Notification (RUN) describes changes to, and billing instructions for, payment policies implemented in the April 2008 ASC update. This update provides updated payment rates for selected separately payable drugs and biologicals and provides rates and descriptors for newly created Level II HCPCS codes for drugs and biologicals. The initial release of this RUN can be found in Chapter 14, section 10.2 of the Internet- Only Manual.

**II. CHANGES IN POLICY INSTRUCTIONS: (If not applicable, indicate N/A)**
STATUS: R=REVISED, N=NEW, D=DELETED.

| **Status** | **CHAPTER/SECTION/SUBSECTION/TITLE** |
|---|---|
| N/A | |

**III. CLEARANCES:**

| Clearance & Point of Contact (POC) | Name/Telephone/Component |
|---|---|
| Senior Official Clearance | Liz Richter/(410) 786-4164/CMM |
| Agency POC | Charles Braver/(410) 786-6719/CMM/HAPG/DOC |

**IV. TYPE (Check appropriate boxes for type of guidance)**

| | |
|---|---|
| | **Audit Guide** |
| **X** | **Change Request** |
| | **HPMS** |
| | **Joint Signature Memorandum/Technical Director Letter** |
| | **Manual Transmittal/Non-Change Request** |
| | **State Medicaid Director Letters** |
| | **Other** |

**V. STATUTORY OR REGULATORY AUTHORITY:** N/A

# Attachment – Recurring Update Notification

| Pub. 100-04 | Transmittal: | Date: | Change Request: 5994 |
|---|---|---|---|

**SUBJECT (Change Request Title): April 2008 Update to the ASC Payment System; Summary of Payment Policy Changes**

**Effective Date**: April 1, 2008

**Implementation Date:** April 7, 2008

## I. GENERAL INFORMATION

### A. Background:

This Recurring Update Notification describes changes to, and billing instructions for, payment policies implemented in the April 2008 ASC update. This update provides updated payment rates for selected separately payable drugs and biologicals and provides rates and descriptors for newly created Level II HCPCS codes for drugs and biologicals.

Final policy under the revised ASC payment system, as set forth in CMS-1517-F, requires that ASC payment rates for covered separately payable drugs and biologicals be consistent with the payment rates under the Medicare hospital outpatient prospective payment system (OPPS). Beginning with this update notification, CMS shall issue quarterly updates to ASC payment rates for separately paid drugs and biologicals and shall update the lists of covered surgical procedures and covered ancillary services to include newly created HCPCS codes.

Just as we provide a regular quarterly update for the OPPS occurring throughout each calendar year (January, April, July, and October), we also will now provide regular quarterly updates for ASCs to recognize newly created Level II HCPCS or Category III CPT codes for ASC payment and to update the payment rates for separately paid drugs and biologicals based on the most recently submitted ASP data. These policies are included in the 2008 ASC payment system instructions: Transmittal 1325 (CR5680), issued August 29, 2007, and Transmittal 1415 (CR5885), issued January 18, 2008.

### B. Policy:

1. Billing for Drugs and Biologicals

ASCs are strongly encouraged to report charges for all separately payable drugs and biologicals, using the correct HCPCS codes for the items used. ASCs billing for these products must make certain that the reported units of service of the reported HCPCS code are consistent with the quantity of the drug or biological that was used in the care of the patient. ASCs should not report HCPCS codes and separate charges for drugs and biologicals that receive packaged payment through the payment for the associated covered surgical procedure.

If commercially available drug and biological products are being mixed together to facilitate their concurrent administration, the ASC should report the quantity of each product (reported by HCPCS code) that is separately payable in the ASC used in the care of the patient. If the ASC is compounding drugs that are not a mixture of commercially available products, but are a different product that has no applicable HCPCS code, the payment is packaged and no HCPCS coding is required. The only time the ASC would use HCPCS code C9399 is to report administration of a

new drug or biological that is approved by FDA on or after January 1, 2004, for which a HCPCS code has not been assigned.

a. Drugs and Biologicals with Payment Based on Average Sales Price (ASP) Effective April 1, 2008

As stated in the CY 2008 OPPS/ASC final rule, payments for separately payable drugs and biologicals based on the average sales price (ASP) will be updated on a quarterly basis as later quarter ASP submissions become available. In cases where adjustments to payment rates for previous quarters (January 2008) are necessary based on the most recent ASP submissions, we will incorporate changes to the payment rates in the April 2008 release of the ASC DRUG FILE. The updated payment rates effective April 1, 2008, will be included in the April 2008 update of the ASC Addendum BB, which will be posted on the CMS Web site at the end of March.

Instructions for downloading the ASC DRUG file updates are included in the business requirements section below. Contractors shall modify the necessary systems to accept all HCPCS and payment rate changes contained in this change request. Contractors shall make available to ASCs the list of any newly added codes and previous quarter payment rate changes as identified in this instruction.

Adjustment claims brought to the contractor's attention for payment rate changes identified in this instruction should be adjusted using the payment rates from the file in effect for the dates of service on the claim, including a revised release of the January 2008 ASC DRUG file, if issued by CMS, for the date that the service was provided.

b. New HCPCS Drug Codes Separately Payable under the ASC Payment System as of April 1, 2008

Four new HCPCS codes have been created to be payable with dates of service on or after April 1, 2008. These new HCPCS codes, their descriptors, and ASC payment indicators are listed in Table 2 below.

Table 1 - New Drugs Separately Payable under the ASC Payment System as of April 1, 2008

| HCPCS Code | Long Descriptor |
|---|---|
| C9241 | Injection, doripenem, 10 mg |
| Q4096 | Injection, Von Willebrand Factor Complex, human, Ristocetin Cofactor (Not otherwise specified), per I.U. VWF:RCO, |
| Q4097 | Injection, immune globulin (Privigen), intravenous, non-lyophilized (e.g., liquid), 500 mg |
| Q4098 | Injection, iron dextran, 50 mg |

The payment rates for these drugs can be found in the April 2008 update of the ASC Addendum BB which will be posted on the CMS Web site at the end of March.

c. HCPCS Drug Codes No Longer Payable under the ASC Payment System Effective April 1, 2008

The following drug codes have been deleted and are therefore, no longer payable by Medicare on claims with dates of service on or after April 1, 2008. The ASC DRUG file will be updated to reflect the deletions.

Table 2 - Drugs HCPCS codes no longer eligible for payment under Medicare as of April 1, 2008

| HCPCS Code | Long Descriptor | ASC Payment Status |
|---|---|---|
| J1751 | Injection, iron dextran 165, 50 mg | Not payable by Medicare |
| J1752 | Injection, iron dextran 267, 50 mg | Not payable by Medicare |

d. Correct Reporting of Units for Drugs

ASCs are reminded to ensure that units of drugs administered to patients are accurately reported in terms of the dosage specified in the full HCPCS code descriptor. That is, units should be reported in multiples of the units included in the HCPCS descriptor. For example, if the drug's HCPCS code descriptor specifies 6 mg, and 6 mg of the drug were administered to the patient, the units billed should be 1. As another example, if the drug's HCPCS descriptor specifies 50 mg and 200 mg of the drug were administered to the patient, the units billed should be 4. ASCs should not bill the units based on how the drug is packaged, stored, or stocked. That is, if the HCPCS descriptor for the drug code specifies 1 mg and a 10 mg vial of the drug was administered to the patient, 10 units should be reported on the bill, even though only 1 vial was administered. HCPCS short descriptors are limited to 28 characters, including spaces, so short descriptors do not always capture the complete description of the drug. Therefore, before submitting Medicare claims for drugs and biologicals, it is extremely important to review the complete long descriptors for the applicable HCPCS codes.

## II. BUSINESS REQUIREMENTS TABLE

| Number | Requirement | Responsibility (place an "X" in each applicable column) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | A/B MAC | DME MAC | FI | CARRIER | RHHI | Shared-System Maintainers | | | | OTHER |
| | | | | | | | FISS | MCS | VMS | CWF | |
| 5994.1 | Medicare contractors shall download and install the April 2008 ASC DRUG file<br><br>FILENAME: `MU00.@BF12390.ASC.CY08.DRUG.APR.B.V0320`<br><br>**Date of retrieval will be provided in a separate email communication from CMS** | X | | | X | | | X | | | |
| 5994.2 | Contractors and CWF shall assign TOS F to C9241, Q4096, Q4097, and Q4098 for claims with DOS on or after April 1, 2008. | X | | | X | | | | | X | |
| 5994.3 | If published by CMS, Medicare contractors shall download and install a revised January 2008 ASC DRUG file<br><br>FILENAME: `MU00.@BF12390.ASC.CY08.DRUG.JAN.B.V0320` | X | | | X | | | X | | | |

| Number | Requirement | Responsibility (place an "X" in each applicable column) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | A/B MAC | DME MAC | FI | CARRIER | RHHI | Shared-System Maintainers | | | | OTHER |
| | | | | | | | FISS | MCS | VMS | CWF | |
| | **Confirmation and date of retrieval will be provided in a separate email communication from CMS** | | | | | | | | | | |
| 5994.3.1 | Medicare contractors shall adjust as appropriate claims brought to their attention that:<br>1) Have dates of service on or after January 1, 2008, but prior to April 1, 2008 and ;<br>2) Were originally processed prior to the installation of the revised January 2008 ASC DRUG File. | X | | | X | | | X | | | |

## III. PROVIDER EDUCATION TABLE

| Number | Requirement | Responsibility (place an "X" in each applicable column) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | A/B MAC | DME MAC | FI | CARRIER | RHHI | Shared-System Maintainers | | | | OTHER |
| | | | | | | | FISS | MCS | VMS | CWF | |
| 5994.3 | A provider education article related to this instruction will be available at http://www.cms.hhs.gov/MLNMattersArticles/ shortly after the CR is released. You will receive notification of the article release via the established "MLN Matters" listserv.<br>Contractors shall post this article, or a direct link to this article, on their Web site 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 your 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: For any recommendations and supporting information associated with listed requirements, use the box below:**
*Use "Should" to denote a recommendation.*

| X-Ref Requirement Number | Recommendations or other supporting information: |
|---|---|
| | |

**Section B: For all other recommendations and supporting information, use this space:**

## V. CONTACTS

**Pre-Implementation Contact(s):** ASC Payment Policy: Chuck Braver at chuck.braver@cms.hhs.gov or 410-786-6719; Carrier/ AB MAC Claims Processing Issues: Yvette Cousar at yvette.cousar@cms.hhs.gov or 410-786-2160.

**Post-Implementation Contact(s):** Regional Office

## VI. FUNDING

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

No additional funding will be provided by CMS; contractor activities are to be carried out within 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 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.