

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 3726	Date: March 3, 2017
	Change Request 9998

SUBJECT: April 2017 Update of the Ambulatory Surgical 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 April 2017 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: April 1, 2017

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

IMPLEMENTATION DATE: April 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: 3726	Date: March 3, 2017	Change Request: 9998
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SUBJECT: April 2017 Update of the Ambulatory Surgical Center (ASC) Payment System

EFFECTIVE DATE: April 1, 2017

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

IMPLEMENTATION DATE: April 3, 2017

I. GENERAL INFORMATION

A. Background: This Recurring Update Notification describes changes to and billing instructions for various payment policies implemented in the April 2017 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).

Included in this notification are updates to payment rates for separately payable drugs and biologicals, including descriptors for newly created Level II HCPCS codes for drugs and biologicals (ASC DRUG files). There is no ASC Fee Schedule (ASCFS) being issued this quarter.

B. Policy: 1. Drugs, Biologicals, and Radiopharmaceuticals

a. ASC Drugs and Biologicals with OPPS Pass-Through Status Effective April 1, 2017

For CY 2017, several new HCPCS codes, with OPPS Pass-Through Status, have been created for reporting drugs and biologicals in the ASC payment system, where there have not previously been specific codes available. These new codes are listed in Table 1 (see Attachment A: Policy Section Tables).

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

For CY 2017, 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 2017, 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 April 1, 2017, and drug price restatements can be found in the April 2017 ASC Addendum BB on the CMS Web site at: http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/ASCPayment/11_Addenda_Updates.html .

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. Revised Payment Indicator for HCPCS Code J1130 Effective January 1, 2017

The status indicator for HCPCS code J1130 (Injection, diclofenac sodium, 0.5 mg) will change from ASC PI=Y5 (Nonsurgical procedure/item not valid for Medicare purposes because of coverage, regulation and/or statute; no payment made) to ASC PI=K2 (Drugs and biological paid separately when provided integral to a surgical procedure on ASC list) in the April 2017 update. This correction to payment indicator will be retroactive to January 1, 2017. The correction is listed in Table 2 (see Attachment A: Policy Section Tables).

e. HCPCS code C9744

As a reminder to ASCs, HCPCS code C9744 (Ultrasound, abdominal, with contrast) may be used to describe use of a contrast agent in ultrasonography of the liver, kidneys, and/or bladder.

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

Four skin substitute products have been reassigned from the low cost skin substitute group to the high cost skin substitute group based on updated pricing information. The HCPCS codes are Q4161, Q4169, Q4173, and Q4175. ASCs should not separately bill for packaged skin substitutes (ASC PI=N1). These products are listed in Table 3, (see Attachment A: Policy Section Tables).

g. Removal of Skin Substitute Product from the High/Low Cost Skin Substitute Table

One HCPCS code, Q4171, was inadvertently included in the High/Low Cost Skin Substitute table. Effective April 2017, Q4171 is removed from the High/Low Cost Skin Substitute table. As a reminder ASCs should not separately bill for packaged skin substitutes (ASC PI=N1). This product is listed in Table 4, (see Attachment A: Policy Section Tables).

6. 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.

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	
9998.1	Medicare contractors shall download and install the April 2017 ASC DRUG file. FILENAME: MU00.@BF12390.ASC.CY17.DRUG.APRA.V0324 NOTE: Date of retrieval will be provided in a		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	
	separate email communication from CMS.									
9998.2	Medicare contractors shall download and install the April 2017 ASC PI file. FILENAME: MU00.@BF12390.ASC.CY17.PI.APRA.V0310 NOTE: Date of retrieval will be provided in a separate email communication from CMS.		X						VDCs	
9998.3	Contractors and CWF shall add TOS F and/or revise descriptors, as appropriate, for HCPCS included in attachment A, table 1, effective for services April 1, 2017 and later payable in the ASC setting.		X					X		
9998.4	Contractors and CWF shall add TOS F and/or revise descriptors, as appropriate, for HCPCS included in attachment A, table 2, effective for services January 1, 2017 and later payable in the ASC setting.		X					X		
9998.5	If released by CMS, Medicare contractors shall download and install the revised January 2017 ASC DRUG file. FILENAME: MU00.@BF12390.ASC.CY17.DRUG.JANB.V0324 NOTE: Date of retrieval will be provided in a separate email communication from CMS.		X						VDCs	
9998.5.1	Medicare contractors shall adjust as appropriate claims brought to their attention that: 1) Have dates of service January 1, 2017- March 31, 2017 and ; 2) Were originally processed prior to the installation of the revised January 2017 ASC DRUG File.		X							
9998.6	If released by CMS, Medicare contractors shall download and install the revised October 2016 ASC DRUG file. FILENAME: MU00.@BF12390.ASC.CY16.DRUG.OCTC.V0324		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	
	NOTE: Date of retrieval will be provided in a separate email communication from CMS.									
9998.6.1	Medicare contractors shall adjust as appropriate claims brought to their attention that: 1) Have dates of service October 1, 2016- December 31, 2016 and ; 2) Were originally processed prior to the installation of the revised October 2016 ASC DRUG File		X							
9998.7	If released by CMS, Medicare contractors shall download and install the revised July 2016 ASC DRUG file. FILENAME: MU00.@BF12390.ASC.CY16.DRUG.JULC.V0324 NOTE: Date of retrieval will be provided in a separate email communication from CMS.		X						VDCs	
9998.7.1	Medicare contractors shall adjust as appropriate claims brought to their attention that: 1) Have dates of service July 1, 2016- September 30, 2016 and ; 2) Were originally processed prior to the installation of the revised July 2016 ASC DRUG File.		X							
9998.8	If released by CMS, Medicare contractors shall download and install the revised April 2016 ASC DRUG file. FILENAME: MU00.@BF12390.ASC.CY16.DRUG.APRD.V0324 NOTE: Date of retrieval will be provided in a separate email communication from CMS.		X						VDCs	
9998.8.1	Medicare contractors shall adjust as appropriate claims brought to their attention that: 1) Have dates of service April 1, 2016- June 30, 2016		X							

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	
	and ; 2) Were originally processed prior to the installation of the revised April 2016 ASC DRUG File.									

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		
9998.9	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 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			

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:
1-3	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 (AB MAC Claims Processing Issues) , Mark Baldwin, 410-786-8139 or mark.baldwin@cms.hhs.gov (AB MAC Claims Processing Issues)

Post-Implementation Contact(s): Contact your Contracting Officer's Representative (COR).

VI. FUNDING

Section A: For Medicare Administrative Contractors (MACs):

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ATTACHMENTS: 1

POLICY SECTION TABLES

Table 1 – ASC Drugs and Biologicals with OPSS Pass-Through Status Effective April 1, 2017

HCPCS Code	Long Descriptor	Short Descriptor	ASC PI
C9484	Injection, eteplirsen, 10 mg	Injection, eteplirsen	K2
C9485	Injection, olaratumab, 10 mg	Injection, olaratumab	K2
C9486	Injection, granisetron extended release, 0.1 mg	Inj, granisetron ext	K2
C9487	Ustekinumab, for intravenous injection, 1 mg	Ustekinumab IV inj, 1 mg	K2
C9488	Injection, conivaptan hydrochloride, 1 mg	Conivaptan HCL	K2
J7328	Hyaluronan or derivative, gel-syn, for intra-articular injection, 0.1 mg	Gel-syn injection 0.1 mg	K2

Table 2 – Revised Payment Indicator for HCPCS Code J1130 Effective January 1, 2017

HCPCS Code	Long Descriptor	Short Descriptor	ASC PI
J1130	Injection, diclofenac sodium, 0.5 mg	Inj diclofenac sodium 0.5mg	K2

Table 3 – Reassignment of Skin Substitute Product from the Low Cost Group to the High Cost Group Effective April 1, 2017

CY 2017 HCPCS Code	CY 2017 Short Descriptor	ASC PI	Low/High Cost Skin Substitute
Q4161	Bio-Connekt per square cm	N1	High
Q4169	Artacent wound, per square cm	N1	High
Q4173	Palingen or palingen xplus, per sq cm	N1	High
Q4175	Miroderm, per square cm	N1	High

Table 4 – Skin Substitute Product removed from High/Low Cost Skin Substitute Table Effective April 1, 2017

CY 2017 HCPCS Code	CY 2017 Short Descriptor	ASC PI
Q4171	Interfyl, 1 mg	N1