

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
Centers for Medicare & Medicaid Services



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Effective Date: April 1, 2017

Related CR Transmittal #: R3726CP

Implementation Date: April 3, 2017

## April 2017 Update of the Ambulatory Surgical Center (ASC) Payment System

### Provider Types Affected

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This MLN Matters® Article is intended for physicians, other providers, and suppliers submitting claims to Medicare Administrative Contractors (MACs) for Ambulatory Surgical Center (ASC) services to Medicare beneficiaries.

### Provider Action Needed

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Change Request (CR) 9998, from which this article was developed, 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 of the Medicare Claims Processing Manual (Pub. 100-04), available at <https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/clm104c14.pdf> on the Centers for Medicare & Medicaid Services (CMS) website. As appropriate, this notification also includes updates to the Healthcare Common Procedure Coding System (HCPCS).

### Background

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Included in this CR 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.

#### Disclaimer

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## **Drugs, Biologicals, and Radiopharmaceuticals**

### **ASC Drugs and Biologicals with OPSS Pass-Through Status Effective April 1, 2017**

For Calendar Year 2017, several new HCPCS codes, with OPSS 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 in Table 1.

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

<b>HCPCS Code</b>	<b>Long Descriptor</b>	<b>Short Descriptor</b>	<b>ASC PI</b>
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

### **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 at

[http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/ASCPayment/11 Addenda Updates.html](http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/ASCPayment/11_Addenda_Updates.html) on the CMS website.

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### 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 will be accessible on the first date of the quarter at <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/ASCPayment/index.html> on the CMS website.

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.

### 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 status indicator correction will be retroactive to January 1, 2017. The correction is shown in Table 2.

**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

### 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.

### 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 shown in Table 3.

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**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

**Removal of Skin Substitute Product from the High/Low-Cost Skin Substitute Table**

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.

**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

**Coverage Determinations:** The fact that a drug, device, procedure, or service is assigned an 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. 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.

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## Additional Information

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The official instruction, CR 7795 issued to your MAC regarding this change is available at <https://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/2017Downloads/R3726CP.pdf>.

If you have any questions, please contact your MAC at their toll-free number. That number is available at <https://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/Medicare-FFS-Compliance-Programs/Review-Contractor-Directory-Interactive-Map/> on the CMS website.

## Document History

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Date	Description
March 6, 2017	Article release

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