



# MLN Matters



Information for Medicare Fee-for-Service Health Care Professionals

Related Change Request (CR) #: 3606

MLN Matters Number: MM3606

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Related CR Transmittal #: 403

Effective Date: January 1, 2005

Implementation Date: January 3, 2005

## *January 2005 Update of the Hospital Outpatient Prospective Payment System (OPPS): Billing for Devices that Do Not Have Transitional Pass-Through Status and that Are Not Classified as New Technology Ambulatory Payment Classification (APCs) Groups*

**Note:** This article was revised to contain Web addresses that conform to the new CMS website and to show they are now MLN Matters articles. All other information remains the same.

### Provider Types Affected

Hospitals and other providers subject to the OPPTS

### Provider Action Needed

Affected providers should note that this article and the related CR3606 describe changes to billing for devices that do not have transitional pass-through status and are not classified as new technology APCs.

### Background

Under the OPPTS, the Centers for Medicare & Medicaid Services (CMS) packages payment for an implantable device into the APC for the procedure performed for that implantation. Because the pass-through status of so many devices expired at the end of CY2002, CMS discontinued the codes that were established to report pass-through devices in CY2003.

However, CMS found that, in order to improve the specificity of data used for developing payment bases for device-dependent APCs, the device codes and related charges were needed. Therefore, in CY2004, CMS reestablished the device codes and encouraged hospitals to report the data on a voluntary basis.

In CY2005, such reporting will be required in order to process the claims.

The goal is to base payment for device-dependent APCs under the OPPTS on single bill claims data, without adjustment for erratic data, and unless otherwise noted, all changes addressed in this article and CR3606 are effective for services furnished on or after January 1, 2005.

#### Disclaimer

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Effective January 1, 2005, hospitals paid under the OPSS submitting claims on bill types 12X and 13X that report procedure codes requiring the use of devices must also report the applicable Healthcare Common Procedure Coding System (HCPCS) codes and charges for all devices that are used to perform the procedures where such codes exist. This is necessary so that the OPSS payment for these procedures will be correct in future years in which the claims are used to create the APC payment amounts.

Effective for services furnished on or after April 1, 2005, Medicare will return to the provider any claim that reports an applicable "device-required" procedure code that does not report at least one device HCPCS code required for that procedure. Chapter 4 of the *Medicare Claims Processing Manual* has been amended to include tables that show the specific codes and edits that Medicare will use to implement these requirements, specifically:

- Table 1 in Section 61.1 of Chapter 4 lists the HCPCS codes for devices to be reported, as applicable, on the same claim as procedures in which devices are used; and
- Table 2 of Section 61.2 of Chapter 4 shows the list of procedure-to-device code edits.

Providers may view the HCPCS codes at

[http://www.cms.hhs.gov/HCPCSReleaseCodeSets/01\\_Overview.asp#TopOfPage](http://www.cms.hhs.gov/HCPCSReleaseCodeSets/01_Overview.asp#TopOfPage) on the CMS website.

The January 2005 OPSS OCE and OPSS PRICER will reflect the changes identified in this notification, and their installation instructions were provided in the following Change Requests (CRs):

January 2005 OPSS PRICER installation instructions were provided in *CR3586: January 2005 Update of the Hospital Outpatient Prospective Payment System: Summary of OPSS Outpatient Code Editor Data Changes and OPSS PRICER Logic*. A MLN Matters article, MM3586, is available on this CR at <http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM3586.pdf> on the CMS website.

- January 2005 OPSS OCE installation instructions were provided in *CR3583: January 2005 Outpatient Prospective Payment System Code Editor (OPSS OCE) Specifications Version 6.0*. A MLN Matters article, MM3583, is also available on CR3583.

## Implementation

The implementation date for this instruction is January 3, 2005.

## Additional Information

The *Medicare Claims Processing Manual (Pub. 100-04), Chapter 4 (Part B Hospital (Including Inpatient Hospital Part B and OPSS))* has been revised to include the new Section 61 and that section contains the two tables mentioned earlier in this article.

The new manual section is attached to the official instruction released to your intermediary. You may view that instruction by going to <http://www.cms.hhs.gov/transmittals/Downloads/R403CP.pdf> on the CMS website.

If you have any questions, please contact your intermediary at their toll-free number, which may be found at <http://www.cms.hhs.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip> on the CMS website.

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