CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 1294	**Date: JULY 13, 2007**
	Change Request 5599

Subject: Revision of the Fiscal Intermediary Standard System (FISS) to Forward Payment Ambulatory Payment Classification (APC) to the Common Working File (CWF)

I. SUMMARY OF CHANGES: Beginning in July 2000, the OPPS Outpatient Code Editor (OCE) assigns both a Healthcare Procedural Coding System (HCPCS) APC and a Payment APC for each individual HCPCS code. Usually, the HCPCS APC matches the Payment APC-the code for which the OPPS Pricer bases payment. However, for specified HCPCS codes (i.e. codes for observation services), the Payment APC assigned by the OCE is different from the HCPCS APC when the OCE determines certain criteria are met. For example, G0378, Observation care per hour, has a status indicator of Q and a HCPCS APC of 0000. When the OCE determines that the criteria for payment are met for the G0378 line, the OCE assigns a Payment APC of 0339, for which separate payment is based.

Currently, the FISS identifies the HCPCS APC for the code and passes it on to the CWF. The CWF then passes the HCPCS APC to National Claims History (NCH). Therefore, when CMS draws claims from NCH on which to calculate payment rates for OPPS, CMS cannot determine whether these codes were found by the OCE to meet the criteria for payment because the Payment APC is not on the claim record.

New / Revised Material
Effective Date: January 1, 2008*
Implementation Date: January 7, 2008

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:
No additional funding will be provided by CMS; Contractor activities are to be carried out within their FY 2008 operating budgets.

IV. ATTACHMENTS:

One-Time Notification

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

Attachment – One-Time Notification

Pub. 100-04	Transmittal: 1294	Date: July 13, 2007	Change Request: 5599

SUBJECT: Revision of the Fiscal Intermediary Standard System (FISS) to Forward Payment Ambulatory Payment Classification (APC) to the Common Working File (CWF)

Effective Date: January 1, 2008

Implementation Date: January 7, 2008

I.   GENERAL INFORMATION

A.   Background: Beginning in July 2000, the OPPS Outpatient Code Editor (OCE) assigns both a Healthcare Procedural Coding System (HCPCS) APC and a Payment APC for each individual HCPCS code. Usually, the HCPCS APC matches the Payment APC—the code for which the OPPS Pricer bases payment. However, for specified HCPCS codes (i.e. codes for observation services), the Payment APC assigned by the OCE is different from the HCPCS APC when the OCE determines certain criteria are met. For example, G0378, Observation care per hour, has a status indicator of "Q" and a HCPCS APC of 0000. When the OCE determines that the criteria for payment are met for the G0378 line, the OCE assigns a Payment APC of 0339, for which separate payment is based.

Currently, the FISS identifies the HCPCS APC for the code and passes it on to the CWF. The CWF then passes the HCPCS APC to National Claims History (NCH). Therefore, when CMS draws claims from NCH on which to calculate payment rates for OPPS, CMS cannot determine whether these codes were found by the OCE to meet the criteria for payment because the Payment APC is not on the claim record.

NOTE: CMS uses only claims that meet the criteria for separate payment under OPPS to set OPPS weights and payment rates for separately payable services. Therefore, to establish correct payments for OPPS, CMS needs the ability to identify the Payment APC to know whether the OCE found that the code met the criteria for separate payment.

B.   Policy: FISS shall identify and send the Payment APC to CWF. Because only one APC is identified and sent to CWF per line item, the HCPCS APC will no longer be identified and sent to CWF as part of the claim record.

No changes shall be made to the CWF or the NCH other than modifying any documentation for this field to show its new usage. The CWF and the NCH shall carry the Payment APC on the claim record in the location currently occupied by the HCPCS APC.

II.   BUSINESS REQUIREMENTS TABLE

"Shall" denotes a mandatory requirement

Number	Requirement	Responsibility (place an "X" in each applicable column)							
		A /	D M	F I	C A	D M	R H	Shared-System Maintainers	OTHER

							F I S S	M C S	V M S	C W F	
5599.1	FISS shall identify and send the payment APC to CWF.						X				CWF, NCH
5599.1.1	FISS shall stop sending the HCPCS APC to CWF.						X				CWF, NCH

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)										OTHER
		A / B M A C	D M E M A C	F I	C A R R I E R	D M E R C	R H H I	Shared-System Maintainers				
								F I S S	M C S	V M S	C W F	
	None.											

IV. SUPPORTING INFORMATION

A. For any recommendations and supporting information associated with listed requirements, use the box below:
"Should" denotes a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:

B. All other recommendations and supporting information:

V. CONTACTS

Pre-Implementation Contact(s): Anita Heygster 410-786-4486

Post-Implementation Contact(s): Regional Office

VI. FUNDING

A. *For Fiscal Intermediaries, Carriers, and the Durable Medical Equipment Regional Carrier (DMERC)*:
No additional funding will be provided by CMS; contractor activities are to be carried out within their FY 2008 operating budgets.

B. *For Medicare Administrative Contractors (MAC)*:

The contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the Statement of Work (SOW). 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.