

<b>CMS Manual System</b>	<b>Department of Health &amp; Human Services (DHHS)</b>
<b>Pub 100-04 Medicare Claims Processing</b>	<b>Centers for Medicare &amp; Medicaid Services (CMS)</b>
<b>Transmittal 1943</b>	<b>Date: April 6, 2010</b>
	<b>Change Request 6866</b>

*Transmittal 1943, dated April 6, 2010, rescinds and replaces Transmittal 1938 dated March 25, 2010, to include short descriptors for new payable HCPCS. All other material remains the same.*

**SUBJECT: April 2010 Update to the Ambulatory Surgical Center (ASC) Payment System**

**I. SUMMARY OF CHANGES:** This Recurring Update Notification describes changes to, and billing instructions for, payment policies implemented in the April 2010 ASC payment system update.

**EFFECTIVE DATE: April 1, 2010**

**IMPLEMENTATION DATE: April 5, 2010**

*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/revise 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

<b>R/N/D</b>	<b>CHAPTER / SECTION / SUBSECTION / TITLE</b>
	N/A

**III. FUNDING:**

**For Fiscal Intermediaries (FIs), Regional Home Health Intermediaries (RHHIs) and/or Carriers:** No additional funding will be provided by CMS; Contractor activities are to be carried out within their operating budgets.

**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**

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

# Attachment – Recurring Update Notification

Pub. 100-04	Transmittal: 1943	Date: April 6, 2010	Change Request: 6866
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**SUBJECT: April 2010 Update to the Ambulatory Surgical Center (ASC) Payment System**

**Effective Date:** April 1, 2010

**Implementation Date:** April 5, 2010

## **I. GENERAL INFORMATION**

### **A. Background:**

This Recurring Update Notification describes changes to, and billing instructions for, payment policies implemented in the April 2010 ASC payment system update. Final policy under the revised ASC payment system, as set forth in Medicare Program; Revised Payment System Policies for Services Furnished in Ambulatory Surgical Centers (ASCs), beginning in CY 2008 (72 FR 42470), 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). Those rates are updated quarterly. Therefore, beginning with Transmittal R1488CP (CR5994), issued April 9, 2008, CMS has issued quarterly updates to ASC payment rates for separately paid drugs and biologicals. CMS also updates the lists of covered surgical procedures and covered ancillary services to include newly created HCPCS codes, as appropriate. This instruction provides information on six newly created HCPCS codes that will be added to the ASC list of covered ancillary procedures effective April 1, 2010.

In this Change Request (CR), we are issuing instructions to contractors to modify their systems to accept the April 2010 ASC Payment Indicator (PI) file, the April 2010 ASC DRUG file, and the updated January 2009 and October 2009 ASC DRUG files and to ensure that the updated files properly interface with the Ambulatory Surgical Center Fee Schedule (ASCFS) and all other ASC module programming. The April 2010 ASC PI file is a full replacement of the January ASC PI file. All of the ASC DRUG files are full replacement files that include payment rates for all separately payable drugs and biologicals applicable to the calendar quarter.

### **B. Policy:**

#### **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 for the reported HCPCS codes 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.

We remind ASCs that under the ASC payment system if two or more drugs or biologicals are mixed together to facilitate administration, the correct HCPCS codes should be reported separately for each product used in the care of the patient. The mixing together of two or more products does not constitute a "new" drug as regulated by the Food and Drug Administration

(FDA) under the New Drug Application (NDA) process. In these situations, ASCs are reminded that it is not appropriate to bill HCPCS code C9399. HCPCS code C9399, Unclassified drug or biological, is for new drugs and biologicals that are approved by the FDA on or after January 1, 2004, for which a HCPCS code has not been assigned.

Unless otherwise specified in the long description, HCPCS descriptions refer to the non-compounded, FDA-approved final product. If a product is compounded and a specific HCPCS code does not exist for the compounded product, the ASC should include the charge for the compounded product in the charge for the surgical procedure performed. Instructions for downloading the ASC DRUG file updates are included in the business requirements section below.

HCPCS payment updates are posted to the CMS website quarterly at:  
[http://www.cms.hhs.gov/ASCPayment/11\\_Addenda\\_Updates.asp#TopOfPage](http://www.cms.hhs.gov/ASCPayment/11_Addenda_Updates.asp#TopOfPage)

**a. New HCPCS Codes for Drugs that are Separately Payable under the ASC Payment System Effective April 1, 2010**

Six new HCPCS codes have been created for drugs that are payable for dates of service on and after April 1, 2010. The new HCPCS codes, the long descriptors, short descriptors, and payment indicators are identified in Table 1 below.

The new separately payable drug codes and their payment rates are included in the April 2010 ASC DRUG file.

**Table 1- New Drugs and Biologicals Separately Payable under the ASC Payment System Effective April 1, 2010.**

<b>HCPCS Code</b>	<b>Long Descriptor</b>	<b>Short Descriptor</b>	<b>Payment Indicator Effective 4/1/10</b>
C9258*	Injection, telavancin, 10 mg	Telavancin injection	K2
C9259*	Injection, pralatrexate, 1 mg	Pralatrexate injection	K2
C9260*	Injection, ofatumumab, 10 mg	Ofatumumab injection	K2
C9261*	Injection, ustekinumab, 1 mg	Ustekinumab injection	K2
C9262*	Fludarabine phosphate, oral, 1 mg	Fludarabine phosphate, oral	K2
C9263*	Injection, ecallantide, 1 mg	Ecallantide injection	K2

\*Indicates that the HCPCS code is new and effective April 1, 2010

**b. Updated Payment Rate for HCPCS Code J9031 Effective January 1, 2009, through March 31, 2009**

The payment rate for HCPCS code J9031 was incorrect in the January 2009 ASC DRUG file. The corrected payment rate is listed in Table 2 below and has been included in the revised January 2009 ASC DRUG file effective for services furnished on January 1, 2009 through implementation of the April 2009 update. Suppliers who think they may have received an incorrect payment between January 1, 2009 and March 31, 2009 may request contractor adjustment of the previously processed claims.

**Table 2 – Updated Payment Rate for HCPCS Code J9031 Effective January 1, 2009, through March 31, 2009**

<b>HCPCS Code</b>	<b>Payment Indicator</b>	<b>Short Descriptor</b>	<b>Corrected Payment Rate</b>
J9031	K2	Bcg live intravesical vac	\$118.96

**c. Updated Payment Rates for Certain HCPCS Codes Effective October 1, 2009 through December 31, 2009**

The payment rates for four HCPCS codes were incorrect in the October 2009 ASC DRUG file. The corrected payment rates are listed in Table 3 below and have been included in the revised October 2009 ASC DRUG file effective for services furnished on October 1, 2009 through implementation of the January 2010 update. Suppliers who think they may have received an incorrect payment between October 1, 2009 and December 31, 2009 may request contractor adjustment of the previously processed claims.

**Table 3 - Updated Payment Rates for Certain HCPCS Codes Effective October 1, 2009 through December 31, 2009**

<b>HCPCS Code</b>	<b>Payment Indicator</b>	<b>Short Descriptor</b>	<b>Corrected Payment Rate</b>
J2278	K2	Ziconotide injection	\$6.38
J2323	K2	Natalizumab injection	\$7.97
J1458	K2	Galsulfase injection	\$333.49
90371	K2	Hep b ig, im	\$113.78

**d. Correct Reporting of Drugs and Biologicals When Used As Implantable Devices**

When billing for a biological for which the HCPCS code describes a product that is solely surgically implanted or inserted, and that is separately payable under the ASC payment system, the ASC should report the HCPCS code for the product. If the implanted biological is packaged, that is, not eligible for separate payment under the ASC payment system, the ASC should not report the biological product HCPCS code.

When billing for a biological for which the HCPCS code describes a product that either may be surgically implanted or inserted or otherwise applied in the care of a patient, ASCs should not report the HCPCS code for the product when the biological is used as an implantable device (including as a scaffold or an alternative to human or nonhuman connective tissue or mesh used in a graft) during surgical procedures. Under the ASC payment system, ASCs are provided a packaged payment for surgical procedures that includes the cost of supportive items. When using biologicals during surgical procedures as implantable devices, ASCs may include the charges for these items in their charge for the procedure.

**e. 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 code descriptor specifies 50 mg, but 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. The 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								
		A B M A C	D M M A C	F I	C A R E R	R H I	Shared-System Maintainers			
					F I S S	M C S	V M S	C W F		
6866.1	Medicare contractors shall download and install the April 2010 ASC DRUG file  FILENAME: <u>MU00.@BF12390.ASC.CY10.DRUG.APR. K.V0322</u>  <b>Date of retrieval will be provided in a separate email communication from CMS</b>	X			X					All EDCs
6866.2	Medicare contractors shall download and install a revised January 2009 ASC DRUG file  FILENAME: <u>MU00.@BF12390.ASC.CY09.DRUG.JAN. K.V0322</u>  <b>Date of retrieval will be provided in a separate email communication from CMS</b>	X			X					All EDCs
6866.2.1	Medicare contractors shall adjust as appropriate claims brought to their attention that: 1) Have dates of service on January 1, 2009 through March 31, 2009 and; 2) Were originally processed prior to the installation of the revised April 2009 ASC DRUG file.	X			X					



### III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility								
		A / B  M A C	D M E  M A C	F I	C A R I E R	R H  I	Shared-System Maintainers			
					F I S S	M C S	V M S	C W F		
6866.7	<p>A provider education article related to this instruction will be available at <a href="http://www.cms.hhs.gov/MLNMattersArticles/">http://www.cms.hhs.gov/MLNMattersArticles/</a> shortly after the CR is released. You will receive notification of the article release via the established "MLN Matters" listserv.</p> <p>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.</p>	X			X					

### IV. SUPPORTING INFORMATION

**Section A: Recommendations and supporting information associated with listed requirements:**

X-Ref Requirement Number	Recommendations or other supporting information:
	None

**Section B: All other recommendations and supporting information: N/A**

### V. CONTACTS

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