CMS Manual System	**Department of Health & Human Services (DHHS)**
Pub 100-04 Medicare Claims Processing	**Centers for Medicare & Medicaid Services (CMS)**
Transmittal 2185	**Date: MARCH 25, 2011**
	Change Request 7343

SUBJECT: April 2011 Update of the Ambulatory Surgical Center (ASC) Payment System

I. SUMMARY OF CHANGES: This Recurring Update Notification (RUN) describes changes to and billing instructions for payment policies implemented in the April 2011 ASC payment system update. This RUN applies to Pub. 100-04, chapter 14, section 20.

EFFECTIVE DATE: April 1, 2011
IMPLEMENTATION DATE: April 4, 2011

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	

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: 2185	Date: March 25, 2011	Change Request: 7343

SUBJECT: April 2011 Update of the Ambulatory Surgical Center (ASC) Payment System

Effective Date: April 1, 2011
Implementation Date: April 4, 2011

I. GENERAL INFORMATION

A. Background: This Recurring Update Notification describes changes to and billing instructions for payment policies implemented in the April 2011 ASC payment system update. As appropriate, this notification also includes updates to the Healthcare Common Procedure Coding System (HCPCS). CMS is not issuing an April 2011Ambulatory Surgical Center Fee Schedule (ASCFS) file. This RUN applies to Pub. 100-04, chapter 14, section 20.

B. Policy:

1. 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.

CMS reminds 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.gov/ASCPayment/11_Addenda_Updates.asp#TopOfPage

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. Units should be reported in multiples of the units included in the HCPCS descriptor. ASCs should not bill the units based on the way the implantable biological is packaged, stored, or stocked. The HCPCS short descriptors are limited to 28 characters, including spaces, so short descriptors do not always capture the complete description of the implantable biological. Therefore, before submitting Medicare claims for biologicals that are used as implantable devices, it is extremely important to review the complete long descriptors for the applicable HCPCS codes.

When billing for a biological for which the HCPCS code describes a product that may be either 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.

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 HCPCS long code descriptor. That is, units should be reported in multiples of the units included in the HCPCS descriptor. For example, if the description for the drug code is 6 mg, and 6 mg of the drug was administered to the patient, the units billed should be 1. As another example, if the description for the drug code is 50 mg, but 200 mg of the drug was administered to the patient, the units billed should be 4. ASCs should not bill the units based on the way 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, bill 10 units, 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.

As discussed in Pub.100-04, Medicare Claims Processing Manual, Chapter 17, Section 40, CMS encourages ASCs to use drugs efficiently and in a clinically appropriate manner. However, CMS also recognizes that ASCs may discard some drug and biological product when administering from a single use vial or package. In that circumstance, Medicare pays for the amount of drug or biological discarded as well as the dose administered, up to the amount of the drug or biological as indicated on the vial or package label. Multi-use vials are not subject to payment for discarded amounts of drug or biological.

a. New HCPCS Codes for Drugs and Biologicals Separately Payable under the ASC Payment System Effective April 1, 2011

Four drugs and biologicals have been granted ASC payment status effective April 1, 2011. These items, along with their long and short descriptors, and payment indicators are identified in Table 1 below.

Table 1: New Drugs and Biologicals Separately Payable under the ASC Payment System Effective April 1, 2011

HCPCS Code	Long Descriptor	Short Descriptor	Payment Indicator Effective 4/1/11
C9280*	Injection, eribulin mesylate, 1 mg	Injection, eribulin mesylate	K2
C9281*	Injection, pegloticase, 1 mg	Injection, pegloticase	K2
C9282*	Injection, ceftaroline fosamil, 10 mg	Inj, ceftaroline fosamil	K2
Q2040*	Injection, incobotulinumtoxin A, 1 unit	Incobotulinumtoxin A	K2

NOTE: The HCPCS codes identified with an "*" indicate that these are new codes effective April 1, 2011. HCPCS code Q2040 is replacing HCPCS code C9278 beginning on April 1, 2011. C9278 will be deleted for dates of service April 1, 2011 and forward. The ASCPI file will reflect this deletion with PI=D5 for C9278 effective 4/1/2011.

b. Updated Payment Rates for Certain HCPCS Codes Effective October 1, 2010 through December 31, 2010

The payment rates for several HCPCS codes were incorrect in the October 2010 ASC DRUG file. The corrected payment rates are listed in Table 2 below and have been included in the revised October 2010 ASC DRUG file effective for services furnished on October 1, 2010 through implementation of the January 2011 update. Suppliers who have received an incorrect payment between October 1, 2010 through December 31, 2010, may request contractor adjustment of the previously processed claims.

Table 2-Updated Payment Rates for Certain HCPCS Codes Effective October 1, 2010 through December 31, 2010

HCPCS Code	Short Descriptor	ASC Payment Rate	ASC PI
J0833	Cosyntropin injection NOS	$51.32	K2
J1451	Fomepizole, 15 mg	$7.14	K2
J3030	Sumatriptan succinate / 6 MG	$45.71	K2
J7502	Cyclosporine oral 100 mg	$3.04	K2
J7507	Tacrolimus oral per 1 MG	$3.18	K2
J9185	Fludarabine phosphate inj	$162.67	K2
J9206	Irinotecan injection	$7.45	K2
J9218	Leuprolide acetate injection	$4.50	K2
J9263	Oxaliplatin	$4.52	K2

c. Updated Payment Rate for HCPCS Code Q4118 Effective January 1, 2011 through March 31, 2011

The payment rate for HCPCS code Q4118 was incorrect in the January 2011 ASC DRUG file. The corrected payment rate is listed in Table 3 below and has been included in the revised January 2011 ASC Drug file, effective for services furnished on January 1, 2011, through implementation of the April 2011 update. Suppliers who have received an incorrect payment for dates of service from January 1, 2011 through March 31, 2011, may request contractor adjustment of the previously processed claims.

Table 3-Updated Payment Rate for HCPCS Code Q4118 Effective January 1, 2011 through March 31, 2011

HCPCS Code	Short Descriptor	ASC Payment Rate	ASC PI
Q4118	Matristem micromatrix	$3.19	K2

d. Corrected Payment Indicator for HCPCS Code Q4119 Effective January 1, 2011 through March 31, 2011

In the January 2011 Update, HCPCS code Q4119 was assigned to payment indicator "Y5." This payment indicator will be updated for the April 2011 Update. Specifically, the payment indicator for Q4119 will be updated from "Y5" to "K2" retroactive to January 1, 2011. The corrected payment indicator and payment rate is listed in Table 4 below and has been included in the revised January 2011 ASC Drug file, effective for services furnished on January 1, 2011, through implementation of the April 2011 update. Suppliers who have received an incorrect payment for dates of service from January 1, 2011 through March 31, 2011, may request contractor adjustment of the previously processed claims.

Table 4-Updated Payment Rate for HCPCS Code Q4119 Effective January 1, 2011 through March 31, 2011

HCPCS Code	Short Descriptor	ASC Payment Rate	ASC PI
Q4119	Matristem wound matrix	$5.62	K2

e. HCPCS Code Q1003 Deleted Effective April 1, 2011

Effective 4/1/2011, HCPCS code Q1003 (New technology intraocular lens category 3 (reduced spherical aberration)) will no longer be reportable under the ASC payment system. ASCs were instructed to report HCPCS code Q1003 to bill for a Category 3 NTIOL associated with reduced spherical aberration from February 27, 2006, through February 26, 2011. As stated in the January 2011 ASC Update (Transmittal 2128, Change Request 7275, dated December 29, 2010), because this NTIOL category expired February 26, 2011, CMS assigned HCPCS code Q1003 to a packaged code indicator (PI= N1) for dates of service beginning February 27, 2011. Since HCPCS code Q1003 will be deleted, HCPCS code Q1003 will be reassigned from a packaged code indicator (PI=N1) to a deleted payment indicator (PI=D5) effective April 1, 2011.

II. BUSINESS REQUIREMENTS TABLE

Use "Shall" to denote a mandatory requirement

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A/B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTHER
							FISS	MCS	VMS	CWF	
7343.1	Medicare contractors shall download and install the April 2011 ASC PI file. FILENAME: MU00.@BF12390.ASC.CY11.PI.APR.O.V0308 **Confirmation and date of retrieval will be provided in a separate email communication from CMS.**	X			X						All EDCs
7343.2	Medicare contractors shall download and install the April 2011 ASC DRUG file. FILENAME: MU00.@BF12390.ASC.CY11.DRUG.APR.O.V0323 **Date of retrieval will be provided in a separate email communication from CMS**	X			X						All EDCs
7343.3	Medicare contractors shall download and install the revised January 2011 ASC DRUG file. FILENAME: MU00.@BF12390.ASC.CY11.DRUG.JAN.O.V0323 **Date of retrieval will be provided in a separate email communication from CMS**	X			X						All EDCs
7343.3.1	Medicare contractors shall adjust as appropriate claims brought to their attention that: 1) Have dates of service on or after January 1, 2011 prior to March 31, 2011 and ; 2) Were originally processed prior to the installation of the revised January 2011 ASC DRUG File.	X			X						
7343.4	Medicare contractors shall download and install the revised October 2010 ASC DRUG file. FILENAME: MU00.@BF12390.ASC.CY10.DRUG.OCT.O.V0323 **Date of retrieval will be provided in a separate email communication from CMS**	X			X						All EDCs
7343.4.1	Medicare contractors shall adjust as appropriate claims brought to their attention that: 1) Have dates of service on or after October 1, 2010	X			X						

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A/B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTHER
							FISS	MCS	VMS	CWF	
	prior to December 31, 2010 and ; 2) Were originally processed prior to the installation of the revised October 2010 ASC DRUG File.										
7343.5	CWF shall assign Type of Service (TOS) F for C9280 – C9282 and Q2040 for dates of service beginning April 1, 2011.									X	
7343.5.1	CWF shall also assign TOS F for Q4119 effective January 1, 2011									X	
7343.6	Contractors shall modify the procedure code file and TOS tables for HCPCS code C9280-C9282, Q2040, and Q4119.	X			X						
7343.7	Contractors shall accept C9280-C9282, and Q2040, for claims with a DOS beginning April 1, 2011.	X			X						
7343.8	Contractors shall accept Q4119 for claims with a DOS beginning January 1, 2011.	X			X						
7343.9	Contractors shall end date C9278 in their systems effective March 31, 2011.	X			X					X	

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A/B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTHER
							FISS	MCS	VMS	CWF	
7343.10	A provider education article related to this instruction will be available at http://www.cms.gov/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 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.	X			X						

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A/B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTHER
							FISS	MCS	VMS	CWF	
	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.										

IV. SUPPORTING INFORMATION

Section A: For any recommendations and supporting information associated with listed requirements, use the box below:

X-Ref Requirement Number	Recommendations or other supporting information:
	N/A

Section B: For all other recommendations and supporting information, use this space: N/A

V. CONTACTS

Pre-Implementation Contact(s): ASC Payment Policy: Chuck Braver at chuck.braver@cms.hhs.gov or 410-786-6719;. Carrier/ AB MAC Claims Processing Issues: Yvette Cousar at yvette.cousar@cms.hhs.gov or 410-786-2160.

Post-Implementation Contact(s): Contact your Contracting Officer's Technical Representative (COTR) or Contractor Manager, as applicable.

VI. FUNDING

Section A: For *Carriers:*
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.