CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 2235	**Date: June 3, 2011**
	Change Request 7445

SUBJECT: July 2011 Update of 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 July 2011 ASC payment system update per Chapter 14, section 10. As appropriate, this notification also includes updates to the Healthcare Common Procedure Coding System (HCPCS).

EFFECTIVE DATE: July 1, 2011
IMPLEMENTATION DATE: July 5, 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: 2235	Date: June 3, 2011	Change Request: 7445

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

Effective Date: July 1, 2011

Implementation Date: July 5, 2011

I. GENERAL INFORMATION

A. Background:

This Recurring Update Notification describes changes to, and billing instructions for, payment policies implemented in the July 2011 ASC payment system update per Chapter 14, section 10. 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, Change Request (CR) 5994, 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 surgical procedures and nine newly created HCPCS codes that will be added to the ASC list of covered ancillary services effective July 1, 2011.

In this CR, CMS is issuing instructions to contractors to modify their systems to accept the July 2011 ASC Fee Schedule (ASCFS), the July 2011 ASC Payment Indicator (PI) file, the July 2011 ASC DRUG file, and the updated April 2010, July 2010, October 2010, and January 2011 ASC DRUG files and to ensure that the updated files properly interface with all other ASC module programming. The July 2011 ASCFS is an updated file only. The July 2011 ASC PI file is a full replacement 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:

1. New Category III CPT Codes that are Separately Payable under the ASC Payment System Effective July 1, 2011

Six new Category III CPT codes have been created for payable surgical procedures that are payable for dates of service on and after July 1, 2011. The new HCPCS codes, the long descriptors, the short descriptors, and payment indicators are identified in Table 1 below.

The new separately payable codes and their payment rates are included in the July 2011 ASCFS file.

Table 1 -- Category III CPT Codes Implemented as of July 1, 2011

HCPCS Code	Long Descriptor	Short Descriptor	Payment Indicator Effective 7/1/2011
0263T	Intramuscular autologous bone marrow cell therapy, with preparation of harvested cells, multiple injections, one leg, including ultrasound guidance, if performed; complete procedure including unilateral or bilateral bone marrow harvest	Im b1 mrw cel ther cmpl	G2
0264T	Intramuscular autologous bone marrow cell therapy, with preparation of harvested cells, multiple injections, one leg, including ultrasound guidance, if performed; complete procedure excluding bone marrow harvest	Im b1 mrw cel ther xcl hrvst	G2
0265T	Intramuscular autologous bone marrow cell therapy, with preparation of harvested cells, multiple injections, one leg, including ultrasound guidance, if performed; unilateral or bilateral bone marrow harvest only for intramuscular autologous bone marrow cell therapy	Im b1 mrw cel ther hrvst onl	G2
0269T	Revision or removal of carotid sinus baroreflex activation device; total system (includes generator placement, unilateral or bilateral lead placement, intra-operative interrogation, programming, and repositioning, when performed)	Rev/remvl crtd sns dev total	G2
0270T	Revision or removal of	Rev/remvl crtd sns dev	G2

	carotid sinus baroreflex activation device; lead only, unilateral (includes intra-operative interrogation, programming, and repositioning, when performed)	lead	
0271T	Revision or removal of carotid sinus baroreflex activation device; pulse generator only (includes intra-operative interrogation, programming, and repositioning, when performed)	Rev/remvl crtd sns dev gen	G2

2. Billing for Drugs, Biologicals, and Radiopharmaceuticals

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 web site quarterly at: http://www.cms.gov/ASCPayment/11_Addenda_Updates.asp#TopOfPage

a. 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.

b. 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.

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

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

Nine drugs and biologicals have been granted ASC payment status effective July 1, 2011. These items, along with their long and short descriptors, and payment indicators are identified in Table 2 below.

Table 2: New Drugs and Biologicals Separately Payable under the ASC Payment System Effective July 1, 2011

HCPCS Code	Long Descriptor	Short Descriptor	ASC PI
C9283	Injection, acetaminophen, 10 mg	Injection, acetaminophen	K2
C9284	Injection, ipilimumab, 1 mg	Injection, ipilimumab	K2
C9285	Lidocaine 70 mg/tetracaine 70 mg, per patch	Patch, lidocaine/tetracaine	K2
C9365	Oasis Ultra Tri-Layer Matrix, per square centimeter	Oasis Ultra Tri-Layer Matrix	K2
C9406	Iodine I-123 ioflupane, diagnostic, per study dose, up to 5 millicuries	Dx I-123 ioflupane, per dose	K2
Q2041*	Injection, von willebrand factor complex (human), Wilate, 1 i.u. vwf:rco	Wilate injection	K2
Q2042	Injection, hydroxyprogesterone caproate, 1 mg	Hydroxyprogesterone caproate	K2
Q2043*	Sipuleucel-t, minimum of 50 million autologous cd54+ cells activated with pap-gm-csf, including leukapheresis and all other preparatory procedures, per infusion	Sipuleucel-T auto CD54+	K2
Q2044	Injection, belimumab, 10 mg	Belimumab injection	K2

NOTE: The HCPCS codes above are new codes effective July 1, 2011. The HCPCS codes identified with an asterisk "*" are replacement codes. HCPCS code Q2041 is replacing HCPCS code J7184 beginning on July 1, 2011. The payment status of J7184 beginning July 1, 2011 will change from K2 (Drugs and biologicals paid separately when provided integral to a surgical procedure on ASC list; payment based on OPPS rate) to Y5 (non-surgical procedure/item not valid for Medicare purposes because of coverage, regulation and/or statute; no payment made) HCPCS code Q2043 is replacing HCPCS code C9273 beginning on July 1, 2011. C9273 will be deleted for dates of service July 1, 2011 and forward. The July 2011 ASCPI file will reflect the changes PI=Y5 for J7184 and PI=D5 for C9273 effective 7/1/2011.

b. Updated Payment Rate for HCPCS Code J2505 Effective April 1, 2010 through June 30, 2010

The payment rate for J2505 was incorrect in the April 2010 ASC DRUG file. The corrected payment rate is listed in Table 3 below and has been included in the revised April 2010 ASC DRUG file effective for services furnished on April 1, 2010 through implementation of the July 2010 update. Suppliers who think they may have

received an incorrect payment between April 1, 2010 and June 30, 2010 may request contractor adjustment of the previously processed claims.

Table 3 -- Updated Payment Rate for HCPCS Code J2505 Effective April 1, 2010 through June 31, 2010

HCPCS Code	Short Descriptor	ASC Payment	ASC PI
J2505	Injection, pegfilgrastim 6mg	$2,386.39	K2

c. Updated Payment Rates for Certain HCPCS Codes Effective July 1, 2010 through September 30, 2010

The payment rates for twelve HCPCS codes were incorrect in the July 2010 ASC DRUG file. The corrected payment rates are listed in Table 4 below and have been included in the revised July 2010 ASC DRUG file effective for services furnished on July 1, 2010 through implementation of the October 2010 update. Suppliers who think they may have received an incorrect payment between July 1, 2010 and September 30, 2010 may request contractor adjustment of the previously processed claims.

Table 4 -- Updated Payment Rates for Certain HCPCS Codes Effective July 1, 2010 through September 30, 2010

HCPCS Code	Short Descriptor	ASC Payment	ASC PI
J0150	Injection adenosine 6 MG	$11.47	K2
J2430	Pamidronate disodium /30 MG	$15.12	K2
J2505	Injection, pegfilgrastim 6mg	$2,423.91	K2
J9065	Inj cladribine per 1 MG	$25.61	K2
J9178	Inj, epirubicin hcl, 2 mg	$2.19	K2
J9200	Floxuridine injection	$34.99	K2
J9206	Irinotecan injection	$3.36	K2
J9208	Ifosfomide injection	$29.83	K2
J9209	Mesna injection	$4.15	K2
J9211	Idarubicin hcl injection	$41.14	K2

J9263	Oxaliplatin	$4.35	K2
J9293	Mitoxantrone hydrochl / 5 MG	$44.38	K2

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

The payment rates for thirteen HCPCS codes were incorrect in the October 2010 ASC DRUG file. The corrected payment rates are listed in Table 5 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 think they may have received an incorrect payment between October 1, 2010 and December 31, 2010 may request contractor adjustment of the previously processed claims.

Table 5 -- Updated Payment Rates for Certain HCPCS Codes Effective October 1, 2010 through December 31, 2010

HCPCS Code	Short Descriptor	ASC Payment	ASC PI
J0150	Injection adenosine 6 MG	$9.59	K2
J2430	Pamidronate disodium /30 MG	$11.81	K2
J9065	Inj cladribine per 1 MG	$24.97	K2
J9178	Inj, epirubicin hcl, 2 mg	$9.17	K2
J9185	Fludarabine phosphate inj	$158.16	K2
J9200	Floxuridine injection	$32.17	K2
J9206	Irinotecan injection	$4.68	K2
J9208	Ifosfomide injection	$31.54	K2
J9209	Mesna injection	$4.62	K2
J9211	Idarubicin hcl injection	$84.06	K2
J9263	Oxaliplatin	$4.60	K2
J9266	Pegaspargase injection	$2,675.40	K2
J9293	Mitoxantrone hydrochl / 5 MG	$33.48	K2

e. Updated Payment Rates for Certain HCPCS Codes Effective January 1, 2011 through March 31, 2011

The payment rates for nine HCPCS codes were incorrect in the January 2011 ASC DRUG file. The corrected payment rates are listed in Table 6 below and have 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 think they may have received an incorrect payment between January 1, 2011 and March 31, 2011 may request contractor adjustment of the previously processed claims.

Table 6 -- Updated Payment Rates for Certain HCPCS Codes Effective January 1, 2011 through March 31, 2011

HCPCS Code	Short Descriptor	ASC Payment	ASC PI
J9065	Inj cladribine per 1 MG	$24.93	K2
J9178	Inj, epirubicin hcl, 2 mg	$1.90	K2
J9200	Floxuridine injection	$37.92	K2
J9206	Irinotecan injection	$5.31	K2
J9208	Ifosfomide injection	$33.40	K2
J9211	Idarubicin hcl injection	$118.41	K2
J9265	Paclitaxel injection	$6.95	K2
J9266	Pegaspargase injection	$2,701.13	K2
J9293	Mitoxantrone hydrochl / 5 MG	$33.36	K2

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	
7445.1	Medicare contractors shall download and install the July 2011 ASCFS file FILENAME: MU00.@BF12390.ASC.CY11.FS.JUL.P.V0603 **Confirmation and date of retrieval will be provided in a separate email communication from CMS.**	X			X						COBC All EDCs
7445.2	Medicare contractors shall download and install the July 2011 ASC PI file FILENAME: MU00.@BF12390.ASC.CY11.PI.JUL.P.V0610 **Confirmation and date of retrieval will be provided in a separate email communication from CMS.**	X			X						COBC All EDCs
7445.3	Medicare contractors shall download and install the July 2011 ASC DRUG file. FILENAME: MU00.@BF12390.ASC.CY11.DRUG.JUL.P.V0622 **Date of retrieval will be provided in a separate email communication from CMS.**	X			X						COBC All EDCs
7445.4	Medicare contractors shall download and install the revised April 2010 ASC DRUG file. FILENAME: MU00.@BF12390.ASC.CY10.DRUG.APR.P.V0622 **Date of retrieval will be provided in a separate email communication from CMS.**	X			X						COBC All EDCs
7445.4.1	Medicare contractors shall adjust as appropriate claims brought to their attention that: 1) Have dates of service on or after April 1, 2010 through June 30, 2010 and ; 2) Were originally processed prior to the installation of the revised April 2010 ASC DRUG File.	X			X						COBC All EDCs
7445.5	Medicare contractors shall download and install the revised July 2010 ASC DRUG file. FILENAME: MU00.@BF12390.ASC.CY10.DRUG.JUL.P.V0622 **Date of retrieval will be provided in a separate email communication from CMS.**	X			X						COBC All EDCs
7445.5.1	Medicare contractors shall adjust as appropriate claims brought to their attention that: 1) Have dates of service on or after July 1, 2010 through September 31, 2010 and ; 2) Were originally processed prior to the installation	X			X						COBC All EDCs

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	
	of the revised July 2010 ASC DRUG File.										
7445.6	Medicare contractors shall download and install the revised October 2010 ASC DRUG file. FILENAME: MU00.@BF12390.ASC.CY10.DRUG.OCT.P.V0622 **Date of retrieval will be provided in a separate email communication from CMS.**	X			X						COBC All EDCs
7445.6.1	Medicare contractors shall adjust as appropriate claims brought to their attention that: 1) Have dates of service on or after October 1, 2010 through December 31, 2010 and ; 2) Were originally processed prior to the installation of the revised October 2010 ASC DRUG File.	X			X						COBC All EDCs
7445.7	Medicare contractors shall download and install the revised January 2011 ASC DRUG file. FILENAME: MU00.@BF12390.ASC.CY11.DRUG.JAN.P.V0622 **Date of retrieval will be provided in a separate email communication from CMS.**	X			X						COBC All EDCs
7445.7.1	Medicare contractors shall adjust as appropriate claims brought to their attention that: 1) Have dates of service on or after January 1, 2011 through March 31, 2011 and ; 2) Were originally processed prior to the installation of the revised January 2011 ASC DRUG File.	X			X						COBC All EDCs
7445.8	CWF shall assign Type of Service (TOS) F for C9283-C9285, C9365, C9406, Q2044, Q2041-Q2043, and 0263T-0271T for dates of service beginning July 1, 2011.									X	
7445.9	Contractors shall modify the procedure code file and TOS tables for HCPCS code C9283-C9285, C9365, C9406, Q2044, Q2041-Q2043, 0263T-0271T.	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	
7445.10	Contractors shall accept C9283-C9285, C9365, C9406, Q2044, Q2041-Q2043, and 0263T-0271T for claims with a DOS beginning July 1, 2011.	X			X						
7445.11	Contractors shall deny J7184 in their systems effective July 1, 2011 based on the July 2011 ASCPI file communicated in this instruction.	X			X					X	
7445.11.1	Contractors shall return as unprocessable C9273 in their systems effective July 1, 2011 based on the July 2011 ASCPI file communicated in this instruction.	X			X					X	
7445.12	Contractors shall make July 2011 ASCFS fee data for their ASC payment localities available on their Web sites.	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	
7445.13	A provider education article related to this instruction will be available at http://www.cms.hhs.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. Contractors are free to supplement	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	
	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: N/A

X-Ref Requirement Number	Recommendations or other supporting information:

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 *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.

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.