CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-20 One-Time Notification	Centers for Medicare & Medicaid Services (CMS)
Transmittal 359	Date: July 18, 2008
	Change Request 6056

Subject: Composite Ambulatory Payment Classification (APC) Processing under the Outpatient Prospective Payment System (OPPS)

I. SUMMARY OF CHANGES: As composite APCs become more prevalent and are expanded to a variety of services, there exists a greater potential for a single line to meet the requirements for more than one Payment Adjustment Flag value. Therefore, effective for dates of service on or after January 1, 2009, the I/OCE shall create a new Composite Adjustment Flag in the APC Return Buffer.

New / Revised Material Effective Date: January 1, 2009 Implementation Date: January 5, 2009

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:

Section A: For Fiscal Intermediaries (FIs), Carriers, and Regional Home Health Carriers (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.

IV. ATTACHMENT: One-Time Notification

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

SUBJECT: Composite Ambulatory Payment Classification (APC) Processing under the Outpatient Prospective Payment System (OPPS)

Effective Date: January 1, 2009

Implementation Date: January 5, 2009

I. GENERAL INFORMATION

A. Background: On January 28, 2008, CMS issued CR 5912, entitled January 2008 Update of the Hospital Outpatient Prospective Payment System (OPPS). Among other things, CR 5912 provided information on the Payment for Extended Assessment and Management Composite APCs. On January 18, 2008, the CMS also issued CR 5865, January 2008 Integrated Outpatient Code Editor (I/OCE) Specifications Version 9.0. Among other things, CR 5865 provided a description of the composite APC logic and outlined new Payment Adjustment Flag (PAF) values within the APC Return Buffer. The new PAF values are used by the OPPS Pricer software as a way to identify composite APC lines.

Due to the relatively few composite APCs for Calendar Year (CY) 2008, and due to the type of services eligible for composite APC for CY 2008, there is a limited potential for a single line to qualify for more than one PAF value. However, as composite APCs become more prevalent and are expanded to a variety of services, there exists a greater potential for a single line to meet the requirements for more than one PAF value. An example of this would be for a composite APC that is for a device provided by the manufacturer without cost. In such an instance, under the CY 2008 I/OCE, the line would qualify for both a PAF of 7 (Item provided without cost to the provider) and a PAF of 91 - 99 (# composite on claim).

B. Policy: N/A

II. BUSINESS REQUIREMENTS TABLE

"Shall" denotes a mandatory requirement

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		ap	plica	ble	colui	mn)					
		Α	D	F	C	R		Shar	ed-		Other
		/	Μ	Ι	A	Η		Syst			
1		B E R H			Η	Maintainers					
					R	Ι	F	Μ	V	С	
		M	Μ		I		Ι	С	Μ	W	
		A	A		E		S	S	S	F	
		C	C		R		S				
6056.1	Effective for dates of service on or after January 1, 2009,										I/OCE
	the I/OCE shall terminate Payment Adjustment Flag values										COBC
	91-99.										
6056.2	Effective for dates of service on or after January 1, 2009,										I/OCE
	the I/OCE shall create a new Composite Adjustment Flag										COBC
	in the APC Return Buffer.										
6056.3	The I/OCE shall make the Composite Adjustment Flag										I/OCE
	field a two-byte, alphanumeric field with the following										COBC
	values:										

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B	D M E	F I	C A R	R H H	M	Shaı Syst Iainta	tem	s	Other
		M A C	M A C		R I E R	Ι	F I S S	M C S	V M S	C W F	
	00 = No composite group assigned 01 = First composite group on claim 02 = Second composite group on claim 										
6056.4	Medicare Standard System Maintainers shall make necessary system modifications to allow for a new two- byte, alphanumeric, APC Return Buffer Flag from the I/OCE.						X			X	NCH COBC
6056.5	Effective for dates of service January 1, 2009, the OPPS Pricer shall calculate composite APC payment based on assigned values for the newly created Composite Adjustment Flag, instead of the Payment Adjustment Flag (used during CY 2008).										OPPS Pricer

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)								
		A / B M A C	D M E M A C	FI	C A R I E R	R H H I		ared- Maint M C S		Other
	None.									

IV. SUPPORTING INFORMATION

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

"Should" denotes a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:	
6056.3	The following is the linkage section that will be in January 1, 2009:	cluded in the OPPS Pricer, effective for
	* * * * * * * * * * * * * * * * * * * *	* * * * * * * * * * * * * * * * * * * *
	* INPUT RECORD FROM THE OCE/STANI *	DARD SYSTEM
	* * * * * * * * * * * * * * * * * * *	* * * * * * * * * * * * * * * * * * * *
	01 OCE-DATA. 05 OPPS-OCE-LINE OCCURS 450 DEPENDING ON OPPS-I	
	10 OPPS-HCPCS. 15 OPPS-ALPHA 15 FILLER	PIC X(01). PIC X(04).
	10 OPPS-GRP. 15 FILLER 15 OPPS-APC	PIC X(01). PIC X(04).
	10 OPPS-HCPCS-APC 10 OPPS-SRVC-IND 10 OPPS-PYMT-IND	PIC X(05). PIC X(02). PIC X(02).
	10 OPPS-DISC-FACT 10 OPPS-LITEM-DR-FLAG	PIC 9(01). PIC X(01).
	10 OPPS-PKG-FLAG 10 OPPS-PYMT-ADJ-FLAG 10 OPPS-SITE-SRVC-FLAG	
	10 OPPS-SRVC-UNITS 10 OPPS-SUB-CHRG 10 OPPS-LITEM-ACT-FLAG	PIC 9(07). PIC 9(08)V99.
	10 OPPS-LITEM-ACT-FLAG 10 OPPS-COMP-ADJ-FLAG	

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

V. CONTACTS

Pre-Implementation Contact(s): Joe Bryson at joseph.bryson@cms.hhs.gov Maria Durham at maria.durham@cms.hhs.gov

Post-Implementation Contact(s): same as above

VI. FUNDING

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