



## Ambulatory Surgical Center Payment System: July 2023 Update

Related CR Release Date: **July 5, 2023 Revised**

MLN Matters Number: MM13216

Effective Date: July 1, 2023

Related Change Request (CR) Number: [CR 13216](#)

Implementation Date: July 3, 2023

Related CR Transmittal Number: **R12122CP**

Related CR Title: July 2023 Update of the Ambulatory Surgical Center (ASC) Payment System

**What's changed: We changed the number of separately payable drugs in Section 5.a to 18 to agree with change for HCPCS J9322 in Table 3 of CR 13216. Substantive changes are in dark red on page 3.**

### Affected Providers

- Physicians
- Suppliers
- Other providers billing Medicare Administrative Contractors (MACs) for ASC services provided to Medicare patients

### Action Needed

Make sure your billing staff knows about payment system updates, including:

- New drug, biological and procedure codes
- An ASC Payment Indicator (PI) correction for CPT code 0698T
- Additional skin substitute products

### Background

CR 13216 includes CY 2023 payment rates for separately payable procedures or services, drugs, and biologicals, including descriptors for new CPT and Level II HCPCS codes. For July 2023, we're releasing new files, including the ASC PI File, ASC Drug File, and July 2023 ASC Fee Schedule (ASC FS).

#### 1. New CPT Category III Codes Effective July 1, 2023

The American Medical Association (AMA) releases CPT Category III codes twice per year – in January, for implementation the following July, and in July, for implementation the following January.

For this update, CMS is implementing 5 new CPT codes in the ASC payment system effective July 1, 2023. The codes, descriptors, and ASC PIs are included in [Table 1 of CR 13216](#).

## **2. ASC PI Correction for CPT Code 0698T Effective April 1, 2023 and Payment Rate Correction for 0697T**

In the CY 2023 ASC [April Addendum BB](#), we assigned CPT code 0698T to ASC PI = N1 (Packaged service/item; no separate payment made). The quantitative magnetic resonance for analysis of tissue composition (fat, iron, water content), including multiparametric data acquisition, data preparation and transmission, interpretation, and report, described by 0698T, was approved for placement in an OPSS New Technology Ambulatory Payment Classification (APC) in March 2023. It was too late to include the changes in the April 2023 ASC update.

We're including this change in the July 2023 ASC quarterly update and reassigning 0698T to ASC PI = Z2 (Radiology service paid separately when provided integral to a surgical procedure on ASC list; payment based on OPSS relative payment weight), retroactive to April 1, 2023. The short and long descriptors and ASC PI are in [Table 2 of CR 13216](#). The payment rates are in the [July 2023 Addendum BB](#).

We inadvertently assigned CPT 0697T to OPSS APC 5523 in April 2023. We're reassigning it to OPSS APC 1511 retroactively, effective April 2023. This policy also applies in the ASC setting and results in a corrected payment rate assigned for CPT 0697T in the ASC setting. The payment rates for both codes are in the July 2023 Addendum BB. The April 2023 payment rate for CPT 0697T is unchanged for July 2023.

If you think you got an incorrect payment due to these issues, you may request your MAC to adjust previously processed claims.

## **3. July 1, 2023, Implementation of ASC Multiple Procedure Reduction for Certain CPT Codes**

We identified a technical error that delayed implementation of multiple procedure discounting for certain CPT codes in limited scenarios when you perform them in the same operative session with certain HCPCS codes in the C7500-C7555 range effective January 1, 2023. This delay was shown in an inactive multiple procedure discounting assignment for these codes on the April 2023 ASC FS. We've corrected the error and implementing this policy effective July 1, 2023, in the corresponding ASC FS. The July 2023 quarterly addenda shows the multiple procedure discounting CPT and HCPCS assignments effective July 1, 2023.

## **4. Expiring Outpatient Prospective Payment System (OPSS) Pass-Through Status for Device Category HCPCS Code C1748 Effective July 1, 2023**

Section 1833(t)(6)(B) of the [Social Security Act](#) (the Act), under the OPSS, states device categories are eligible for transitional pass-through payments for at least 2, but not more than 3, years. This policy is in the ASC payment system.

The device category HCPCS code C1748 will remain active. However, we include its payment in the primary service starting July 1, 2023. The PI for C1748 will change from ASC PI = J7 to N1 effective July 1, 2023.

**Reminder:** ASCs don't bill packaged codes.

## 5. Drugs and Biologicals

### a. Newly Established HCPCS Codes for Drugs and Biologicals Effective July 1, 2023

We established 44 new drug and biological HCPCS codes effective July 1, 2023. Of these, 18 are separately payable under the ASC payment system. These codes, as well as their descriptors and ASC PIs, are in [Table 3 of CR 13216](#). We're deleting HCPCS codes in the old HCPCS code column effective June 30, 2023.

### b. Drugs and Biologicals with Payments Based on Average Sales Price (ASP)

In the ASC payment system for CY 2023, we continue to pay for non-pass-through drugs and biologicals at a single rate of ASP + 6%, or ASP + 6 – 8% of the reference product for biosimilars, which provides payment for both the acquisition cost and pharmacy overhead costs associated with the drug or biological. We continue to make a single payment of ASP + 6% for the OPPS pass-through drugs and biologicals to provide payment for both the acquisition cost and pharmacy overhead costs of these pass-through items. We update drug and biological payments based on ASPs quarterly as later-quarter ASP submissions are available. Updated payment rates effective July 1, 2023, are in the July 2023 update of ASC Addendum BB.

### c. Drugs and Biologicals Based on ASP Methodology with Restated Payment Rates

We may correct some payment rates for drugs and biologicals with ASP-based payment rates retroactively. These retroactive corrections typically occur quarterly. The [list of drugs and biologicals](#) with corrected payment rates will be available on the first date of the quarter.

**Note:** You may request your MAC to adjust previously processed claims if you think you got an incorrect payment for drugs and biologicals affected by these corrections.

## 6. Skin Substitutes

We package payment for skin substitute products that don't qualify for hospital OPPS pass-through status into the OPPS payment for the associated skin substitute application procedure. This policy is also in the ASC payment system. We divide skin substitute products into 2 groups:

- **High-cost skin substitute products:** Only use these in combination with the performance of 1 of the skin application procedures described by CPT codes 15271-15278

- **Low-cost skin substitute products:** Only use these in combination with the performance of 1 of the skin application procedures described by HCPCS codes C5271-C5278

Bill all OPPS pass-through skin substitute products (ASC PI = K2) in combination with 1 of the skin application procedures described by CPT Codes 15271-15278. We assign new skin substitute HCPCS codes into the low-cost skin substitute group unless we've OPPS pricing data showing that the cost of the product is above either the mean unit cost of \$47 or the per-day cost of \$837 for CY 2023.

#### **a. New Skin Substitute Products Effective April 1, 2023, not Previously Reported**

There were 3 new skin substitute HCPCS codes active as of April 1, 2023, that we didn't include in the April 2023 update of the ASC payment system. These codes are in [Table 4 of CR 13216](#).

#### **b. Additional New Skin Substitute Products as of July 1, 2023**

There are 12 new skin substitute HCPCS codes that will be active as of July 1, 2023. These codes are listed in [Table 5 of CR 13216](#).

**Note:** Don't separately bill for packaged skin substitutes (ASC PI = N1) since packaged codes aren't reportable under the ASC payment system.

### **7. Coverage Determinations**

The fact that we assign a HCPCS code and a payment rate under the ASC payment system to a drug, device, procedure, or service doesn't imply coverage by the Medicare Program. It only shows how we pay for the product, procedure, or service if Medicare covers it. MACs decide whether a drug, device, procedure, or other service meets all Medicare requirements for coverage. For example, MACs decide that it's reasonable and necessary to treat the patient's condition and whether it's excluded from payment.

### **8. New Device Offset from Payment for HCPCS Codes 50080 and 50081, Effective July 1, 2023**

Section 1833(t)(6)(D)(ii) of the Act requires us to deduct from OPPS pass-through payments for devices an amount that shows the device portion of the ambulatory payment classification (APC) payment amount. This deduction is the device offset, or the portion of the APC amount that's associated with the cost of the pass-through device. This device offset policy also applies to ASCs. In ASCs, the device offset is a deduction from the ASC procedure payment for the applicable pass-through device.

In the January 2023 update to the ASC payment system, we said offsets were associated with the costs of new device categories. We included HCPCS C1747 as a new device category, along with procedures for which there would be an offset. We've identified 2 more existing procedures you would bill HCPCS C1747 with in the ASC setting and an offset would apply.

[Table 6 of CR 13216](#) lists these additional code pairs.

All existing ASC code pairs are in the [July 2023 ASC code pair file](#).

## More Information

We issued CR 13216 to your MAC as the official instruction for this change.

For more information, [find your MAC's website](#).

## Document History

Date of Change	Description
July 5, 2023	We changed the number of separately payable drugs in Section 5.a to 18 to agree with change for HCPCS J9322 in Table 3 of CR 13216. Substantive changes are in dark red on page 3.
June 22, 2023	We added information about a corrected payment for CPT 0697T to agree with a revised CR 13216. Substantive changes are in dark red on page 2.
June 13, 2023	We revised the number of new drugs in Section 5 of the Article to agree with a revised CR 13216. The revised CR also changed the descriptor for code J9323 and removed J9321 from Table 3. We also added information on device offsets for HCPCS codes 50080 and 50081. Substantive changes are in dark red on pages 3-4.
May 25, 2023	Initial article released.

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