



Ambulatory Surgical Center Payment System: July 2025 Update

Related CR Release Date: June 6, 2025	MLN Matters Number: MM14101
Effective Date: July 1, 2025	Related Change Request (CR) Number: CR 14101
Implementation Date: July 7, 2025	Related CR Transmittal Number: R13259CP
Related CR Title: July 2025 Update of the Ambulatory Surgical Center [ASC] Payment System	

Affected Providers

- Ambulatory surgical centers (ASCs)
- Physicians
- Suppliers
- Other providers billing Medicare Administrative Contractors (MACs) for services

Action Needed

Make sure your billing staff knows about these payment system updates effective July 1, 2025:

- ASC payment indicator (PI) change and new CPT code pairs for HCPCS code C1739
- New CPT code pair for HCPCS code C1602
- New CPT category III codes
- Drugs, biologicals, and radiopharmaceuticals
- Skin substitute products

Background

For information about the ASC payment system, see the [Medicare Claims Processing Manual, Chapter 14](#), section 40.

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Key Updates

ASC Device Offset from Payment Changes Starting January 1, 2025

Section 1833(t)(6)(B) of the [Social Security Act](#) requires that under the Hospital Outpatient Prospective Payment System (OPPS), categories of devices are eligible for transitional pass-through payments for at least 2 but not more than 3 years. CMS also creates additional device categories for transitional pass-through payments for new medical devices we haven't described by existing or previously existing categories.

Section 1833(t)(6)(D)(ii) of the [Social Security Act](#) requires that we deduct an amount that shows the device portion of the ambulatory payment classification (APC) payment amount from pass-through payments for devices in the OPPS. This deduction is the device offset or the portion of the APC amount we associate with the cost of the pass-through device. The device offset from payment represents a deduction from pass-through payments from the ASC procedure payment for the applicable pass-through device.

New OPPS Device Pass-Through Category Payable in ASCs

In the January 2025 ASC payment system update (MLN Matters® article [MM13934](#)), we approved HCPCS code C1739 for pass-through status under the OPPS starting January 1, 2025; however we didn't allow payment in ASCs because there wasn't a covered surgical procedure you could perform with C1739. We're adding 3 codes, which are surgical procedures we cover under the ASC payment system, that you can always bill with C1739 starting January 1, 2025. We're also changing the ASC PI for C1739 to ASC PI = J7.

See [Table 1](#) for the code, descriptor, and ASC PI. See [Table 2](#) and the January 2025 [ASC code pair file](#) for the codes you may perform with C1739.

If we deny a claim for HCPCS code C1739 with CPT codes 19081, 19083, or 19085 with dates of service from January 1 – June 30, 2025, your MAC will reprocess the claim.

Addition of 1 CPT Code to Existing Device Code C1602

We're adding CPT code 11012, which you can bill with HCPCS code C1602, starting July 1, 2025, in addition to the CPT codes we listed in the April 2025 ASC payment system update (MLN Matters article [MM14017](#)). See [Table 3](#) and the July 2025 ASC code pair file for the CPT code.

New CPT Category III Codes Starting July 1, 2025

The American Medical Association (AMA) releases CPT category III codes twice per year—in January for implementation beginning the following July and in July for implementation beginning the following January. We're adding 16 new separately payable CPT category III codes in the ASC setting that the AMA released in January 2025 for implementation on July 1, 2025. See [Table 4](#) for the codes, descriptors, and ASC PIs.

Drugs, Biologicals & Radiopharmaceuticals

Existing HCPCS Codes for Certain Drugs, Biologicals & Radiopharmaceuticals Starting Pass-Through Status

To conform with Hospital OPPS policy, we're making 1 existing drug, biological, and radiopharmaceutical HCPCS code separately payable starting July 1, 2025. We're changing the ASC PI for this code to ASC PI = K2. See [Table 5](#) for the code, descriptor, and ASC PI.

Newly Established HCPCS Codes for Drugs, Biologicals & Radiopharmaceuticals

We're establishing 14 new drug, biological, and radiopharmaceutical HCPCS codes and making them separately payable under the ASC payment system starting July 1, 2025. See [Table 6](#) for the codes, descriptors, and ASC PIs.

HCPCS Codes for Drugs, Biologicals & Radiopharmaceuticals Changing ASC PI

We're reassigning the ASC PIs for HCPCS codes Q5136 and Q9998 from ASC PI = K5 to ASC PI = K2 starting July 1, 2025. See [Table 7](#) for these codes, descriptors, and ASC PIs.

HCPCS Codes for Drugs, Biologicals & Radiopharmaceuticals Changing ASC PI Retroactively

We're reassigning the ASC PI for HCPCS codes J9038, Q5151, and Q5152 from ASC PI = K5 to ASC PI = K2 retroactively to April 1, 2025. See [Table 8](#) for the codes, descriptors, and ASC PIs.

HCPCS Codes for Drugs, Biologicals & Radiopharmaceuticals Deleted

We're deleting 8 drug, biological, and radiopharmaceutical HCPCS codes on June 30, 2025. See [Table 9](#) for the codes, descriptors, and ASC PIs.

HCPCS Codes for Drugs, Biologicals & Radiopharmaceuticals with Descriptor Changes

We're changing the HCPCS code descriptors substantially for 3 drug, biological, and radiopharmaceutical codes as of July 1, 2025. See [Table 10](#) for the codes and descriptors.

Drugs and Biologicals with Payments Based on Average Sales Price

For CY 2025, we pay for most non-pass-through drugs, biologicals, and therapeutic radiopharmaceuticals at a single rate of average sales price (ASP) +6% (or ASP +6% or 8% of the reference product for biosimilars). We also make payment for pass-through drugs, biologicals, and radiopharmaceuticals to cover both the acquisition cost and pharmacy overhead costs (or ASP +6% or 8% of the reference product for biosimilars). We'll update payments for drugs and biologicals based on ASPs on a quarterly basis as later quarterly ASP submissions become available.

Refer to the July 2025 [ASC Addendum BB](#) for the updated payment rates starting July 1, 2025.

Drugs, Biologicals & Pharmaceuticals with Restated Payment Rates

We correct payment rates for some drugs, biologicals, and radiopharmaceuticals retroactively. These corrections typically occur quarterly. Find the latest list of drugs, biologicals, and radiopharmaceuticals with [corrected payment rates](#) on the first date of the quarter.

You may ask your MAC to adjust claims for drugs and biologicals impacted by these corrections.

Skin Substitutes

We package payment for skin substitute products that don't qualify for pass-through status into the payment for the associated skin substitute application procedure. We divide the skin substitute products into 2 groups for packaging purposes:

- High-cost skin substitute products
- Low-cost skin substitute products

We assign new skin substitute HCPCS codes into the low-cost skin substitute group unless we have pricing data demonstrating the product cost is above either the average unit cost of \$50 or the per day cost of \$833 for CY 2025.

New Skin Substitute Products

We're activating 13 new skin substitute HCPCS codes starting July 1, 2025. See [Table 11](#) for the codes, descriptors, ASC PIs, and packaging groups.

Skin Substitute Products Reassigned to the High-Cost Skin Substitute Group

We're reassigning 1 skin substitute HCPCS code from the low-cost to the high-cost substitute group starting July 1, 2025. See [Table 12](#) for the code, descriptor, ASC PI, and packaging group.

Coverage Determinations

When we assign a HCPCS code and payment rate under the ASC payment system to a drug, device, procedure, or service, it doesn't imply Medicare coverage. It only indicates how we may pay for the product, procedure, or service if covered. MACs decide whether a drug, device, procedure, or other service meets all program 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.

More Information

We issued CR 14101 to your MAC as the official instruction for this change. For more information, find your [MAC's website](#).

Document History

Date of Change	Description
June 6, 2025	Initial article released.

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