



## Ambulatory Surgical Center Payment System: January 2023 Update

Related CR Release Date: December 21, 2022 MLN Matters Number: MM13041

Effective Date: January 1, 2023

Related Change Request (CR) Number: [CR 13041](#)

Implementation Date: January 3, 2023

Related CR Transmittal Number: R11762CP

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

### Affected Providers

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This MLN Matters Article is for:

- ASCs
- Other providers billing Medicare Administrative Contractors (MACs) for services they provide to Medicare patients

### Action Needed

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Make sure your billing staff knows about:

- New HCPCS C-codes on the ASC covered procedures list
- New HCPCS codes for drugs and biologics
- Skin substitute product assignments to high and low-cost groups

### Background

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The changes for the January 2023 ASC Payment system are:

#### 1. New Device Pass-Through Categories Effective January 1, 2023

Section 1833(t)(6)(B) of the [Social Security Act](#) (the Act) requires that, under the Outpatient Prospective Payment System (OPPS), categories of devices be eligible for transitional pass-through payments for at least 2, but not more than 3 years. Also, Section 1833(t)(6)(B)(ii)(IV) of the Act requires CMS to create additional categories for transitional pass-through payment of new medical devices not described by existing or previously existing categories of devices.

For the January 2023 update, we approved 3 new devices for pass-through status under the OPPS and are establishing the new device categories in the ASC payment system. HCPCS

codes C1747, C1826, and C1827 are effective January 1, 2023. [Table 1 of CR 13041](#) includes the HCPCS code, code descriptors, and ASC Payment Indicators (PI).

Also, we're updating the device category long descriptor for device HCPCS code C1831, which was effective October 1, 2021, from "Personalized, anterior and lateral interbody cage (implantable)" to "Interbody cage, anterior, lateral or posterior, personalized (implantable)" effective January 1, 2023.

#### **a. New Device Offset from Payment for the Following HCPCS Codes Effective January 1, 2023**

Section 1833(t)(6)(D)(ii) of the Act requires that we 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 known as the device offset, or the portion(s) of the APC amount that's associated with the cost of the pass-through device.

We've decided that offsets are associated with the costs of the new device categories described by the HCPCS codes in [Table 2 of CR 13041](#). Always bill each device in these categories in the ASC setting with 1 of the associated CPT codes in Table 2. The associated devices, procedures, and offset percentages are in the [January 2023 ASC code pair file](#).

#### **2. MiVu Mucosal Integrity Testing System: Clarification on the Reporting of HCPCS Code C9777**

In the [CY 2022 OPPS/ASC final rule](#) (86 FR 63517 and 63558), we stated that when you perform both a MiVu test and an esophagoscopy or esophagogastroduodenoscopy (EGD) test together, Hospital Outpatient Departments must report only HCPCS code C9777 and shouldn't report a separate HCPCS code for the esophagoscopy or EGD. The January 2023 OPPS update clarified this policy to show that a diagnostic esophagoscopy or EGD is included in HCPCS code C9777, and shouldn't be reported separately. This policy is in effect in ASCs starting January 1, 2023.

#### **3. New ASC Procedures effective January 1, 2023**

There are 26 new procedures that are separately payable in the ASC setting. The CPT codes, descriptors, and ASC PIs are in [Table 3 of CR 13041](#). The ASC payment rates for the codes are in the [January 2023 ASC Addenda AA and BB](#).

#### **4. ASC Special Payment Policy for OPSS Complexity-Adjusted Comprehensive Ambulatory Payment Classifications (C-APCs)**

In the CY 2023 OPSS/ASC final rule, we finalized the ASC special payment policy for OPSS complexity adjusted C-APCs. We're making a complexity adjustment in the payment rate for primary surgical procedure and packaged add-on code combinations eligible for complexity adjustments under the OPSS and also performed in the ASC setting through the assignment of new HCPCS C-codes. Due to claims processing system limitations at this time, we're using the billing of these new C-codes, as a workaround, to provide a complexity adjustment to ASCs when performing these specific code pairs. [Table 4 of CR 13041](#) shows the new HCPCS C-

codes, descriptors, and ASC PIs. We added these new C-codes to the ASC covered procedures list.

[Table 5 of CR 13041](#) shows the specific HCPCS code combinations that correspond to the new C-codes. When you perform the assigned primary procedure and secondary add-on procedure HCPCS codes together during an encounter, you must now bill the new C-code to which these procedures are paired rather than the individual procedures HCPCS codes. (Of note, ASCs already don't bill packaged codes; ASC PI=N1).

We put more information related to these code pairs, including descriptors and PIs, in a [supplemental crosswalk table](#) to the CY 2023 OPPS/ASC final rule.

## 5. Drugs, Biologicals, and Radiopharmaceuticals

### a. Newly Established HCPCS Codes for Drugs and Biologicals as of January 1, 2023

We're establishing 15 new drug and biological HCPCS codes on January 1, 2023. These HCPCS codes as well as the descriptors and ASC PIs are in [Table 6 of CR 13041](#).

### b. HCPCS Codes for Drugs Deleted on December 31, 2022

We're deleting 2 separately payable drug HCPCS codes won December 31, 2022. These HCPCS codes are: C9142 and J9044. Long descriptor and ASC PI are in [Table 7 of CR 13041](#).

### c. HCPCS Code Q5124 Separately Payable Effective October 1, 2022

We identified an error with the October 2022 ASC drug file resulting in the HCPCS code Q5124 (Injection, ranibizumab-nuna, biosimilar, (byooviz), 0.1 mg) assigned an ASC PI=K5 (Items, codes, and services for which pricing information and claims data isn't available. No payment made.). The correct ASC PI for this code was K2 (Drugs and biologicals paid separately when provided integral to a surgical procedure on ASC list; payment based on OPPS rate.) effective October 1, 2022. We're reissuing the October 2022 ASC drug file with HCPCS code Q5124 assigned ASC PI=K2.

This correction is retroactively effective to October 1, 2022. If you performed this service with dates of service starting October 1, 2022 - December 31, 2022, and we denied your claim as not payable you may request reprocessing of this code from your Part B MAC. [Table 8 of CR 13041](#) lists the HCPCS code, descriptors, ASC PI, and effective date.

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

For CY 2023, we continue making payment for nonpass-through drugs and biologicals at a single rate of Average Sales Price (ASP) + 6%. This provides payment for both the acquisition cost and pharmacy overhead costs associated with the drug or biological. We'll update payments for drugs and biologicals based on ASPs on a quarterly basis as later quarter ASP submissions become available. Updated payment rates effective January 1, 2023, are in the January 2023 update of ASC Addendum BB.

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

Some drugs and biologicals with payment rates based on ASP methods may have their payment rates corrected retroactively. These retroactive corrections typically occur on a quarterly basis. The list of drugs and biologicals with corrected payment rates will be accessible on the first date of the quarter at [Restated Drug and Biological Payment Rates](#).

If you think you may have gotten an incorrect payment for drugs and biologicals impacted by these corrections you may request your MAC to adjust the previously processed claims.

### f. New Modifier “JZ” Available for Use as of January 1, 2023

Starting January 1, 2023, modifier JZ will be available for voluntary provider use when no amount of drug is discarded from a single dose or single use packaging. ASCs must report the JZ modifier for all applicable drugs with no discarded drug amounts starting no later than July 1, 2023. [Table 9 of CR 13041](#) displays the modifier and descriptors.

## 6. Skin Substitutes

The payment for skin substitute products that don't qualify for hospital OPPS pass-through status are packaged into the OPPS payment for the associated skin substitute application procedure. This policy also applies to the ASC payment system. We show the skin substitute products in 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 for packaging purposes - only use these in combination with the performance of 1 of the skin application procedures described by HCPCS code C5271-C5278.

We assign new skin substitute HCPCS codes into the low-cost skin substitute group unless we have OPPS pricing data showing 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 as of January 1, 2023

There are 4 new skin substitute HCPCS codes active as of January 1, 2023. These are HCPCS codes Q4236, Q4262, Q4263, and Q4264. The codes are packaged and are assigned to the low-cost skin substitute group. These new packaged codes are in [Table 10 of CR 13041](#).

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

### b. Deletion of HCPCS Code C1849 (Skin substitute, synthetic, resorbable, per square centimeter) Effective December 31, 2022

HCPCS code C1849 (Skin substitute, synthetic, resorbable, per square centimeter) has been

deleted as of December 31, 2022. HCPCS code C1849 is in Table 10 of CR 13041.

### c. Skin Substitute Assignments to High Cost and Low Costs Groups for CY 2023

Table 10 also lists the skin substitute products and their assignment as either a high-cost or a low-cost skin substitute product, when applicable.

### 7. HCPCS Codes with ASC PI Changes from Non-Payable to Payable in CY2023

The 18 HCPCS codes in [Table 11 of CR 13041](#) have non-payable ASC PIs in CY2022 and are moving to payable effective January 1, 2023. These codes aren't in other tables of CR 13041.

### 8. Coverage Determinations

The fact that a drug, device, procedure or service is assigned a HCPCS code and a payment rate under the ASC payment system doesn't imply coverage by the Medicare Program, but shows only how the product, procedure, or service may be paid if covered by the program. MACs decide if 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 if it's excluded from payment.

## More Information

We issued CR 13041 to your MAC as the official instruction for this change.

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

## Document History

Date of Change	Description
December 22, 2022	Initial article released.

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