



Ambulatory Surgical Center Payment System: July 2023 Update

Related CR Release Date: May 25, 2023

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Effective Date: July 1, 2023

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

Implementation Date: July 3, 2023

Related CR Transmittal Number: R12060CP

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

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

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](#).

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

There're 45 new drug and biological HCPCS codes established effective July 1, 2023. Of these, 20 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.

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
May 25, 2023	Initial article released.

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