CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 11903	**Date: March 16, 2023**
	Change Request 13143

SUBJECT: April 2023 Update of the Ambulatory Surgical Center [ASC] Payment System

I. SUMMARY OF CHANGES: The purpose of this Change Request (CR) is to provide changes to and billing instructions for various payment policies implemented in the April 2023 ASC payment system update. As appropriate, this notification also includes updates to the Healthcare Common Procedure Coding System (HCPCS). This Recurring Update Notification (RUN) applies to Chapter 14, Section 40 of Publication (Pub.) 100-04.

EFFECTIVE DATE: April 1, 2023
**Unless otherwise specified, the effective date is the date of service.*
IMPLEMENTATION DATE: April 3, 2023

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
R	14/40/40.7/Payment and Offset for Pass-Through Devices Beginning January 1, 2008

III. FUNDING:
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. ATTACHMENTS:

Recurring Update Notification

Attachment - Recurring Update Notification

Pub. 100-04	Transmittal: 11903	Date: March 16, 2023	Change Request: 13143

SUBJECT: April 2023 Update of the Ambulatory Surgical Center [ASC] Payment System

EFFECTIVE DATE: April 1, 2023
**Unless otherwise specified, the effective date is the date of service.*
IMPLEMENTATION DATE: April 3, 2023

I. GENERAL INFORMATION

A. Background: This recurring update notification provides changes to and billing instructions for various payment policies implemented in the April 2023 ASC payment system update. As appropriate, this notification also includes updates to the Healthcare Common Procedure Coding System (HCPCS).

Included in this transmittal are Calendar Year (CY) 2023 payment rates for separately payable procedures/services, drugs and biologicals, including descriptors for newly created Current Procedural Terminology (CPT) and Level II HCPCS codes. An April 2023 Ambulatory Surgical Center Payment Indicator (ASC PI) File, an April 2023 Ambulatory Surgical Center Drug File and a corrected January 2023 ASC Code Pair file. An Ambulatory Surgical Center Fee Schedule (ASCFS) File is not being issued.

B. Policy: 1. a. Device Offset from Payment for the Following HCPCS Codes

Section 1833(t)(6)(D)(ii) of the Act requires that we deduct from pass-through payments for devices an amount that reflects the device portion of the APC payment amount. This deduction is known as the device offset, or the portion(s) of the APC amount that is associated with the cost of the pass-through device. The device offset from payment represents a deduction from pass-through payments for the applicable pass-through device.

b. Corrected January 2023 ASC Code Pair File

Device offsets from surgical procedures are operationalized in the ASC code pair file. In the January 2023 ASC quarterly update CR (Transmittal 11786, Change Request 13041, dated January 17, 2023), the issued January 2023 ASC code pair file did not include 3 code pairs whose offsets expired 12/31/2022. Consequently, those code pairs may have remained active in 2023. We are reissuing the January 2023 ASC code pair file and adding the three subject code pairs with 0.00% offset effective 1/1/2023 to expire the offsets. MACs, as appropriate, shall search for and reprocess impacted claims. The affected code pairs with the offsets and effective dates are included in table 1 (see Attachment A: Policy Section Tables).

Additional information related to the processing of claims with device offsets is included in the Internet Only Manual- Chapter 14 of the Medicare Claims Processing Manual.

Updates to the ASC code pair file are accessible on the CMS website at:
https://www.cms.gov/medicare/medicare-fee-for-service-payment/ascpayment

c. Device Pass-Through Category C1834 Removal

As discussed in the October 2022 update to the ASC Payment System, change request 12915, we had conditionally approved a new device for the hospital outpatient prospective payment system (OPPS) pass-through status effective October 1, 2022. Specifically, we had established HCPCS code C1834 (Pressure sensor

system, includes all components (e.g., introducer, sensor), intramuscular (implantable), excludes mobile (wireless) software application), effective October 1, 2022 in the ASC payment system. However, after further review, we have determined that the conditional approval was in error, and consequently, we are deleting the code on March 31, 2023. We note that we have no claims data for C1834, so there should be no reprocessing of claims for HCPCS code C1834.

2. Drugs, Biologicals, and Radiopharmaceuticals

a. Newly Established HCPCS Codes for Drugs and Biologicals effective April 1, 2023

Seventeen new drug and biological HCPCS codes will be established effective April 1, 2023. These HCPCS codes as well as the descriptors and ASC PIs are listed in Table 2 (see Attachment A: Policy Section Tables).

b. HCPCS Codes for Drugs Deleted on March 31, 2023

Two drug HCPCS codes have been deleted on March 31, 2023. These HCPCS codes are listed in Table 3, attachment A.

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

For CY 2023, payment for nonpass-through drugs and biologicals continues to be made at a single rate of ASP + 6 percent, which provides payment for both the acquisition cost and pharmacy overhead costs associated with the drug or biological. In addition, in CY 2023, a single payment of ASP + 6 percent continues to be made 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. Payments for drugs and biologicals based on ASPs will be updated on a quarterly basis as later quarter ASP submissions become available. Updated payment rates effective April 1, 2023, can be found in the April 2023 update of ASC Addendum BB on the CMS website at: https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/ASCPayment/11_Addenda_Updates.html

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

Some drugs and biologicals with payment rates based on the ASP methodology 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 CMS website on the first date of the quarter at https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/ASCPayment/ASC-Restated-Payment-Rates.html

Suppliers who think they may have received an incorrect payment for drugs and biologicals impacted by these corrections may request contractor adjustment of the previously processed claims.

3. Skin Substitutes

The payment for skin substitute products that do not qualify for hospital OPPS pass-through status are packaged into the OPPS payment for the associated skin substitute application procedure. This policy is also implemented in the ASC payment system. The skin substitute products are divided into two groups: 1) high cost skin substitute products and 2) low cost skin substitute products for packaging purposes. High cost skin substitute products should only be utilized in combination with the performance of one of the skin application procedures described by CPT codes 15271-15278. Low cost skin substitute products should only be utilized in combination with the performance of one of the skin application procedures described by HCPCS codes C5271-C5278. All OPPS pass-through skin substitute products (ASC PI=K2) should be billed in combination with one of the skin application procedures described by CPT codes 15271-15278. New skin substitute HCPCS codes are assigned into the low-cost skin substitute group unless CMS has OPPS pricing data that demonstrates 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 as of April 1, 2023

There are seven new skin substitute HCPCS codes that will be active as of April 1, 2023. These codes are listed in Table 4, (see Attachment A: Policy Section Tables).

4. ASC Drug Payments and the Inflation Reduction Act of 2022 (IRA)

Effective January 1, 2023, the Inflation Reduction Act of 2022 specifies that drug companies that raise their prices for certain Medicare Part B drugs faster than the rate of inflation must pay Medicare a rebate. Beneficiary coinsurance for certain Part B drugs (including biological products) with prices that increased at a rate faster than the rate of inflation will be adjusted so beneficiary coinsurance is based on the lower inflation-adjusted payment amount. This new inflation rebate applies to certain Medicare Part B single source drugs and biological products, including biosimilar biological products.

Starting April 1, 2023, when the Medicare Part B payment amount for a Part B rebatable drug for a calendar quarter is higher than the inflation-adjusted payment amount:

- Patient coinsurance will be based on 20% of the inflation-adjusted payment amount for the quarter and will be reflected as a percentage (that is less than 20%) of the Medicare Part B payment amount.
- The Medicare portion of the payment will be increased to the difference between the Medicare Part B payment amount and patient coinsurance, minus any Part B deductible and sequestration.
- Patients must be charged the correct amount of coinsurance, which may change quarterly.

Additional information pertaining to the IRA and its impact is included in the CY2023 OPPS/ASC final rule (CMS-1772-FC).

Separately payable drugs in the ASC payment system adopt the OPPS payment rates and copayment amounts. See the OPPS addendum B, which is updated quarterly and is accessible on the CMS website at: https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/HospitalOutpatientPPS/Addendum-A-and-Addendum-B-Updates

Effective April 1, 2023, the ASC Addendum BB will include copayment and footnote language pertaining to the IRA change.

5. 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 does not imply coverage by the Medicare program, but indicates only how the product, procedure, or service may be paid if covered by the program. Medicare Administrative Contractors (MACs) determine whether a drug, device, procedure, or other service meets all program requirements for coverage. For example, MACs determine that it is reasonable and necessary to treat the beneficiary's condition and whether it is excluded from payment.

II. BUSINESS REQUIREMENTS TABLE

"Shall" denotes a mandatory requirement, and "should" denotes an optional requirement.

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
13143.1	Medicare contractors shall download and install the April 2023 ASC DRUG file. FILENAME: MU00.@BF12390.ASC.CY23.DRUG.APRA.V0317 NOTE: Date of retrieval will be provided in a separate email communication from CMS.		X							VDC
13143.2	Medicare contractors shall download and install the April 2023 ASC Payment Indicator (PI) file. FILENAME: MU00.@BF12390.ASC.CY23.PI.APRA.V0310 NOTE: Date of retrieval will be provided in a separate email communication from CMS.		X							VDC
13143.3	Medicare contractors shall download and install a corrected January 2023 ASC Code Pair file. FILENAME: MU00.@BF12390.ASC.CY23.CP.JANB.V0310 NOTE: Date of retrieval will be provided in a separate email communication from CMS.		X							VDC
13143.3.1	Medicare contractors shall search for and reprocess claims with dates of service in calendar year 2023, as appropriate, that included codes pairs in table 1		X							

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
	attachment A, and were originally processed prior to the implementation of the corrected January 2023 ASC Code Pair file.									
13143.4	Contractors and Common Working File (CWF) shall add Type of Service (TOS) F, as appropriate, for HCPCS included in attachment A, table 2 effective for services April 1, 2023 and later payable in the ASC setting.		X						X	
13143.5	Contractors and CWF, as appropriate, shall end date HCPCS C1834, and the HCPCS included in table 3 attachment A in their systems, effective March 31, 2023.		X						X	
13143.6	CWF, as appropriate, shall remove the TOS F records for the HCPCS included in table 3 attachment A, and HCPCS C1834, effective March 31, 2023.								X	
13143.7	When two procedures appearing on the ASC code pair file with the same device are billed in the same encounter, contractors shall check the claim for each code pair on the ASC code pair file or look-up table, in the order they are listed in the file.		X							
13143.7.1	If one pass through device could pair with multiple procedures on the look-up table, contractors shall apply the cutback to the first code pair identified by going through the look-up table sequentially, in the order that they appear.		X							
13143.7.2	If there is more than one (1) unit of a pass-through device on the claim, contractors shall take an offset for each code pair.		X							
13143.7.3	Contractors shall ensure that no code pair is offset more than once and the number of code pairs receiving an offset should be no more than the units of a pass-through device.		X							

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
13143.8	Medicare contractors shall download and install the revised January 2023 ASC DRUG file. FILENAME: MU00.@BF12390.ASC.CY23.DRUG.JANB.V0317 NOTE: Date of retrieval will be provided in a separate email communication from CMS.		X							VDC
13143.8.1	Medicare contractors shall adjust as appropriate claims brought to their attention that: 1) Have dates of service January 1, 2023 - March 31, 2023 and; 2) Were originally processed prior to the installation of the revised January 2023 ASC DRUG File.		X							
13143.9	Medicare contractors shall download and install the revised October 2022 ASC DRUG file. FILENAME: MU00.@BF12390.ASC.CY22.DRUG.OCTC.V0317 NOTE: Date of retrieval will be provided in a separate email communication from CMS.		X							VDC
13143.9.1	Medicare contractors shall adjust as appropriate claims brought to their attention that: 1) Have dates of service October 1, 2022 - December 31, 2022 and; 2) Were originally processed prior to the installation of the revised October 2022 ASC DRUG File.		X							

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
13143.10	If released by CMS, Medicare contractors shall download and install the revised July 2022 ASC DRUG file. FILENAME: MU00.@BF12390.ASC.CY22.DRUG.JULD.V0317 NOTE: Date of retrieval will be provided in a separate email communication from CMS.		X							VDC
13143.10.1	Medicare contractors shall adjust as appropriate claims brought to their attention that: 1) Have dates of service July 1, 2022 - October 31, 2022 and; 2) Were originally processed prior to the installation of the revised July 2022 ASC DRUG File.		X							
13143.11	If released by CMS, Medicare contractors shall download and install the revised April 2022 ASC DRUG file. FILENAME: MU00.@BF12390.ASC.CY22.DRUG.APRD.V0317 NOTE: Date of retrieval will be provided in a separate email communication from CMS.		X							VDC
13143.11.1	Medicare contractors shall adjust as appropriate claims brought to their attention that: 1) Have dates of service April 1, 2022 - June 30, 2022		X							

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
	and; 2) Were originally processed prior to the installation of the revised April 2022 ASC DRUG File.									
13143.12	Contractors shall make April 2023 ASCFS fee data for their ASC payment localities available on their web sites.		X							
13143.13	Contractors shall notify CMS of successful receipt via e-mail to price_file_receipt@cms.hhs.gov stating the name of the file received, (e.g., CLAB, ASP, etc.) and the entity for which it was received (i.e., include states, carrier numbers, quarter, and if Part A, Part B, or both).		X							VDC

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
		A/B MAC			DME MAC	CEDI
		A	B	HHH		
13143.14	Medicare Learning Network® (MLN): CMS will market provider education content through the MLN Connects® newsletter shortly after CMS releases the CR. MACs shall follow IOM Pub. No. 100-09 Chapter 6, Section 50.2.4.1 instructions for distributing the MLN Connects newsletter information to providers and link to relevant information on your website. You may supplement MLN content with your local information after we release the MLN Connects newsletter. Subscribe to the "MLN Connects" listserv to get MLN content notifications. You don't need to separately track and report MLN content releases when you distribute MLN Connects newsletter content per the manual section referenced above.		X			

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:
3.1,4-6	Attachment A: Polcy Section Tables
7-7.3	Attachment: 100-04, Chapter 14, section 40.7 manual revision

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

V. CONTACTS

Pre-Implementation Contact(s): Chuck Braver, chuck.braver@cms.hhs.gov (ASC Payment Policy) , Yvette Cousar, yvette.cousar@cms.hhs.gov (B MAC Claims Processing Issues)

Post-Implementation Contact(s): Contact your Contracting Officer's Representative (COR).

VI. FUNDING

Section A: 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.

ATTACHMENTS: 1

Attachment A − Tables for the Policy Section

Table 1. ─ Corrected January 2023 ASC Code Pair File

Device HCPCS	Procedure HCPCS	Procedure Percent Multiplier	Year
C1831	22612	0.0000	20230101
C1832	15110	0.0000	20230101
C1832	15115	0.0000	20230101

Table 2. ─ Newly Established HCPCS Codes for Drugs and Biologicals effective April 1, 2023

New HCPCS Code	Short Descriptor	Long Descriptor	ASC PI
C9145	Inj, aponvie, 1 mg	Injection, aprepitant, (aponvie), 1 mg	K2
C9146	Inj, elahere, 1 mg	Injection, mirvetuximab soravtansine-gynx, 1 mg	K2
C9147	Inj, tremelimumab-actl, 1 mg	Injection, tremelimumab-actl, 1 mg	K2
C9148	Inj, teclistamab-cqyv, 0.5mg	Injection, teclistamab-cqyv, 0.5 mg	K2
C9149	Inj, teplizumab-mzwv, 5 mcg	Injection, teplizumab-mzwv, 5 mcg	K2
J0208	Inj sodium thiosulfate 100mg	Injection, sodium thiosulfate, 100 mg	K2
J0218	Inj olipudase alfa-rpcp 1mg	Injection, olipudase alfa-rpcp, 1 mg	K2
J1449	Inj eflapegrastim-xnst 0.1mg	Injection, eflapegrastim-xnst, 0.1 mg	K2
J1747	Inj, spesolimab-sbzo, 1 mg	Injection, spesolimab-sbzo, 1 mg	K2
J1954	Leuprolide depot cipla 7.5mg	Injection, leuprolide acetate for depot suspension (cipla), 7.5 mg	K2
J2403	Chloroprocaine opht gel, 1mg	Chloroprocaine hcl ophthalmic, 3% gel, 1 mg	K2
J9294	Inj pemetrexed, hospira 10mg	Injection, pemetrexed (hospira) not therapeutically equivalent to j9305, 10 mg	K2
J9296	Inj pemetrexed (accord) 10mg	Injection, pemetrexed (accord) not therapeutically equivalent to j9305, 10 mg	K2
J9297	Inj pemetrexed (sandoz) 10mg	Injection, pemetrexed (sandoz), not therapeutically equivalent to j9305, 10 mg	K2

New HCPCS Code	Short Descriptor	Long Descriptor	ASC PI
Q5127	Inj, stimufend, 0.5 mg	Injection, pegfilgrastim-fpgk (stimufend), biosimilar, 0.5 mg	K2
Q5128	Inj, cimerli, 0.1 mg	Injection, ranibizumab-eqrn (cimerli), biosimilar, 0.1 mg	K2
Q5130	Inj, fylnetra, 0.5 mg	Injection, pegfilgrastim-pbbk (fylnetra), biosimilar, 0.5 mg	K2

Table 3. ─ HCPCS Codes for Drugs Deleted on March 31, 2023

CY 2023 HCPCS Code	Long Descriptor
J0610	Injection, calcium gluconate (fresenius kabi), per 10 ml
J0611	Injection, calcium gluconate (wg critical care), per 10 ml

Table 4. ─ New Skin Substitute Products as of April 1, 2023

CY 2023 HCPCS Code	Short Descriptor	CY 2023 ASCPI	Low/High Cost Skin Substitute
Q4265	Neostim tl, per square centimeter	N1	Low
Q4266	Neostim membrane, per square centimeter	N1	Low
Q4267	Neostim dl, per square centimeter	N1	Low
Q4268	Surgraft ft, per square centimeter	N1	Low
Q4269	Surgraft xt, per square centimeter	N1	Low
Q4270	Complete sl, per square centimeter	N1	Low
Q4271	Complete ft, per square centimeter	N1	Low

NOTE: ASCs should not separately bill for packaged skin substitutes (ASC PI=N1) since packaged codes are not reportable under the ASC payment system.

40.7 - Payment and Offset for Pass-Through Devices Beginning January 1, 2008

(Rev.11903, Issued:03-16-23; Effective: 04; Implementation:04-03-23)

Under the revised payment system, there can be situations where contractors must reduce (cut back) the approved payment amount for specifically identified procedures when provided in conjunction with a specific pass-through device. This reduction would only be applicable when services for specific pairs of codes are provided on the same day by the same provider. The device offset amount is the device portion included in Addendum FF of the quarterly addenda file. To determine the payment rate for the approved surgical procedure that is billed with an OPPS pass-through device, subtract the device portion from the ASC payment rate in Addendum AA. The ASC addenda are accessible on the CMS website at: https://www.cms.gov/medicare/medicare-fee-for-service-payment/ascpayment

Code pairs subject to this policy would be updated on a quarterly basis. CMS will inform contractors of the code pairs and the percent reduction removed from the procedure payment rate through a "look-up" table. As an example, contractors would perform the procedure percent reduction as follows: If the example code pair Cxxxx (device) and 2xxxx (procedure) were on the code pair file with a procedure percent reduction of 0.008, contractors would remove 0.008 device offset amount from the payment rate assigned to the ASC's jurisdictional CBSA, and therefore effectively pay 0.992 of the payment rate. Paying 0.992 of the payment rate, in this example, is equivalent to implementing the 0.008 procedure percent reduction. The contractors would then pay Cxxxx according to the ASCFS, including current payment and claims processing instructions. No code pair file related calculation or offset is performed on the device. Calculations to implement the code pair file procedure percent reductions, impact only the CBSA procedure payment rate.

To process a claim in the unlikely event that two procedures appearing on the ASC code pair file with the same device are billed in the same encounter, contractors should check the claim and history for each code pair on the ASC code pair file or look-up table, in the order they are listed in the file. If one pass through device could pair with multiple procedures on the look-up table, the contractor should apply the offset to the first code pair it identifies by going through the look-up table sequentially, in the order that they appear. If there is more than 1 unit of a pass-through device on the claim, the contractor should take an offset for each code pair. No code pair should be offset more than once and the number of code pairs receiving an offset should be no more than the units of a pass-through device.