

Outpatient Facility Coding Alert

Reader Question: Payment Indicator Addendum Is Your Key to Understanding Procedure Reimbursement

Question: I'm new to ASC coding and am still learning the differences from being in a physician office. Can you help me understand what payment indicators are from an ASC perspective?

Answer: ASC payment indicators show how a procedure will be reimbursed, if at all. The indicators are found in Addendum DD1 from CMS, which you use in conjunction with Addendum AA (covered surgical procedures for ASCs) and Addendum BB (covered radiology procedures for ASCs). The payment indicators verify whether a code is designated as packaged, office-based, or device-intensive.

Examples: The N1 payment indicator shows that the HCPCS code is packaged into a procedure being performed during a surgical session. Indicator K7 represents "Unclassified drugs and biologicals; payment contractor-priced."

To download your copy, visit the ASC center on CMS's website:

<https://www.cms.gov/ascpayment/ascrn/itemdetail.asp?itemid=CMS1216691>. Scroll down to the Downloads section, and the first listing will open spreadsheets with all ASC addendums.