



July 2022 Update of the Ambulatory Surgical Center (ASC) Payment System

MLN Matters Number: MM12773 **Revised**

Related Change Request (CR) Number: 12773

Related CR Release Date: **June 23, 2022**

Effective Date: July 1, 2022

Related CR Transmittal Number: **R11472CP**

Implementation Date: July 5, 2022

Note: We revised this Article due to a revised CR 12773. The CR revision removed HCPCS codes A9601 and J0739 from Table 3 of the CR and reduced the number of new codes from 16 to 14 in Section 3a, as we show in dark red font on page 2. We also revised the CR release date, transmittal number, and the CR web address. All other information is the same.

Provider Types Affected

This MLN Matters Article is for ASCs and suppliers billing Medicare Administrative Contractors (MACs) for services they provide to Medicare patients.

Provider Action Needed

Make sure your billing staff knows about these changes:

- A new CPT Category III Code effective July 1, 2022
- Newly established HCPCS codes for drugs, biologicals, and radiopharmaceuticals effective July 1, 2022
- New skin substitute products and low-cost/high-cost group assignment effective July 1, 2022

Background

The changes for the July 2022 ASC Payment system are:

1. New CPT Category III Code Effective July 1, 2022

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. CMS is implementing 1 new CPT Category III code that the AMA released in January 2022 for implementation on July 1, 2022. CPT code 0714T, its code descriptors, and ASC PI,

are shown in [Table 1 of CR 12773](#).

2. ASC Payment Indicator Assignments for the Argus® II Device and the Argus® II Implantation Procedures Effective July 1, 2022

We've decided that the Argus® II device, which is implanted for the retinal prosthesis implant procedure, is no longer available in the marketplace. We also understand that both outpatient hospital providers and ASCs no longer perform the Argus® II implantation procedure.

So, we're changing the ASC PI assignments for CPT codes 0100T, C1841, and C1842, as we show in [Table 2 of CR 12773](#).

3. ASC Drugs, Biologicals, and Radiopharmaceuticals

a. Newly Established HCPCS Codes for Drugs, Biologicals, and Radiopharmaceuticals Effective July 1, 2022

We're establishing 14 new drug and biological HCPCS codes effective July 1, 2022. These codes are in [Table 3 of CR 12773](#). We deleted the old HCPCS codes in this table, effective June 30, 2022.

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

For Calendar Year (CY) 2022, we continue to pay for nonpass-through drugs and biologicals at a single rate of ASP + 6%. This provides payment for both the acquisition cost and pharmacy overhead costs associated with the drug or biological. Also, in CY 2022, we continue to make a single payment of ASP + 6% for the OPSS pass-through drugs and biologicals to provide payment for both the acquisition cost and pharmacy overhead costs of these pass-through items.

We update payments for drugs and biologicals based on ASPs on a quarterly basis as later quarter ASP submissions become available. Updated payment rates effective July 1, 2022, are in the July 2022 update of [ASC Addendum BB](#).

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

Some drugs and biologicals with payment rates based on 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 available on the first date of the quarter.

d. Retroactive Payment for HCPCS J1437 Effective January 1, 2021

On January 1, 2021, HCPCS code J1437 was granted pass-through status in the OPSS. The pass-through status policy extends to the ASC payment system, but due to a technical error, didn't pass to the ASC payment system properly, which may have resulted in a denial when billed in the ASC setting.

We're correcting the payment indicator assignment for J1437 to ASC PI=K2 (Drugs and biologicals paid separately when provided integral to a surgical procedure on ASC list; payment based on OPPS rate) retroactive to January 1, 2021. We show this correction in [Table 4 of CR 12773](#).

Suppliers who think they got an incorrect payment and are affected by this correction may request their MAC to adjust previously processed claims.

4. Skin Substitutions

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 is also in the ASC payment system. The skin substitute products are divided into 2 groups for packaging purposes:

1. High-cost skin substitute products
2. Low-cost skin substitute products

Only use high-cost skin substitute products in combination with the performance of 1 of the skin application procedures described by CPT codes 15271-15278. Use Low-cost skin substitute products in combination with the performance 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.

a. New Skin Substitute Products Low-Cost Group/High-Cost Group Assignment Effective July 1, 2022

There are 3 new skin substitute HCPCS codes in the ASC payment system as of July 1, 2022. These codes are in [Table 5 of CR 12773](#). We remind ASCs not to separately bill for packaged skin substitutes (ASC PI=N1) since packaged codes aren't reportable under the ASC payment system.

b. Skin Substitute Products Reassigned to the High-Cost Skin Substitute Group as of July 1, 2022

We're reassigning 4 skin substitute HCPCS codes from the low-cost skin substitute group to the high-cost skin substitute group as of July 1, 2022. The codes are in [Table 6 of CR 12773](#).

5. ASC Device Pass-Through Code Payments Reminder

Remember, ASC pass-through devices are covered ancillary services, which are paid separately, and are MAC priced based on acquisition cost or invoice. Payable ASC pass-through device codes carry an ASCPI=J7 (OPPS pass-through device paid separately when provided integral to a surgical procedure on ASC list; payment contractor-priced). More information is in both [Transmittal 1325](#) and [Chapter 14 of the Medicare Claims Processing Manual](#).

6. ASC Offset for Payment for Pass-through Devices

Remember, MACs reduce the approved payment amount for specifically identified procedures with an offset amount greater than 0 when provided in conjunction with a specific pass-through device. We identify these code pairs as part of the quarterly update to the ASC payment system. The device offset amount is the device portion included in [Addendum FF](#) of the quarterly addenda file. To decide the payment rate for the approved surgical procedure that's billed with an OPPS pass-through device, subtract the device portion from the ASC payment rate.

No related calculation or offset is performed on the device. The ASC code pair file procedure percent reductions affect only the core-based statistical area (CBSA) procedure payment rate. More information is in [Transmittal 1325](#) and [Chapter 14 of the Medical Claims Processing Manual. Updates](#) to both the ASC code pairs and the ASC addenda are available.

7. Coverage Determinations

The fact that we assign a drug, device, procedure, or service 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 drug, product, procedure, or service may be paid if covered by Medicare. 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 12773](#) 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 24, 2022	We revised this Article due to a revised CR 12773. The CR revision removed HCPCS codes A9601 and J0739 from Table 3 of the CR and reduced the number of new codes from 16 to 14 in Section 3a, as we show in dark red font on page 2. We also revised the CR release date, transmittal number, and the CR web address. All other information is the same.
June 9, 2022	Initial article released.

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