DEPARTMENT OF HEALTH AND HUMAN SERVICES
Centers for Medicare & Medicaid Services

Medicare Learning Network®

Official CMS Information for
Medicare Fee-For-Service Providers

Ambulatory Surgical Center Fee Schedule

PAYMENT SYSTEM FACT SHEET SERIES

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This publication provides the following information about Ambulatory Surgical Centers (ASC):

- The definition of an ASC;
- ASC payment;
- How payment rates are determined;
- Ambulatory Surgical Center Quality Reporting (ASCQR) Program; and
- Resources.

Definition of an Ambulatory Surgical Center (ASC)

An ASC, for Medicare purposes, is a distinct entity that operates exclusively for the purpose of furnishing outpatient surgical services to patients.

To be eligible for Medicare payment, ASCs must be certified as meeting the requirements for an ASC and must enter into an agreement with the Centers for Medicare & Medicaid Services (CMS). An ASC can be either:

- Independent (not part of a provider of services or any other facility); or
- Operated by a hospital (under the common ownership, licensure, or control of a hospital). An ASC operated by a hospital must:
  - Be a separately identifiable entity that is physically, administratively, and financially independent and distinct from other operations of the hospital, with costs for the ASC treated as a non-reimbursable cost center on the hospital's cost report;
  - Agree to the same assignment, coverage, and payment rules applied to independent ASCs; and
  - Comply with the conditions for coverage for ASCs.

An ASC operated by a hospital is not the same as a provider-based outpatient department of a hospital. A provider-based outpatient department of a hospital:

- May be on- or off-campus;
- Must be an integral part of the hospital, subject to the hospital conditions of participation; and
- Is not separately enrolled in Medicare or subject to ASC conditions for coverage.

Ambulatory Surgical Center (ASC) Payment

Effective January 1, 2008, in accordance with the Medicare Prescription Drug, Improvement, and Modernization Act (MMA) of 2003, CMS implemented a revised ASC payment system using the Outpatient Prospective Payment System (OPPS) relative payment weights as a guide. The policies for the revised ASC payment system were made in the ASC final rule (CMS-1517-F), which was published in the "Federal Register" on August 2, 2007. The ASC final rule greatly expanded the types of procedures eligible for payment in the ASC setting and excluded from eligibility only those procedures that pose a significant safety risk to patients or are expected to require active medical monitoring at midnight when furnished in an ASC. The rule also provided a

four-year transition to the fully implemented revised ASC payment rates. Beginning with the November 2007 OPPS/ASC final rule with comment period (CMS-1392-FC), the annual update OPPS/ASC final rule with comment period provides the ASC payment rates and lists the surgical procedures and services that qualify for separate payment under the revised ASC payment system.

Medicare makes a single payment to ASCs for covered surgical procedures, which includes ASC facility services that are furnished in connection with the covered procedure. Examples of covered ASC facility services paid through the payment for covered surgical procedures include the following:

- Nursing services, services furnished by technical personnel, and other related services;
- Patient use of ASC facilities;
- Drugs and biologicals for which separate payment is not made under the OPPS, surgical dressings, supplies, splints, casts, appliances, and equipment;
- Administrative, recordkeeping, and housekeeping items and services;
- Blood, blood plasma, and platelets, with the exception of those to which the blood deductible applies;
- Materials for anesthesia;
- Intraocular lenses;
- Implantable devices, with the exception of those devices with pass-through status under the OPPS; and
- Radiology services for which payment is packaged under the OPPS.

Medicare also pays ASCs separately for covered ancillary services that are integral to a covered surgical procedure billed by the ASC, specifically certain services furnished immediately before, during, or immediately after the covered surgical procedure. Covered ancillary services include:

- Drugs and biologicals that are separately paid under the OPPS;
- Radiology services that are separately paid under the OPPS;
- Brachytherapy sources;
- Implantable devices with OPPS pass-through status; and
- Corneal tissue acquisition.

Certain services may be furnished in ASCs and billed by the appropriate certified provider or supplier. The chart on page 4 provides examples of payment and billing for items or services that are not included in ASC payments for covered surgical procedures or covered ancillary services.

Examples of Items and Services Not Included in ASC Payments For Covered Surgical Procedures or Covered Ancillary Services

Items or Services Not Included	Who Receives Payment	Where to Submit Bills
Physicians' Services	Physician	Medicare Claims Administration Contractor (Medicare Contractor)
Purchase or Rental of Non-Implantable Durable Medical Equipment (DME) to ASC Patients for Use in Their Homes	DME supplier A supplier of DME must have a DME supplier number from the National Supplier Clearinghouse (NSC) and a separate National Provider Identifier (NPI) An ASC may not simultaneously be a DME supplier	Durable Medical Equipment Medicare Administrative Contractor (DME MAC)
Non-Implantable Prosthetic devices	DME supplier A supplier of DME must have a DME supplier number from the NSC and a separate NPI An ASC may not simultaneously be a DME supplier	DME MAC
Ambulance Services	Certified ambulance supplier	Medicare Contractor
Leg, Arm, Back, and Neck Braces	DME supplier	DME MAC
Artificial Legs, Arms, and Eyes	DME supplier	DME MAC
Services Furnished by Independent Laboratory	Certified laboratory (ASC can receive laboratory certification and a Clinical Laboratory Improvement Amendments number)	Medicare Contractor
Facility Services for Surgical Procedures Excluded From the ASC List (listed in Addendum EE to the OPPS/ASC final rule with comment period)	Not covered by Medicare	Patient is liable

The patient coinsurance for ASC-covered surgical procedures and covered ancillary services is 20 percent of the Medicare ASC payment after the yearly Part B deductible has been met. Section 4104 of the Affordable Care Act waives the coinsurance and deductible for certain preventive services that are paid under the ASC payment system and recommended by the U.S. Preventive Services Task Force with a grade of A or B.

How Payment Rates Are Determined

In the annual updates to the ASC payment system, CMS sets **relative payment weights** equal to OPPS relative payment weights for the same services and then scales the ASC weights to maintain budget neutrality from year to year, as mandated by the MMA. For calendar year (CY) 2013, the ASC relative payment weights were scaled to eliminate any difference in the total payment weight between CY 2012 and CY 2013.

The relative payment weights for CY 2013 were scaled by holding ASC utilization and mix of services constant from CY 2011 (the most recent full year of claims data available) and comparing the total payment weight using the CY 2012 ASC relative payment weights to the total payment weight using the applicable CY 2013 OPPS relative payment weights for covered ASC surgical procedures and separately payable ancillary services. This process takes into account the changes in the relative payment weights between CY 2012 and CY 2013.

The ratio of the CY 2012 to CY 2013 total payment weight is the **weight scaler**, which is applied to the CY 2013 relative payment weights to maintain budget neutrality.

The ASC **conversion factor** (CF) is annually adjusted for budget neutrality by removing the effects of changes in wage index values for the upcoming year as compared to values for the current year. In accordance with the MMA, beginning with CY 2010, the ASC CF may be updated annually by the Consumer Price Index for All Urban Consumers. As required by the Affordable Care Act, the annual update factor for the ASC payment system is reduced by a productivity adjustment.

ASCs are paid the lesser of the actual charge or the ASC payment rate for each procedure or service. The standard payment rate for ASC-covered surgical procedures is calculated as the product of the ASC CF and the ASC relative payment weight for each separately payable procedure or service.

There are alternate methodologies for establishing payments for covered ancillary radiology services, office-based procedures, drugs and biologicals, and device-intensive procedures. Payments for covered surgical procedures and certain covered ancillary services are geographically adjusted using the pre-floor and pre-reclassified hospital wage index values, with a labor-related factor of 50 percent. Payments are also adjusted when multiple surgical procedures are furnished in the same encounter or when procedures are discontinued prior to their initiation or the administration of anesthesia.

The alternate methodologies for establishing payment rates for some surgical procedures and ancillary services are briefly described below:

- Office-based procedures are furnished in physicians' offices at least 50 percent of the time and that CMS classifies as "office-based." ASC payment is made at the lower of the ASC rate or the nonfacility practice expense (PE) relative value unit (RVU) amount of the Medicare Physician Fee Schedule (PFS) for the relevant year;

- Device-intensive procedures are ASC-covered surgical procedures that, under the OPPS, are assigned to ambulatory payment classifications (APC) for which the estimated device offset percentage is greater than 50 percent of the APC's mean cost. Device-intensive procedures are paid:
  - A device-related portion of the procedure, which is the same amount paid for the device under the OPPS; and
  - A service portion, which is calculated according to the standard rate setting methodology;
- ASCs may receive separate Medicare payment for the facility costs of covered ancillary radiology services. Separately payable radiology services are paid the lower of the ASC rate or the technical component or nonfacility PE RVU payment amount of the Medicare PFS for the same year (whichever applies);
- Separately payable drugs and biologicals are those for which separate payment is made under the OPPS. ASCs are paid the same amount that is paid under the OPPS; and
- Brachytherapy sources are paid at the same amount as the OPPS rates if a prospective OPPS rate is available. Otherwise, ASCs are paid at contractor-priced rates. These payments are not adjusted for geographic wage differences.

Under the revised ASC payment system, ASCs continue to submit claims on the CMS-1500 claim form.

Ambulatory Surgical Center Quality Reporting (ASCQR) Program

To be eligible for the full ASC annual payment update beginning in 2014, ASCs will be required to submit complete data on individual quality measures by submitting appropriate Quality Data Codes on claims. For more information about ASCQR Program requirements, visit https://www.qualitynet.org on the QualityNet website.

Resources

For More Information About…	Resource
Ambulatory Surgical Centers	http://www.cms.gov/Center/Provider-Type/Ambulatory-Surgical-Centers-ASC-Center.html on the CMS website
Ambulatory Surgical Center Fee Schedule	http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/ASCPayment on the CMS website Chapter 14 of the "Medicare Claims Processing Manual" (Publication 100-04) located at http://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/clm104c14.pdf on the CMS website
Payment Related to Annual and Quarterly Ambulatory Surgical Center Fee Schedule and Drug File Addenda	http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/ASCPayment/11_Addenda_Updates.html on the CMS website
The "Federal Register"	http://www.gpo.gov/fdsys/browse/collection.action?collectionCode=FR on the U.S. Government Printing Office website
All Available Medicare Learning Network® (MLN) Products	"Medicare Learning Network® Catalog of Products" located at http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/Downloads/MLNCatalog.pdf on the CMS website or scan the Quick Response (QR) code on the right
Provider-Specific Medicare Information	MLN publication titled "MLN Guided Pathways to Medicare Resources Provider Specific Curriculum for Health Care Professionals, Suppliers, and Providers" booklet located at http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNEdWebGuide/Downloads/Guided_Pathways_Provider_Specific_Booklet.pdf on the CMS website
Medicare Information for Beneficiaries	http://www.medicare.gov on the CMS website

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