

Ambulatory Surgical Center Fee Guideline Frequently Asked Questions

Questions Regarding 28 Texas Administrative Code (TAC) §134.402, Ambulatory Surgical Center Fee Guideline:

1. What is the applicability date for the amendments to 28 TAC §134.402, Ambulatory Surgical Center Fee Guideline?

28 TAC §134.402, Ambulatory Surgical Center (ASC) Fee Guideline, contains recent amendments to the billing and reimbursement rules that apply to facility services provided in an ambulatory surgical center on or after September 1, 2008.

2. What instructions and education will be provided pertaining to the new ambulatory surgical center fee guideline rules?

The Texas Department of Insurance, Division of Workers' Compensation (TDI-DWC) is conducting seminars to facilitate the implementation of these rules. The seminar education materials are being added to the TDI-DWC website, and additional educational materials may be developed as needed. TDI-DWC will continue to answer questions or clarify issues through the Medical Benefits email box Medben@tdi.state.tx.us, and will continue to summarize appropriate topics for inclusion in frequently asked questions and post updates on the TDI website. The amended ASC Fee Guideline is located on the TDI-DWC website at the following link: <http://www.tdi.state.tx.us/wc/rules/adopted/documents/aoasc0808.pdf>.

3. Is there a list of ASCs licensed in Texas?

Yes, the list of ASCs licensed in Texas is at the following link:
<http://www.dshs.state.tx.us/HFP/apps.shtm#directoryASC>.

4. Does the amended ASC fee guideline use the Center for Medicare and Medicaid Services (CMS) transitional reimbursement rates or the fully implemented reimbursement rates?

The adopted ASC fee guideline uses the fully implemented reimbursement rates.

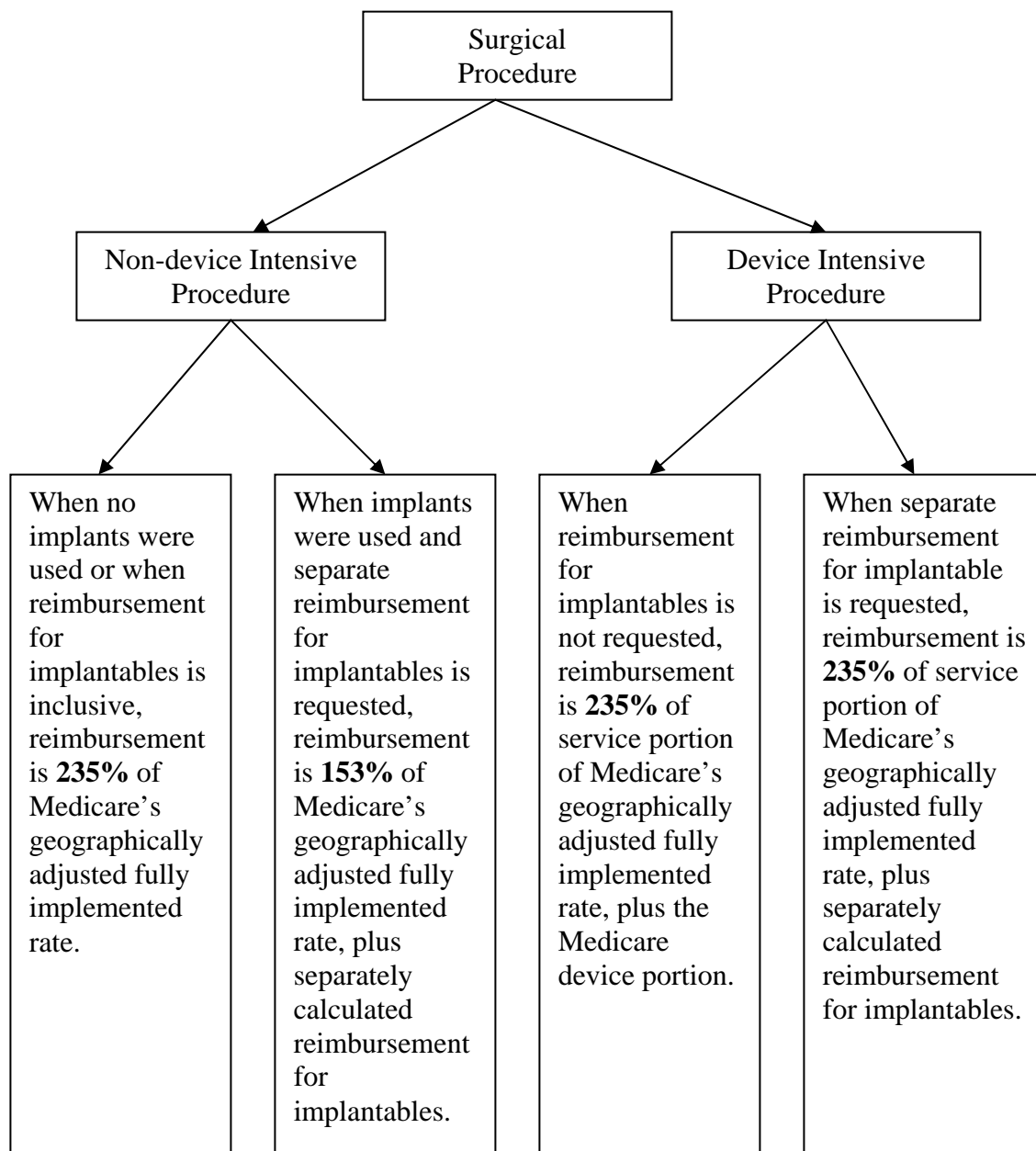
5. Can I use the ambulatory surgical center fee reimbursement tool on the Trailblazer website for calculating Texas workers' compensation reimbursement amounts for ASC facility services?

No. The tool on the Trailblazer website uses the CMS transitional reimbursement rates while the recently amended ASC fee guideline uses the fully implemented reimbursement rates. The ASC reimbursement tool on the Trailblazer website may provide information that is inconsistent with the requirement of 28 TAC §134.402, and should not be used to calculate Texas workers' compensation reimbursement for ASC facility services.

Medicare is providing a four-year transition to the fully implemented revised ASC rates. Payments during the transition to the fully implemented revised ASC payment rates will be based on a blend of the CY 2007 ASC payment rates and the revised ASC payment rates at 75/25 in CY 2008, 50/50 in CY 2009, and 25/75 in CY 2010 with payment at 100 percent of the revised ASC payment rates in 2011. The adopted ASC fee guideline for Texas workers' compensation uses the fully implemented reimbursement rate. There are many instances where the transitional reimbursement rate is different than the fully implemented reimbursement rate.

6. What is the reimbursement methodology in the ASC fee guideline?

28 TAC §134.402, Ambulatory Surgical Center Fee Guideline, is based on Medicare ASC reimbursement and applies a Texas workers' compensation specific payment adjustment factor. The rule also has provisions that allow an ASC to choose separate reimbursement for implantables on a case-by-case basis. The ASC reimbursement is calculated as illustrated below:



When the ASC chooses to have implantables reimbursed separately, the ASC or surgical implant provider is reimbursed at the lesser of:

1. Manufacturer's invoice amount or
2. Net amount (exclusive of rebates and discounts); plus
3. 10% or \$1,000 per billed item add-on, whichever is less, but not to exceed \$2,000 in add-on's per admission.

7. Please illustrate the mathematical calculation of reimbursement for implantables.

Implantable Reimbursement Example

For the purpose of a mathematical illustration, an injured employee received surgical services in an ambulatory surgical center. The surgical services included 3 implantable devices. Each of the 3 implantable devices had an invoice amount of \$20,000 and a rebate of \$2,500.

	Item #1	Item #2	Item #3	Total
Net amount for implantable item	\$20,000	\$20,000	\$20,000	\$60,000
Rebates or discounts	-\$2,500	-\$2,500	-\$2,500	-\$7,500
Adjusted net amount for implantable item	\$17,500	\$17,500	\$17,500	\$52,500
Add-on of 10% or \$1,000 whichever is less	\$1,000*	\$1,000*	\$0**	\$2,000
Total computed reimbursement for implanted item(s)	\$18,500	\$18,500	\$17,500	\$54,500

*\$1,000 is less than 10% of \$17,500

**The \$2,000 “cap” for this admission was met by implants #1 and #2

8. How does a payer determine if the provider is requesting separate reimbursement for implantables?

To determine if the ASC or surgical implant provider is requesting separate reimbursement for implantables, the payer should review the codes that are billed, the amounts that are billed, and the documentation that is provided, such as a certification of the amount paid for the implantable(s). The ASC is not required to submit separate bills for ASC charges and implantables. Although not specified by rule, TDI-DWC suggests that ASCs communicate their intentions on the CMS-1500 or in 837P. In addition, the payer may contact the ASC or surgical implant provider to ask if separate reimbursement for implantables is requested.

While not required by TDI-DWC rules, the following are examples of language for the billing notes that may facilitate communications between the ASC and the insurance carrier:

1. Separate reimbursement for implantables not requested.
2. Separate reimbursement to ASC for implantables requested.
3. Separate reimbursement to Company X for implantables requested.
4. Separate reimbursement to ASC & Company X for implantables requested.

An ASC is responsible for communicating their choice regarding separate reimbursement for implantables and for providing documentation. Failure to communicate their choice to the payer may result in reimbursement to the ASC that was not the requested amount.

9. What are the payer's options if the ASC does not include any information requesting separate reimbursement for implantables?

If the bill from the ASC does not include any information requesting separate reimbursement for implantables, the payer should calculate reimbursement with the appropriate multiplier showed in question #6.

10. What are the payer's options if the ASC does not include any information requesting separate reimbursement for implantables, but the payer then receives a bill for implantables from a surgical implant provider?

Since separate reimbursement is the election of the ASC, the payer would pay the ASC the appropriate multiplier that includes reimbursement for the implantable, but would deny the bill from the surgical implant provider.

11. If an ASC requests separate reimbursement for implantables, but does not provide documentation, what options are available to the payer?

The options are:

- A. Contact the ASC to request the information to complete the bill.
- B. If the required documents are not provided, deny the bill due to the lack of documentation.
- C. Pay the ASC bill with the reimbursement calculated at the higher multiplier. The higher multiplier includes reimbursement for the implantable. The ASC may request reconsideration and provide the documentation for the implantables.

12. An ASC indicates separate reimbursement for implantables and agrees to allow the surgical implant provider to bill for the implantables. The surgical implant provider does not provide documentation. What options are available to the payer?

The options are:

- A. Contact the surgical implant provider to request the information to complete the bill.
- B. If the required documents are not provided, deny the bill due to the lack of documentation.

13. Is the \$2,000 add-on cap for implantables increased if the bills for implantables that come from different surgical implant providers?

No, the \$2,000 add-on cap for implantables is per admission, not per the source of the implantables.

14. The ASC Fee Guideline requires the use of ADDENDUM AA, ASC Covered Surgical Procedures for CY 2008, published in the Federal Register on November 27, 2007, or its successor. Where can I find that document?

For surgical procedures with a date of service in CY 2008 the *ADDENDUM AA, ASC Covered Surgical Procedures for CY 2008* can be found at <http://www.cms.hhs.gov/ASCpayment>.

15. Is the method for determining the facility reimbursement to a specific Ambulatory Surgical Center (ASC) for surgical procedures in CY 2009 different then surgical procedures in CY 2008?

To determine the facility reimbursement for surgical procedures with a date of service in CY 2009, it is necessary to calculate the fully implemented Medicare ASC facility reimbursement rate. CMS did not calculate and publish the fully implemented ASC facility rate for CY 2009 in the publication of *ADDENDUM AA, ASC Covered Surgical Procedures for CY 2009* as they did in CY 2008.

The formula to determine the 2009 Medicare ASC fully implemented facility reimbursement rate is as follows:

CY 2009 Medicare fully implemented weight x ASC conversion factor = CY 2009 Medicare ASC fully implemented facility reimbursement rate.

See the memorandum from Texas Department of the Insurance, Division of Workers' Compensation at the following link for instructions on calculating the CY 2009 Medicare ASC fully implemented facility reimbursement rate: <http://www.tdi.state.tx.us/wc/fee/documents/asccalcreim0209.pdf>.

16. What is a device intensive procedure?

A device intensive procedure is a surgical procedure in which the cost of the implantables is greater than 50 percent of the CMS ambulatory payment classification's median cost. A device intensive procedure always involves implantables.

17. The ASC fee guideline states a reimbursement methodology for device intensive procedures. Is there a list of device intensive procedures?

Yes. The list of device intensive procedures for ASCs is Table 56 on the list of CMS-1352-FC ASC Preamble Tables at the following link:

<http://www.cms.hhs.gov/ASCPayment/ASCRN/itemdetail.asp?filterType=none&filterByDID=-99&sortByDID=3&sortOrder=ascending&itemID=CMS1213395&intNumPerPage=10>.

18. The ASC fee guideline requires the use of ADDENDUM B, Hospital Outpatient Prospective Payment System CY 2008, published in the *Federal Register* on Nov 27, 2007 or its successor to calculate the device portion of a device intensive procedure. Where can I find that document?

ADDENDUM B, Hospital Outpatient Prospective Payment System CY 2008 is located at the following link: http://www.cms.hhs.gov/apps/ama/license.asp?file=/HospitalOutpatientPPS/Downloads/CMS1392FC_Addendum_B.zip.

19. Where are the TDI-DWC instructions for completing a medical bill?

The TDI-DWC *Texas Clean Claim & eBill Workers' Compensation Companion Guide* is located at the following link: <http://www.tdi.state.tx.us/wc/ebill/index.html> .

20. What documents should be included with an ASC bill?

28 TAC §§133.10, 133.20, and 133.210 work with the ASC fee guideline to outline the following documents for an ASC bill:

1. A bill on the standard forms used by the Centers for Medicare and Medicaid Services. The bill must include the correct billing codes from the applicable TDI-DWC fee guidelines in effect on the date(s) of service.
2. A copy of the operative report if the surgical services rendered on the same date for which the total of the fees established in the current TDI-DWC fee guideline exceeds \$500.
3. If implantable items are used during the procedure and separate reimbursement is requested, an invoice for implanted items is necessary to process the bill.
4. If implantable items are used during the procedure and separate reimbursement is requested, a signed certification that the amount billed for the implanted items represents the actual costs (net amount, exclusive of rebates and discounts) for the implantable.

Notes: All information submitted on required billing forms must be legible and completed in accordance with TDI-DWC instructions. In addition, an insurance carrier can request additional documentation if necessary to process a bill.

Please click on the following link for a Power Point presentation with examples of calculating reimbursement: <http://www.tdi.state.tx.us/wc/fee/documents/ascexamples.ppt>

21. What are the steps in calculating the geographic adjusted reimbursement for an ASC? (See slides 11 through 21 for an example of the calculation of geographically adjustments to the fully implemented ASC reimbursement.)

- A. Gather the information to calculate the geographical adjustment to the national ASC reimbursement amount:
 - 1) National reimbursement for procedure (Addendum AA).
 - 2) Statistical area number (White House/OMB Document).
 - 3) Use the statistical area number to determine wage index (CMS-1392 pre class wage index for ASC).
- B. Perform geographical adjustment calculations
 - 4) Divide the national reimbursement by 2.
 - 5) Multiply half of the national reimbursement the wage index from Step 3.
 - 6) Add half of the national reimbursement and wage adjusted half of the national reimbursement calculated in step 5. The sum of these two numbers is the geographic adjusted ASC reimbursement.

22. What are the steps in calculating reimbursement for a non-device intensive procedure when no implants were used in the procedure? (Example 1 in Power Point presentation.)

- A. Calculate the geographic adjusted ASC reimbursement for the procedure.
- B. Multiply the geographically adjusted ASC reimbursement by the TDI-DWC payment adjustment factor, currently 235% (2.35).

23. What are the steps in calculating reimbursement for a non-device intensive procedure when implantables were used in the procedure but separate reimbursement for the implantables is not requested? (Example 2 in Power Point presentation.)

- A. Calculate the geographic adjusted ASC reimbursement for the procedure.
- B. Multiply the geographically adjusted ASC reimbursement by the TDI-DWC payment adjustment factor, currently 235% (2.35).

Note: In this scenario, reimbursement for the implantables is included in the basic reimbursement calculation.

24. What are the steps in calculating reimbursement for a non-device intensive procedure when implantables were used in the procedure, and separate reimbursement for the implant(s) is requested? (Example 3 in Power Point presentation.)

- A. Calculate the geographic adjusted ASC reimbursement for the procedure.
- B. Multiply the geographically adjusted ASC reimbursement by the TDI-DWC payment adjustment factor, currently 153% (1.53).
- C. Calculate the separate reimbursement for the implantable(s) (see FAQ #7).
- D. Add B and C for the reimbursement of a non-device intensive procedure when implantables were used in the procedure, and separate reimbursement for the implant is requested.

25. What are the steps in calculating reimbursement for a device intensive procedure when implantables were used in the procedure, but separate reimbursement for the implantables is not requested? (Example 4 in Power Point presentation.)

- A. Calculate the geographic adjusted ASC reimbursement for the procedure.
- B. See Table 56 for the “device offset” amount (percentage).
- C. Multiply the hospital outpatient prospective payment system amount by the device offset percentage to determine the device portion of the reimbursement calculation.
- D. Subtract the device portion from the geographically adjusted reimbursement to determine the service portion of the reimbursement calculation.
- E. Multiply the service portion by the TDI-DWC payment adjustment factor, currently 235% (2.35), to determine the TDI-DWC reimbursement for the service portion.
- F. Add the reimbursement for the device portion to the TDI-DWC reimbursement for the service portion. The sum of the reimbursement for the device portion and the TDI-DWC reimbursement for the service portion is the total reimbursement for the procedure.

Note: In this scenario, reimbursement for the implantables is included in the basic reimbursement calculation.

26. What are the steps in calculating reimbursement for a device intensive procedure when implantables were used in the procedure, and separate reimbursement for the implantables is requested? (Example 5 in Power Point presentation.)

- A. Calculate the geographic adjusted ASC reimbursement for the procedure.
- B. See Table 56 for the “device offset” amount (percentage).
- C. Multiply the hospital outpatient prospective payment system amount by the device offset percentage to determine the device portion of the reimbursement calculation.

- D. Subtract the device portion from the geographically adjusted reimbursement to determine the service portion of the reimbursement calculation.
- E. Multiply the service portion by the TDI-DWC payment adjustment factor, currently 235% (2.35), to determine the TDI-DWC reimbursement for the service portion.
- F. Calculate the separate reimbursement for the implantable(s) (see FAQ #7).
- G. Add the calculated separated reimbursement for the implantables to the TDI-DWC reimbursement for the service portion. The sum of the calculated separated reimbursement for implantables plus the TDI-DWC reimbursement for the service portion is the total reimbursement for the procedure.