

Michigan Department of Health and Human Services  
Important Outpatient Prospective Payment System (OPPS) APC – ASC

2nd Quarter (April) 2016 Update Information

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The Michigan Department of Health and Human Services (MDHHS) issues a timed release schedule of the annual/quarterly specific to software changes for Optum (our MDHHS software vendor). Optum and the Outpatient Prospective Payment System (OPPS) Team members closely monitor the CMS site impacting updates. Work immediately begins reviewing policy impacts for coverage of Medicaid service(s) once CMS releases the files for any changes or updated files, (i.e., Integrated Outpatient Code Editor (I/OCE) Specifications, HCPCS, etc.).

The OPPS Team meetings are held as the quarterly update process is initiated. A conference call was held with Optum on March 29, 2016, initiating review of the 2<sup>nd</sup> quarter OPPS (APC and ASC) updates. A second call is anticipated timely upon CMS release of the most current files.

A timeline is required for Optum to develop the MI specific software version specific to each OPPS update (including any retro changes), perform quality control, internal development and testing period. An additional 6 – 8 weeks is required for internal program updates, quality assurance checks, and regression testing. MDHHS includes time and consideration for additional CMS changes following the initial CMS release of the quarterly updates. The Optum software programming is separate and distinct from CHAMPS user acceptance testing (UAT).

Once Optum has developed the MI APC specific software, the product is delivered to CNSI and scheduled as part of a maintenance release. MDHHS works directly with Optum during development, however Optum needs adequate time to modify the MI specific APC product and complete internal control steps/development testing with each release. MDHHS's OPPS is a Michigan (Medicaid) specific software product, aligning as closely as possible with Medicare.

MDHHS's OPPS requires time for modification to be a MI specific APC and ASC product. MDHHS will recycle any OPH/APC and any ASC claims impacted as a result of the first quarter updates.

OPPS/APC and ASC Wrap Around Code Lists are revised reflecting quarterly updates, reflect any system updates, and posted timely to the provider specific sites.

There were revisions, additions, and deletions addressed during the 2<sup>nd</sup> quarter OPPS updates.

**NCCI and MUE:** MDHHS implemented the Medicaid NCCI and MUE in the MI APC/ASC products and began using the Medicaid NCCI and MUE values for dates of service (DOS) on and after July 1, 2013. The Medicaid NCCI and MUE values are reviewed with the quarterly file review and updates.

Providers should be careful when reporting multiple services with Status Indicator (SI) J1 on the same claim because NCCI logic may result in no payment for any of the reported comprehensive APC (C-APC) services. Usually when multiple J1 procedures/services are reported on the same claim, the procedure with the highest rank is assigned to the C-APC. Certain code combinations of J1 services will also lead to a complexity adjustment to a higher-paying C-APC.

**OPPS – REDUCTION FACTOR (RF):** MDHHS monitors OPPS (APC) and ASC claims for statewide budget-neutrality. In November 2015, CMS finalized changes to the calendar year 2016 Medicare OPPS system.

Policy (MSA 06-47) states that MDHHS *may* adjust its RF to maintain expenditures within appropriated levels *if* Medicare implements a general rate increase. MDHHS also reserves the right to adjust the OPPS RF if budget concerns are evident and changing significantly prior to the end of the State's fiscal year.

MSA 15-58 provided notification MDHHS was adjusting the Medicaid OPPS and ASC reduction factor (RF) from 52.3% to 52.5% effective for DOS on or after January 1, 2016, with the final 52.5% RF implemented in order to maintain current statewide budget neutrality. MSA 15-58 is replaced with MSA

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policy bulletin 16-03 that provided notification MDHHS is adjusting the OPPS and ASC RF from 52.3% to **52.6%** effective for DOS on or after January 1, 2016. Providers may refer to the RF Outpatient Prospective Payment System and Ambulatory Surgical Center Reduction Factor bulletin available on the MDHHS bulletin website.

**DURABLE MEDICAL EQUIPMENT**

Per the Social Security Act for Durable Medical Equipment (DME), prosthetic devices, orthotics, prosthetics, and surgical dressings. MDHHS is utilizing the DME urban rates (pricing logic). DME policy reviewed the CMS decision regarding DME competitive fee rates supporting application of the urban file.

**OLDER EQUIPMENT NOT UP TO THE NATIONAL ELECTRICAL MANUFACTURER ASSOCIATION (NEMA) STANDARDS 1/01/2016**

MI aligned with CMS and adopted the 5% payment deduction for imaging services reported with new modifier CT: older equipment not up to NEMA standards.

**WRAP LIST CHANGES**

Program Coverage: existing CPT Code

- CPT 90653 added coverage DOS on/after 4/01/2016 APC/ASC's

SI/Change: Covered

- HCPCS J1443 (SI/E) to SI/N

New Drugs, Biologicals & Radiopharmaceuticals: Add OPPS APC/ASC

- C9137, C9138, C9461, C9470, C9471, C9472, C9473, C9474, C9475

Non Coverage

- CPT J7503 (SI/E) to SI/G; Post R1/RR1 not covered
- Delete G0464 retro to 1/01/2016 \*HMP only/posted Wrap Around R1 List
- J7503 (SI/E) to SI/G and SI/K2: Add R1/RR1 Wrap Around Code List

Clarification

- L2785 listed as R1/non covered – add coverage/PAC/Code association 4/01/2016 forward.

**REFERENCE DOCUMENTS: Provider Specific Site or CMS Website**

CMS 2<sup>nd</sup> Quarter OPPS documents:

MDHHS's OPPS APC Wrap Around Code List – (April 1 - June 30, 2016): Provider Specific Site

MDHHS's OPPS ASC Wrap Around Code List – (April 1 – June 30, 2016): Provider Specific Site

Revised I/OCE: CMS Transmittal 3477 dated 3/11/2016 rescinded and replaced by Transmittal 3483 dated 3/18/2016 revised information in the attachment

CMS Related Transmittal #: R3477CP April 2016 Integrated Outpatient (OP) Code Editor (I/OCE) Specifications Version 17.1

CMS Transmittal 3477 Change Request (CR) 9553 R3477CP April 2016 Integrated Outpatient Code Editor (I/OCE) Specifications Version 17.1

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Final Summary of Data Changes I OCE V. 17.1

CMS Related Transmittal #: R3471CP April 2016 Update of the Hospital Outpatient Prospective Payment System (OPPS)

CMS Transmittal 3471 CR 9549 April 2016 Update of the Hospital Outpatient Prospective Payment System (OPPS)

CMS Transmittal 3478 CR 9557 April 2016 Update of Ambulatory Surgical Center (ASC) Payment System

CMS Related CR Transmittal #: R3478CP Related CR#: CR 9557 April 2016 Update of Ambulatory Surgical Center (ASC) Payment System

CMS Related Transmittal #: R3472CP April Quarterly Update for 2016 DME, Prosthetics, Orthotics, and Supplies (DMEPOS) Fee Schedule

CMS Transmittal 3450 CR 9536 April 2016 Quarterly Average Sales Price (ASP) Medicare Part B Drug Pricing Files

CMS Transmittal 3469 CR 9531 Quarterly Update to Medicare Physician Fee Schedule April CY 2016

Related:

CMS Related CR Transmittal #: R140DEMO Comprehensive Care for Joint Replacement Model (CJR) Provider Education

CMS Hyperbaric Oxygen Therapy Project: MI J8, Illinois and New Jersey

CMS Transmittal 221 CR 9428 Telehealth Services