

Important Outpatient Prospective Payment System (OPPS) APC – ASC

1st Quarter (January – March) 2013 Update Information

---

The Center for Medicare and Medicaid Services (CMS) issues a timed release schedule of the annual/quarterly updates specific to software changes for Optum (our software vendor). MDCH staff closely monitors 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.). MDCH identified corrupted files within the 2013 CMS file releases that created additional delays for the first quarter 2013.

The 2013 (CMS) HCPCS/CPT code review bulletin process is included with the January OPPS updates. The OPPS Team meetings are held as the team initiates the quarterly update process. A conference call was held with Optum (MDCH FFS software vendor) December 18, 2012, to initiate review of the 1<sup>st</sup> quarter OPPS (APC and ASC) updates. A second call was held January 14, 2013. CMS released the most current files late January, 14 2013.

A timeline is required for Optum to develop the MI specific software version 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. MDCH 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 unit 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. MDCH 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. MDCH's OPPS is a Michigan (Medicaid) specific software product, aligning as closely as possible with Medicare.

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

**UPDATE - March 28, 2013:**

The 1<sup>st</sup> quarter January APC/ASC updates went into CHAMPS production March 9 for claims adjudication beginning March 10, 2013.

**2013 1<sup>st</sup> Quarter Updates**

Therapy/OCE Edit: This is not a policy change. Effective DOS on/after January 1, 2013, claim-Level Pricer Return Code 41 (Invalid Billing of Therapy Services) will begin. This information is provided as claim(s) processing, policy and reimbursement clarification.

Claim-Level Pricer Return Code 41 (Invalid Billing of Therapy Services) logic will be implemented if more than one therapy modifier (GN, GO, or GP) is on a single claim line or a required modifier is on a single claim line (revenue code/type of bill/modifier).

**Additional Information: Review CMS-1589 Final Rule**

**CMS-1589-FC – Sequestration/Medicare Rates; Reduction Factor Impact**

MDCH is monitoring the Medicare reduction response for additional information referenced in the 2013 Medicare OPPS final rule released on November 1, 2012. There was a net APC rate increase at the federal level and a 2% across-the-board cut to Medicare rates (sequestration) scheduled to take effect January 1, 2013, for provider settings including Medicare outpatient services. MDCH continues to monitor CMS information regarding how it will implement the cut. This impacts MDCH's OPPS reduction factor (RF). The OPPS RF impact on the Medicaid payment would need to increase by 0.2% from the current level. MDCH OPPS providers will be notified via policy bulletin of any RF adjustment by policy process.

The final rule also determined OPPS relative weights using the geometric mean costs of services within an Ambulatory Payment Classification, rather than median costs, a change CMS proposed with limited impact on most providers.

**3/06/2013: Medicare Payment Cut Announced**

The 2% across-the-board Medicare payment cut (sequestration) was delayed and is now scheduled to take effect April 1, 2013. CMS has not issued instructions on how this cut will be applied to all Fee-For-Service (FFS) claims. MDCH continues to closely monitor the release of information on how CMS will implement the cut and apply it to claims processing. MDCH OPPS providers will be notified via policy bulletin of any RF adjustment.

**Outpatient Review**

**Therapy Services:** The Medicare Physician Fee Schedule (MPFS) is used to reimburse Therapy services. The Medicare outpatient physical therapy (PT), occupational therapy (OT), and speech-language pathology (SLP) (therapy services) coverage requirements, are described in the Code of Federal Regulations (CFR) at 42 CFR 484.4; provided by a physician, qualified non-physician practitioner (NPP), therapist, or an assistant supervised by a therapist. Therapy services have the AR or AT pay status (on OPPS claims). Under MDCH's OPPS, providers may refer to the Medicare coverage policies found in the CMS manuals.

For the Medicare Therapy Reimbursement logic, providers may access the Medicare physician fee (MPFS) schedule on the CMS website:

<http://www.cms.gov/apps/physician-fee-schedule/overview.aspx>

Providers may also reference and find helpful the Multiple Procedure Payment Reduction (MPPR) Rate File available on the same CMS site.

Under MDCH's OPPS, Outpatient Hospital claims billed appropriately with therapy services are reimbursed using the MPFS, and the MPPR and then apply the applicable MDCH OPPS reduction factor.

Michigan Department of Community Health (MDCH)  
Important Outpatient Prospective Payment System (OPPS) APC – ASC  
1st Quarter (January – March) 2013 Update Information

---

**OPPS January 2013 Reference Documents on the CMS Website**

CMS Change Request (CR) 8148 January 2013 Update of the Ambulatory Surgery Center (ASC) Payment System, Transmittal 2626

CMS Change Request 8137 (CR) January 2013 Integrated Outpatient Code Editor (I/OCE) Specifications Version 14.0, Transmittal 2616

CMS Change Request (CR) 8141 January 2013 Update of the Hospital Outpatient Prospective Payment System (OPPS) Transmittal 2611

**OPPS Reference Documents on the MDCH Website**

MSA 12 – 62 OPPS and Ambulatory Surgical Center Reduction Factor

L-12-48 Tribal Chair and Health Director

MSA 12-70 Healthcare Common Procedure Coding System (HCPCS) Code Updates

MDCH's OPPS APC Wrap Around List – (January – March 2013): Provider Specific site

MDCH's ASC Wrap Code List – (January – March 2013): Provider Specific Site

MDCH Outpatient Prospective Payment System Reduction Factor History