

## Michigan Department of Health and Human Services

### Outpatient Prospective Payment System (OPPS) 1st Quarter (January 1 – March 31, 2018) Update Information

The Michigan Department of Health and Human Services (MDHHS) Outpatient (OP) and Ambulatory Surgical Center (ASC) Prospective Payment system is based on the Centers for Medicare and Medicaid Services (CMS) Outpatient Prospective Payment System (OPPS) fee schedule documents. Optum, the MDHHS OPPS software vendor, after MDHHS review, releases annual and quarterly updates for the Michigan specific OPPS software. Updates and changes are integrated into the Community Health Automated Processing System (CHAMPS) which is the MDHHS claim payment software and system.

For categories covered differently than Medicare or specific to Michigan Medicaid services, MDHHS publishes the MDHHS OPPS/APC Wraparound Code List on the MDHHS website: [www.michigan.gov/medicaidproviders](http://www.michigan.gov/medicaidproviders) >> Billing & Reimbursement >> Provider Specific Information >> Outpatient Hospitals or Ambulatory Surgical Centers. The Wrap-Around Code lists are revised for CMS quarterly and annual updates.

**Medicare National Correct Coding Initiative (NCCI)**-MDHHS utilizes NCCI coding methodologies and NCCI Procedure-to-Procedure (PTP) code pair edits. In addition to PTP code pair edits, MDHHS also uses the Medically Unlikely Edits (MUEs). For complete information on the Medicare NCCI refer to: <https://www.cms.gov/Medicare/Coding/NationalCorrectCodInitEd/index.html> (In addition to quarterly changes, additions, deletions, and revisions to the NCCI, tables can be accessed under the Related Links section at the bottom of the page in the Medicare publication).

**Updates for 1<sup>st</sup> quarter, 2018 will be implemented in late March, 2018.** MDHHS will recycle any OPH and any ASC claims impacted as a result of these updates in April, 2018.

#### 1st Quarter 2018 OPPS/ASC MDHHS Highlights

**OPPS/ASC MDHHS Reduction Factor (RF)**-Hospitals and Ambulatory Surgical Centers were notified through the MDHHS File Transfer System on January 18, 2018 of the 2018 statewide budget-neutrality Reduction Factor. In November 2017 CMS finalized changes to the Calendar Year 2018 Medicare OPPS. In accordance with the CMS final rule and to maintain budget neutrality for the Medicaid program, the Medicaid OPPS and ASC reduction factor will be adjusted effective for dates of services on or after January 1, 2018. The reduction factor will be adjusted from its prior rate of 51.7% to a new rate of 50.9%. The current and historical reduction factor percentages can be found on the MDHHS Outpatient Hospital website at [www.michigan.gov/medicaidproviders](http://www.michigan.gov/medicaidproviders) >> Billing & Reimbursement >> Provider Specific Information >> Outpatient Hospitals.

#### **Modifier FX and FY for X-rays using film and Computed Radiography Technology**

Modifier “FX” for X-ray claims using film continues to align with CMS pricing reduction methodology. Modifier “FY” is effective January 1, 2018 for Michigan Medicaid and identifies an imaging service that is an X-ray taken using computed radiography technology. The modifier identifies the service as well as results in the payment reduction. All imaging services are listed in the CMS OPPS Addendum B and Michigan Wrap list.

#### **Services Furnished at Off-Campus Hospital Outpatient Departments-**“PO” and “PN” modifiers.

The “PO” modifier was implemented in 2016 and the “PN” modifier was effective January 1, 2017. The “PN” modifier on an institutional claim identifies nonexcepted items and services provided at an off-campus, outpatient, provider-based department of a hospital. MDHHS follows the same protocol for PO and PN modifiers determination as established by CMS.

Claim lines with the PN modifier will result in a reduction of 50% applied to the OPPS rate. Beginning with dates of service on or after January 1, 2018, claim lines billed with the PN modifier will be paid at 40% of the OPPS rate.

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#### **MDHHS Requirements for the OPPS 340B-Acquired Drugs**

Effective January 1, 2018 separately payable Part B drugs (assigned status indicator “K”), other than vaccines (assigned status indicator “L” or “M”) and drugs on pass-through payment status (assigned status indicator “G”), that are acquired through the 340B program or through the 340B prime vendor program, will be paid according to Medicare OPPS guidelines when billed by a hospital paid under the OPPS that is not excepted from the payment adjustment. Hospital types that are excepted from the Medicare 340B payment policy in CY 2018 include rural Sole Community Hospitals (SCHs), children’s hospitals, and Prospective Payment System (PPS) exempt cancer hospitals.

Hospitals paid under the OPPS that are not excepted from the 340B drug payment policy for CY2018 are required to report modifier “JG” on the same claim line as the drug HCPCS code to identify a 340B-acquired drug.

Excepted hospitals from the 340B adjustment; rural SCHs, children’s hospitals and PPS-exempt cancer hospitals are required to report modifier “TB” for 340-B acquired drugs.

Michigan Medicaid will continue to pay separately payable drugs not acquired under the 340B Program according to current payment methodology.

All payments are subject to the Michigan Medicaid Reduction Factor.

Providers are reminded that MSA 17-07 “Enhanced 340B Reporting Requirements” remains in effect and Institutional providers are to report Modifier U6 for all drugs purchased through the 340B program as defined in the MSA Bulletin.

#### **Ambulatory Surgical Centers (ASC):**

New Drugs, Biologicals, and Radiopharmaceuticals:

C9014, C9015, C9016, C9024, C9028, C9029, J0606, J1555, J7211, J7345, J9203, Q2040

#### **References and Resources:**

A full report on CMS OPPS/ASC 1st Quarter 2018 HCPCS changes can be found at the following web sites:

- OPPS

<https://www.cms.gov/Medicare/Coding/HCPCSReleaseCodeSets/HCPCS-Quarterly-Update.html>

<https://www.cms.gov/Medicare/Medicare-Fee-For-Service-Payment/HospitalOutpatientpps/Addendum-A-and-Addendum-B-Updates.html>

- ASC

<https://www.cms.gov/Medicare/Coding/HCPCSReleaseCodeSets/HCPCS-Quarterly-Update.html>

<https://www.cms.gov/apps/ama/license.asp?file=/Medicare/Medicare-Fee-for-Service-Payment/ASCPayment/Downloads/2016-Oct-ASC-Addenda.zip>

- Michigan Specific:

[www.michigan.gov/medicaidproviders](http://www.michigan.gov/medicaidproviders) >> Billing & Reimbursement >> Provider Specific Information >> Outpatient Hospitals

[www.michigan.gov/medicaidproviders](http://www.michigan.gov/medicaidproviders) >> Billing & Reimbursement >> Provider Specific Information >> Ambulatory Surgical Centers

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**For CMS updates on topics referenced above and a full list of 2017 CMS OPPS changes refer to:**

- OPPS: MLN Matters # MM10417

<https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/Downloads/MM10417.pdf>

- ASC: MLN Matters # 10441

<https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/Downloads/MM10441.pdf>