MEDICARE PART A BULLETIN

July 17, 1997 Hospital Medicare Bulletin H-81

TO: All Medicare Providers

FROM: Andy DePirro, Director, Program Relations

SUBJECT: **OUTPATIENT AMBULATORY SURGICAL CENTER (ASC) PROCEDURES AND TYPE OF BILL CODE 83X**

ATTENTION MEDICARE BUSINESS OFFICE: Please distribute to all appropriate health care facility personnel.

The purpose of this bulletin is to clarify information regarding the reporting of outpatient Ambulatory Surgical Center (ASC) procedures and their relationship to type of bill (TOB) 83X (reported via form locator 4 of the HCFA-1450/UB-92 billing format).

Section 440, of the Medicare Hospital Manual (HCFA-Publication 10), addresses Reporting Outpatient Surgery and Other Services. The following is extracted from Sec.440:

"B. Reporting Surgery.—

1. Definition of Surgery.—Report HCPCS codes for all significant surgical procedures. Significant surgery is defined as incision, excision, amputation, introduction, repair, destruction, endoscopy, suture or manipulation. This is consistent with the Uniform Hospital Discharge Data Set. The codes for surgery are in the CPT-4 portion of HCPCS beginning with 10000 and ending at 69979. Report procedures performed in this CPT section except for specific out-of-scope procedures identified in the Outpatient Code Editor.

Exception for these out-of-scope procedures, use HCPCS codes for all surgical procedures performed on outpatients, including both ASC approved surgical procedures and other significant non-ASC surgical procedures. If out-of-scope procedures are reported, the intermediary will identify them and establish the correct bill type.

2. Type of Bill.—Use Form HCFA-1450 (UB-92) to bill for outpatient surgical and other procedures... Section 460 contains general instructions."
The Health Care Financing Administration (HCFA) currently defines ASC Procedures as "surgical procedures commonly performed on an inpatient basis but which may also be performed in an ambulatory surgical facility or a hospital-based outpatient department, and are paid for under Medicare. ASC procedures are subject to specific payment limitations set by the Health Care Financing Administration (HCFA)." This definition is utilized by HCFA to determine what is considered a significant surgical procedure. Only significant surgical procedures are subject to the ASC payment limitation and, therefore, processed via type of bill (TOB) 83X (hospital outpatient surgery). All other surgical procedures (HCPCS/CPT codes in the 10000-69999 range) process via

TOB 13X (hospital outpatient services).

RECOMMENDED BILLING INSTRUCTIONS - TYPE OF BILL 13X
This intermediary's processing system will automatically determine whether a surgical HCPCS/CPT code meets HCFA's definition of a significant surgical procedure and automatically set the bill type to 83X. Although providers may elect to bill claims meeting ASC criteria with TOB 83X, we recommend that all hospital outpatient "surgery" bills be submitted using TOB 13X. If an applicable ASC procedure, subject to the payment limitation, is identified by the Outpatient Code Editor (OCE), the type of bill code will automatically be appropriately converted to TOB 83X. However, if a provider inappropriately bills an outpatient claim with TOB 83X and the OCE can not validate that a HCFA designated ASC procedure is reported on the bill, the bill type will be reset to 13X.

For your convenience and reference, attached is a copy of the current Outpatient Code Editor (OCE) list of ASC designated procedures. The reporting of HCPCS/CPT codes included on this list will result in an outpatient bill type being appointed as the hospital outpatient surgery bill type 83X. All other HCPCS/CPT codes reported within the surgery section of CPT (i.e., 10000-69979) will appropriately process via TOB 13X. Some procedures within the surgery section of CPT are identified as "out-of-scope," which means that although the code is classified by CPT as "surgical" it is considered out-of-scope for ASC pricing purposes. The type of bill code for each processed claim is clearly reflected via the remittance advice. Therefore, if the processing system has reset TOB 13X to 83X, the 83X bill type will be reflected on the remittance advice.

Questions regarding this bulletin may be addressed to the Medicare Part A Customer Service Department: (904) 355-8899

Outpatient Code Editor (OCE)

As more and more health care is delivered in health maintenance organizations, preferred provider organizations, emergency rooms, and hospital outpatient departments, it is increasingly important to have coded data for ambulatory care.

Medicare payment for certain outpatient ambulatory surgical procedures is based, in part, on what would have been paid for the same surgery performed in an approved Ambulatory Surgical Center (ASC). In addition, ASC payment based on HCPCS codes allows comparison between outpatient and inpatient reasonable cost and customary charges for the same procedures.

The Outpatient Code Editor (OCE) software was developed to ensure accurate coding and to edit specific coding information on a claim-by-claim basis. OCE software reviews each HCPCS code reported against the following criteria:

A list of approximately 2,200 ASC procedures;
A list of "out-of-scope" procedures; and
The entire CPT code listing, including most recent release(s).

OCE software identifies whether or not the bill is subject to the ASC payment limitation, which edit conditions apply, and which outpatient type of bill code (83X or 13X) is appropriate. The following

example reflects an OCE output report with an ASC procedure. This bill will be subject to the ASC payment limitation because the procedure is an ASC procedure. [Reference attached list of ASC Procedures; pages A.4 through A.24; OCE Batch User's Manual]

NOTE: THE ASC PROCEDURE ATTACHMENT IS NOT AVAILABLE IN THIS FORMAT. CONTACT THE CUSTOMER SERVICE DEPARTMENT (904/355-8899) TO OBTAIN A COMPLETE COPY OF THIS BULLETIN.