

# CMS Manual System

## Pub 100-04 Medicare Claims Processing

Transmittal 942

Department of Health &  
Human Services (DHHS)

Centers for Medicare &  
Medicaid Services (CMS)

Date: MAY 5, 2006

Change Request 5026

**SUBJECT: Ambulatory Surgical Center (ASC) Claims Processing Manual Clarification**

**I. SUMMARY OF CHANGES:** This instruction clarifies existing policy as set forth in the current Internet Only Manual (IOM) for Ambulatory Surgical Centers (Pub 100-04, Chapter 14, section 10).

### NEW/REVISED MATERIAL

**EFFECTIVE DATE: June 5, 2006**

**IMPLEMENTATION DATE: June 5, 2006**

*Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.*

### II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)

R = REVISED, N = NEW, D = DELETED – *Only One Per Row.*

R/N/D	Chapter / Section / SubSection / Title
R	14/10/Table of Contents
R	14/10.3/Services Furnished in ASCs Which Are Not ASC Facility Services
R	14/10.4/Coverage of Services in ASCs Which Are Not ASC Facility Services

### III. FUNDING:

No additional funding will be provided by CMS; contractor activities are to be carried out within their FY 2006 operating budgets.

### IV. ATTACHMENTS:

Business Requirements

Manual Instruction

*\*Unless otherwise specified, the effective date is the date of service.*

# Attachment - Business Requirements

Pub. 100-04	Transmittal: 942	Date: May 5, 2006	Change Request 5026
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**SUBJECT: Ambulatory Surgical Center (ASC) Claims Processing Manual Clarification**

## I. GENERAL INFORMATION

**A. Background:** Both existing policy, as well as the table of contents for Pub 100-04, Chapter 14 are being clarified.

**B. Policy:** this is a clarification of existing policy related to the payment and coverage of ASC services

## II. BUSINESS REQUIREMENTS

*"Shall" denotes a mandatory requirement*  
*"Should" denotes an optional requirement*

Requirement Number	Requirements	Responsibility ("X" indicates the columns that apply)								
		F	R	C	D	Shared System Maintainers				Other
I	H					H	I	F	M	
						S	S	S	W	
						S	S	S	F	
5026.1	Contractors shall be in compliance with the manual instruction in Publication 100-4, Chapter 14, Section 10			X						

## III. PROVIDER EDUCATION

Requirement Number	Requirements	Responsibility ("X" indicates the columns that apply)								
		F	R	C	D	Shared System Maintainers				Other
I	H					H	I	F	M	
						S	S	S	W	
						S	S	S	F	
5026.2	A provider education article related to this instruction will be available at <a href="http://www.cms.hhs.gov/MLNMattersArticles">www.cms.hhs.gov/MLNMattersArticles</a> shortly after the CR is released. You will			X						

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)							
		F I	R H I	C a r r i e r	D M E R C	Shared System Maintainers			
F I S S	M C S					V M S	C W F		
	<p>receive notification of the article release via the established "MLN matters" listserv.</p> <p>Contractors shall post this article, or a direct link to this article, on their Web site and include information about it in a listserv message within 1 week of the availability of the provider education article. In addition, the provider education article shall be included in your next regularly scheduled bulletin and incorporated into any educational events on this topic.</p> <p>Contractors are free to supplement MLN Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.</p>								

**IV. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS**

**A. Other Instructions: N/A**

X-Ref Requirement #	Instructions

**B. Design Considerations: N/A**

X-Ref Requirement #	Recommendation for Medicare System Requirements

**C. Interfaces: N/A**

**D. Contractor Financial Reporting /Workload Impact: N/A**

**E. Dependencies: N/A**

**F. Testing Considerations: N/A**

## V. SCHEDULE, CONTACTS, AND FUNDING

<p><b>Effective Date*:</b> June 5, 2006</p> <p><b>Implementation Date:</b> June 5, 2006</p> <p><b>Pre-Implementation Contact(s):</b> Heather Hostetler at (410) 786-4515 or <a href="mailto:heather.hostetler@cms.hhs.gov">heather.hostetler@cms.hhs.gov</a></p> <p><b>Post-Implementation Contact(s):</b> Heather Hostetler at (410) 786-4515 or <a href="mailto:heather.hostetler@cms.hhs.gov">heather.hostetler@cms.hhs.gov</a></p>	<p><b>No additional funding will be provided by CMS; contractor activities are to be carried out within their FY 2006 operating budgets.</b></p>
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# Medicare Claims Processing Manual

## Chapter 14 - Ambulatory Surgical Centers

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### Table of Contents *(Rev. 942, 05-05-06)*

10.3 - Services Furnished in ASCs Which Are Not *ASC Facility Services*

10.4 - Coverage of Services in ASCs Which Are Not *ASC Facility Services*

### 10.3 - Services Furnished in ASCs That Are Not *ASC Facility Services*

*(Rev. 942, Issued: 05-05-06, Effective: 06-05-06, Implementation: 06-05-06)*

A single payment is made to an ASC, which includes all “facility services” furnished by the ASC in connection with a covered procedure. However, a number of items and services covered under Medicare may be furnished in an ASC which are not considered facility services, and which the ASC payment does not include. These non-ASC services are covered and paid for under the applicable provisions of Part B. In addition, the ASC may be part of a medical complex that includes other entities, such as an independent laboratory, supplier of durable medical equipment, or a physician’s office, which are covered as separate entities under Part B. In general, an item or service provided in a separate part of the complex is not considered an ASC service, except as defined above.

#### Examples of *payment and billing* for items or services that are not ASC facility services

<b>Items not included in the ASC facility rate</b>	<b><i>Who may receive payment</i></b>	<b><i>Submit bills to:</i></b>
Physicians’ services	Physician	<i>Carrier</i>
The purchase or rental of <i>non-implantable</i> durable medical equipment (DME) to ASC patients for use in their homes.	<i>Supplier- An ASC can be a supplier of DME if it has a supplier number from the National Supplier Clearinghouse.</i>	<i>DMERC</i>
<i>Implantable DME and accessories</i>	<i>ASC</i>	<i>Carrier</i>
<i>Non-implantable prosthetic devices</i>	<i>Supplier. An ASC can be a supplier of non-implantable prosthetics if it has a supplier number from the National Supplier Clearinghouse.</i>	<i>DMERC</i>
<i>Implantable prosthetic devices</i> except intraocular lenses (IOLs and NTIOLs), and accessories	<i>ASC</i>	<i>Carrier</i>
Ambulance services	Certified Ambulance supplier	<i>Carrier</i>
Leg, arm, back and neck braces	Supplier	<i>DMERC</i>
Artificial legs, arms, and eyes	Supplier	<i>DMERC</i>
Services furnished by an independent laboratory	<i>Certified lab. ASCs can receive lab certification and a CLIA number.</i>	<i>Carrier</i>
<i>Procedures NOT on the ASC list</i>	<i>Physician</i>	<i>Physician bills Carrier for procedure and any implantable prosthetics/DME using the ASC as the place of service. See Pub. 100-4,</i>

Items not included in the ASC facility rate	<i>Who may receive payment</i>	<i>Submit bills to:</i>
		<i>Chapter 12, section 22.4</i>

## 10.4 - Coverage of Services in ASCs Which Are Not ASC Facility Services

*(Rev. 942, Issued: 05-05-06, Effective: 06-05-06, Implementation: 06-05-06)*

**Physicians' Services** - This category includes most covered services performed in ASCs which are not considered ASC facility services. Consequently, physicians who perform covered services in ASCs receive separate payment under Part B. Physicians' services include the services of anesthesiologists administering or supervising the administration of anesthesia to ASC patients and the patients' recovery from the anesthesia. The term physicians' services also includes any routine pre- or post- operative services, such as office visits, consultations, diagnostic tests, removal of stitches, changing of dressings, and other services which the individual physician usually includes in the fee for a given surgical procedure.

**Durable Medical Equipment (DME)** - If the ASC furnishes items of DME to patients, it is treated as a DME supplier, and all the rules and conditions ordinarily applicable to DME are applicable, including obtaining a supplier number and billing the DMERC where applicable.

*If the ASC furnishes items of implantable DME to patients, the ASC bills the local Carrier for the surgical procedure and the implantable device and receives payment from the local Carrier for those items. When the surgical procedure is not on the ASC list, the physician bills the Carrier for both the surgical procedure and the implanted device, coding the ASC as the place of service on the bill (See Pub. 100-4, Chapter 12, section 22.4).*

**Prosthetic Devices** –*An ASC may bill and receive separate payment for prosthetic devices, other than intraocular lenses (IOLs) that are implanted, inserted, or otherwise applied by surgical procedures on the ASC list of approved procedures. The ASC bills the local Carrier and receives payment according to the DMEPOS fee schedule.* However, an intraocular lens (IOL) inserted during or subsequent to cataract surgery in an ASC is included in the facility payment rate.

If the ASC furnishes *other non-implantable* prosthetic devices to patients, the ASC is treated as a supplier, and all the rules and conditions ordinarily applicable to suppliers are applicable, including obtaining a supplier number and billing the DMERC where applicable.

**Ambulance Services** - If the ASC furnishes ambulance services, the facility may obtain approval as an ambulance supplier to bill covered ambulance services.

**Leg, Arm, Back and Neck Braces** - These items of equipment, like prosthetic devices, are covered under Part B, but are not included in the ASC facility payment amount. If the ASC furnishes these to patients, it is treated as a supplier, and all the rules and

conditions ordinarily applicable to suppliers are applicable, including obtaining a supplier number and billing the DMERC where applicable.

**Artificial Legs, Arms and Eyes** - Like prosthetic devices and braces, this equipment is not considered part of an ASC facility service and so is not included in the ASC facility payment rate. If the ASC furnishes these items to patients, it is treated as a supplier, and all the rules and conditions ordinarily applicable to suppliers are applicable, including obtaining a supplier number and billing the DMERC where applicable.

**Services of Independent Laboratory** - As noted in [§10.2](#), only a very limited number and type of diagnostic tests are considered ASC facility services and these are included in the ASC facility payment rate. In most cases, diagnostic tests performed directly by an ASC are not only not considered ASC facility services, but are not covered under Medicare since [§1861\(s\)](#) of the statute limits coverage of diagnostic lab tests in facilities other than physicians' offices, rural health clinics or hospitals to facilities that meet the statutory definition of an independent laboratory. The ASC's laboratory must be CLIA certified and will need to enroll with the carrier as a laboratory. Otherwise, the ASC makes arrangements with a covered laboratory or laboratories for laboratory services, as provided in [42 CFR 416.49](#). If the ASC has a certified independent laboratory, the laboratory itself bills the carrier.