

Ambulatory Surgical Center (ASC) Benefit Methodology

Information on current
reimbursement methodology and
options for potential development

Presented by HCPF Staff:

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Roles

- Andrew Abalos, Facility Rates Section Manager
- Raine Henry, Hospital and Specialty Care Section Manager
- Chris Lane, Specialty Care and Facilities Unit Manager
- Kevin Martin, Fee-for-Service Rates Division Director
- Victoria Martinez, Waiver and Fee Schedule Rates Section Manager
- Patrick Potyondy, facilitator, and stakeholder engagement manager

Attendees: ask questions

Expectations and Process

Today we are discussing the **how** and not the amount.

This is an informational meeting with the chance for Q&A throughout.

4 parts to this presentation:

- a. Meeting roles, expectations, process, and norms.
- b. Review why we are here.
- c. Summarize the current methodology process.
- d. Present pros and cons for **4 Options** for the payment methodology: keep current, reform current, EAPG, and CMS.



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Process

Meeting Norms.

Questions may be asked by coming off mute or by typing a question into the Q&A box. If we are unable to answer a question, we will follow-up afterward.

Recording of the meeting with posted to the [HCPF ASC webpage](#).

Feedback will be gathered **not** at today's meeting but via a survey after attending or watching a meeting. The survey will be sent to all attendees and posted to the [HCPF ASC webpage](#).



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Background: Why We Are Here

Medicaid Provider Rate Review Advisory Committee has reviewed ASC services in 2019 and 2023.

[2019 Medicaid Provider Rate Review Report](#)

[2023 Medicaid Provider Rate Review Report](#)

Committee members discussed possible realignment of codes currently included in the grouper methodology as an option.

Mention of multiple procedure reimbursement under the current grouper.



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ASC Benefit Overview

Ambulatory Surgery Centers (ASC) are distinct entities that provide a surgical setting for members who do not require hospitalization. If the ASC is part of a hospital, the ASC portion must be physically separated from all other health services offered at the hospital.

To receive payment, the center must be certified as an ASC by the Centers for Medicare & Medicaid Services (CMS), licensed as an ASC by the Colorado Department of Public Health and Environment (CDPHE), and enrolled as an ASC in Health First Colorado.

ASC Benefit Overview (cont.)

Covered services are those surgical and other medical procedures that:

- Are ASC procedures that are grouped into categories corresponding to the CMS defined groups.
- Are commonly performed on an inpatient basis in hospitals but may be safely performed in an ASC.
- Are limited to those requiring a dedicated operating room (or suite), and generally requiring a post-operative recovery room or short-term (not overnight) convalescent room.



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ASC Benefit Overview (cont.)

Covered surgical procedures are limited to those that do not generally exceed a total of 4 hours recovery or convalescent time.

If the covered surgical procedures require anesthesia, the anesthesia must be:

- Local or regional anesthesia; or
- General anesthesia.



ASC Payment Methodology

State Plan Language

Attachment 4.19-B

Reimbursement for select surgical reimbursements is the lower of the following:

1. Submitted Charges.
2. ASC Fee Schedule as determined by the Department of Healthcare Policy and Financing under the ASC grouper payment system.



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ASC Payment Methodology State Plan Language (cont.)

Services and items at minimum that are included in the ASC reimbursement are:

1. Use of the facility where the surgical is performed.
2. Nursing, technician, and related services.
3. Drugs, biologicals, surgical dressings, supplies, splints, casts, appliances, and equipment directly related to the provision of the surgical procedure.
4. Diagnostic and therapeutic items and services directly related to the provision of the surgical procedure.
5. Administrative, record-keeping, and housekeeping items and services.
6. All blood products (whole blood, plasma, platelets, etc.).
7. Materials for anesthesia.
8. Intra-ocular lenses.
9. Supervision of the services of an anesthesiologist by the operating surgeon .



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ASC Payment Methodology State Plan Language (cont.)

Services and items that are not included in ASC reimbursement rate and may be billed separately by the actual provider of the service include:

1. Physician services.
2. Anesthetist Services.
3. Laboratory, radiology, or diagnostic procedures other than the directly related to performance of the surgical procedure.
4. Surgically implanted prosthetics (except intraocular lenses).
5. Ambulance services.
6. Artificial limbs.
7. Durable medical equipment for use in the client's home.



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Current ASC Payment Methodology

The current ASC rate methodology is based on a grouper denoted with rate types A01-A11. Procedures are assigned groups based on anticipated resource utilization.

When multiple procedures are performed during the same session, payment corresponds to the highest grouper amount.

ASC grouper rates are updated at the start of the fiscal year and are subject to the annual across-the-board rate update.



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Methodological Changes Discussion

- **Option #1: Do nothing - keep current methodology**
- **Option #2: Reform current methodology**
 - Grouper realignment
 - Add new codes to the grouper
 - Multiple procedure discounting
- **Option #3: Enhanced Ambulatory Patient Grouper (EAPG)**
- **Option #4: Medicare payment methodology**



Option 1: Keep Current Methodology

Pros

- Consistent.
- No change to current process.

Cons

- Grouping is more simplistic than other common grouper methodologies and allows for less nuance.



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Option 2: Reform Current Methodology Pros

Pros

- Providers are familiar with this methodology.
- Reimbursement is easy to calculate and predict.
- Room for potential improvement within this methodology, including:
 - Realigning procedure codes within grouper.
 - Multiple procedure discounting.
 - Adding codes to the grouper.



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Option 2: Reform Current Methodology Cons

Cons

- Grouping is more simplistic than other common grouper methodologies and allows for less nuance.
- This is a Department-specific methodology, so opening new codes and adjusting groupers requires manual work by Department staff.
- Any significant change will require more Department resources which requires legislative approval.



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Option 3: Enhanced Ambulatory Patient Grouping (EAPG) System Overview

- Developed and maintained by 3M Health Information Systems.
- In use by Colorado Medicaid as prospective payment system for outpatient hospital reimbursement since October 2016.
- Categorizes visit and procedures, bundles payments accordingly



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Option 3: EAPG

Pros

- Payment more accurately reflects resource utilization.
- Aligns ASC payment with Outpatient Hospital.
- Incorporates multiple procedure discounting.
- Allows for expansion of allowed procedures.

Cons

- Complexity—learning curve for providers who are unfamiliar with this methodology.
- Licensing EAPG Definitions Manual or software not required for payment, but may be needed for accurate payment modeling.



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Option 4: CMS ASC Payment System Overview

ASCs receive a single Medicare payment for covered surgical procedures, including ASC facility services furnished with the covered procedure.

Medicare pays ASCs separately for covered ancillary services integral to a covered surgical procedure.

When an ASC performs multiple surgical procedures in the same operative session, a multiple procedure payment reduction is applied.



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Option 4: CMS ASC Payment System

Pros

- Familiar to many providers.
- Tied to Medicare.
- Incorporates multiple procedure discounting.
- Allows for expansion of allowed procedures.

Cons

- Developed for a different population.
- Tied to Medicare.
- This option requires more research to fully understand the implications.
- May require significant system updates on the Department and provider side.





Remaining Questions?



FEEDBACK & EMAIL SIGN-UP

Feedback will be gathered through [this online survey](#).

Please complete it by **April 22**.

[Email Sign-Up](#) to stay connected and receive occasional updates.

Recording of the meeting with posted to the [HCPF ASC webpage](#).



Contact Info

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Thank you!



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