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| Coding Policy Policy and Procedure | | |
| SUBJECT: Coding Policy 88.0 APC Payment Methodology | DEPARTMENT: Health Care Services | |
| ORIGINAL EFFECTIVE DATE: 01/12 | DATE(S) REVIEWED/REVISED: 02/12, 01/13, 01/14, 01/15, 01/16, 01/17, 01/18, 01/19, 01/20, 01/21, 01/22 | |
| APPROVED BY: Coding Policy Review Committee | NUMBER: MC 88.0 | PAGE: 1 of 2 |

SCOPE:

Providence Health Plan, Providence Health Assurance, Providence Plan Partners, and Ayin Health Solutions as applicable (referred to individually as “Company” and collectively as “Companies”).

APPLIES TO:

Providers affected by Senate Bill 204

Providers who contract with Company to pay using CMS’s OPSS

POLICY:

For providers affected by Senate Bill 204 or for providers who contract specifically with Company to pay using Outpatient Prospective Payment System (OPSS), outpatient hospital-based services may be reimbursed based on the CMS Ambulatory Payment Classification (APC) payment methodology. (See Coding Policies 74.0 and 43.0 for freestanding ASCs or hospital-based outpatient surgery facilities not covered by this policy.)

Procedures approved for payment in an outpatient hospital are classified into an ambulatory payment classification (APC) group on the basis of clinical and cost similarity. All services within an APC have the same payment rate.

Within each APC, integral items and services are packaged with the primary service. Separate payment may be made for:

- Corneal tissue acquisition,
- Brachytherapy sources,
- Certain radiology services, and
- Many drugs.

In addition, separate payments may be made for implantable items that are eligible for pass-through payments under APC as determined by CMS.

A facility may receive a number of APC payments for the services furnished to a patient on a single day; however, multiple procedures furnished on the same day are subject to multiple procedure discounts.

PROCEDURE:

Company will apply CMS’s APC payment methodology for hospital-based outpatient services for providers who contract with Company to pay using OPSS or who are subject to Senate Bill 204. Company will use OPTUM’s ECMPRO software to duplicate CMS Hospital Outpatient Prospective Payment System (OPSS) methodology. This includes default fee schedules for lab and radiology.

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REFERENCE:

Senate Bill 204

CMS APC Payment Guidelines