**DEPARTMENT OF LABOR AND INDUSTRY**

# Payment for ambulatory surgical center services in Minnesota workers' compensation

The instructions below are for paying bills under the workers' compensation ambulatory surgical center (ASC) payment system as provided in in Minnesota Statutes § 176.1363.[1]

The law establishes provisions for workers' compensation treatment provided by ASCs. Payment to an ASC for covered surgical procedures and ancillary services is **the lesser of:**

- the ASC's usual and customary charges for all services, supplies and implantable devices provided; or

- the Medicare ambulatory surgical center payment system (ASCPS) payment for the services, including the applicable geographic adjustment, times a multiplier of 320 percent.

Workers' compensation payments to an ASC are also subject to the following:

- the rules in the Code of Federal Regulations, title 42, part 416, available at www.gpo.gov/fdsys/pkg/CFR-2011-title42-vol3/pdf/CFR-2011-title42-vol3-part416.pdf;
- the Medicare claims processing manual, chapter 14, available at www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/downloads/clm104c14.pdf; and
- the geographic adjustment (wage index by county) for the county where the ASC is located, which is available at www.dli.mn.gov/sites/default/files/xls/fees_ASCPS_geo_adjust_county.xlsx.[2]

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[1]In developing these instructions, the Department of Labor and Industry (DLI) has made every effort to accurately reflect the 2018 legislation, which will be codified as Minnesota Statutes § 176.1363. The statutory language controls in the event of a difference between these instructions and the statute. Minnesota Statutes § 176.1363 is not yet on the Office of the Revisor of Statutes website. Until it is posted by the revisor, the legislation is in Laws of Minnesota 2018, chapter 185, article 3 and 4 at www.revisor.mn.gov/laws/2018/0/Session+Law/Chapter/185. These instructions are subject to change as needed to accurately reflect Medicare and Minnesota statutory requirements.

[2]The wage index for each county was derived by DLI by combining data about the wage index for each core-based statistical area (CBSA) (from Medicare) with data showing the counties contained in each CBSA (from the National Bureau of Economic Research (NBER)). The wage-index-by-CBSA data is available at www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/ASCPayment/ASC-Regulations-and-Notices-Items/CMS-1678-FC.html?DLPage=1&DLEntries=10&DLSort=2&DLSortDir=descending as "FY 2018 Pre-reclass Wage Index for Use in Calculating Payments Effective for Services Furnished Beginning January 1, 2018 Under the Revised ASC Payment System." The county-by-CBSA data is available at www.nber.org/data/cbsa-msa-fips-ssa-county-crosswalk.html (click on "CSV").

# Determining Minnesota workers' compensation payments and using the National Government Services (NGS) lookup tool

## Minnesota Statutes

Medicare makes a single payment to ASCs for covered surgical procedures, which include ASC facility services that are furnished in connection with the covered procedure. ASCs are also paid separately for covered ancillary services.

Minnesota Statutes § 176.1363 uses Medicare's ASCPS addenda:

- Addendum AA, which provides payment rates for covered surgical procedures and payment indictors (defined in Addendum DD1) that specify whether the procedure is subject to other applicable payment provisions, such as the multiple-procedure discount;

- Addendum BB, which provides payment rates for covered ancillary services; and

- Addendum DD1, which lists payment indicators for services.

## Payment formula

To calculate a payment under Minnesota's workers' compensation payment system, the Medicare payment rate for the procedure or ancillary service is multiplied by 320 percent and adjusted by the applicable wage index for the ASC, according to the following formula:

Minnesota payment = Medicare payment rate x ((.5 x wage index) +.5) x 320%.

For example, a wrist arthroscopy/surgery (HCPCS code 29843) would be paid as follows.

For an ASC in Hennepin County:  $1,279.91 x ((.5 x 1.1295) +.5) x 320% = $4,360.91.

For an ASC in Kandiyohi County:  $1,279.91 x ((.5 x .9001) +.5) x 320% = $3,891.13

The Medicare ASC addenda are available at www.dli.mn.gov/sites/default/files/xls/fees_ASCPS_addenda.xlsx. Addenda DD2 is informational only and is not used to calculate Minnesota workers' compensation payments.

## Lookup tool

National Government Services also provides a tool that can be used to look up ASC fees, available at www.ngsmedicare.com.

To access the lookup tool:

1) sign in as a "Guest" on the NGS website;
2) indicate you are a Part B provider and your state is Minnesota;
3) after you have logged into the portal, click the "Fee Schedule Lookup" link in red on the right side of the page;
4) select "ASC Fees" from the drop down menu at the top;
5) for result type, select "Specific to Fee Code";
6) insert the county the ASC is located in and the HCPCS code for the specific service; and

7) **always use 7/1/18 for the date of service**, until further notice, to ensure the lookup tool is using the correct Medicare addenda.

The lookup tool will calculate the Medicare payment, including the geographic adjustment.[3] The payment in the "Amount" field is multiplied by 320 percent, as in the formula above, to calculate the Minnesota workers' compensation payment.[4]

# Description of Medicare addenda

## Addendum AA:  Final ASC Covered Surgical Procedures

Addendum AA lists ASC covered surgical procedures. The columns in Addenda AA are described below.

- Column A:  Lists Healthcare Common Procedure Coding System codes for covered surgical procedures.

- Column B:  Indicates Medicare payment notes, described at the bottom of Addendum AA.

- Column C:  Lists the short descriptions of covered surgical procedures.

- Column D:  States whether the procedure is subject to a multiple-procedure discount. When more than one surgical procedure that is subject to the multiple procedure discount, as indicated in this column with the letter "Y," is performed in the same operative session, special payment rules apply.[5]

  - Step 1:  The covered surgical procedure with the highest payment rate in Column G is paid according to the formula above.

  - Step 2:  For any other procedure performed in the same operative session that is subject to the multiple procedure discount according to this column, payment is computed using the formula and 50 percent (.5) of the amount in column G.

For example, if a bill from an ASC in Hennepin County includes the HCPCS code 25624 (Treat wrist bone fracture) and the HCPCS code 29085 (Apply hand/wrist cast), payment under the formula for each procedure would be calculated as follows:

HCPCS 25624 = $737.58 x ((.5 x 1.1295) + .5) x 320% = $2,513.08; and

HCPCS 29085= $62.28 **x .5** x ((.5 x 1.1295) + .5) x 320% = $106.10.

*See* CFR 416.172(e) and part 40.5 of Chapter 14 of the Medicare Claims Processing Manual, linked above, for additional information.

- Column E:  Lists the assigned payment indicator for the procedure. Payment indicators are described in addendum DD1 (see below).

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[3]Codes that have a $0 (zero) fee schedule amount will not display a search result.

[4]This assumes there is no amount listed in the FC or FB Modifier fields that applies to the claim.

[5]The steps and example below assume the payment rate in Column G is less than the charged amount on the bill.

- Column F:  Lists the payment weight of the covered surgical procedure. For purposes of Minnesota's workers' compensation, this column is not used to calculate the payment amount.

- Column G:  Lists the Medicare ASCPS payment for payable surgical procedures. This number is multiplied by 320 percent, and then adjusted by the applicable geographic adjustment (wage index), to calculate the Minnesota workers' compensation payment.

## Addendum BB:  Final ASC Covered Ancillary Services Integral to Covered Surgical Procedures

Addendum BB lists ancillary services that are integral to a covered surgical procedure billed by the ASC and that are separately payable. Ancillary services are furnished immediately before, during or immediately after the covered surgical procedure.

The columns in addendum BB are described below.

- Column A:  Lists Healthcare Common Procedure Coding System codes for ancillary services.

- Column B:  Indicates Medicare payment notes, described at the bottom of Addendum BB.

- Column C:  Lists the short descriptions of ancillary services.

- Column D:  Lists the assigned payment indicator for the service. Payment indicators are described in addendum DD1 (see below).

- Column E:  Lists the payment weight of the ancillary service. For purposes of Minnesota's workers' compensation, this column is not used to calculate the payment amount.

- Column F:  Lists the Medicare ASCPS payment for covered ancillary services. This number is multiplied by 320 percent, and then adjusted by the applicable geographic adjustment (wage index), to calculate the Minnesota workers' compensation payment.

For example, an X-ray exam chest 1 view, HCPCS code 71045 and payment indicator Z3, provided by an ASC in Hennepin County would be paid as follows:

$10.44 (payment rate in column G) x ((.5 x 1.1295) + .5) x 320% = $35.57.

## Addendum DD1:  Final ASC Payment Indicators for CY 2018

Addendum DD1 defines the ASCPS payment indicators used in column D of Addenda AA and BB. A service with a payment indicator that provides that the service is paid at a "reasonable cost" or is "contractor-priced," or if ASCPS does not otherwise provide a payment rate, is paid at 75 percent of the ASC's usual and customary charge.

Medicare's ASC payment indicators should be applied before calculating the Minnesota workers' compensation payment.

# More information

If you have further questions about payment for services provided by an ambulatory surgical center under Minnesota workers' compensation, contact the Department of Labor and Industry's medical policy staff at 651-284-5052 or medical.policy.dli@state.mn.us.