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 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 total usual and customary charges for all services, supplies and implantable devices provided; or
- the Medicare ambulatory surgical center payment system (ASCPS) payment, including the applicable geographic adjustment, for the total bill, multiplied by 320%.

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.ecfr.gov/cgi-bin/text-idx?node=pt42.3.416&rgn=div5;
- 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_county21.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 statutory language in Minnesota Statutes § 176.1363. The statutory language controls in the event of a difference between these instructions and the statute. These instructions are subject to change as needed to accurately reflect Medicare and Minnesota statutory requirements.

[2]The wage-index-by-CBSA data is available at www.cms.gov/medicaremedicare-fee-service-paymentascpaymentasc-regulations-and-notices/cms-1736-fc as "FY 2021 Pre-reclass Wage Index for Use in Calculating Payments Effective for Services Furnished Beginning January 1, 2018 Under the Revised ASC Payment System – Updated 1/20/21."

Determining Minnesota workers' compensation payments and using the National Government Services 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 the following from 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% and adjusted by the applicable wage index for the county in which the ASC is located, according to the following formula:

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

For example, a surgical procedure with a Medicare payment rate of $1,500.00 provided by an ASC with a wage index of 1.2 would be paid as follows:

$1,500 x ((.5 x 1.2) +.5) x 320% = $5,280.00

The Medicare ASC addenda are available on the Department of Labor and Industry (DLI) website at www.dli.mn.gov/business/workers-compensation/work-comp-medical-fee-schedules-asc-user-agreement. Addenda DD2 and EE is informational only and is not used to calculate Minnesota workers' compensation payments.

Lookup tool

National Government Services (NGS) 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 in to 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) select the county the ASC is located in and type in the Healthcare Common Procedure Coding System (HCPCS) code for the specific service; and
7) for the date of service, use July 1 of the year of the most recent update of the addenda available on DLI's website. DLI updates the ASC addenda Oct. 1 of each year.

For example, if the ASC addenda on DLI's website is for services provided from Oct. 1, 2021, to Sept. 30, 2022, enter "July 1, 2021" as the date of service in the ASC lookup tool for services provided between those dates.

The lookup tool will calculate the Medicare payment, including the geographic adjustment.[3] The payment in the "Amount" field is multiplied by 320%, 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 100% of the applicable ASC payment amount 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 50% of the applicable ASC payment, computed using the formula and 50% (.5) of the amount in column G.

For example, if a bill from an ASC with a wage index of 1.2 includes two surgical codes, each subject to multiple procedure discounting, with Medicare payment rates of $500.00 and $1,500.00, payment would be calculated as follows:

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[3]Codes that have a $0 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.

$1,500 x ((.5 x 1.2) + .5) x 320% = $5,280.00; and

$500 **x .5** x ((.5 x 1.2) + .5) x 320% = $880.00.

This only applies when more than one procedure on a bill is identified as subject to multiple procedure discounting on Addendum AA. The total payment must still not exceed the ASC's usual and customary charge for all services, supplies and implantable devices provided.

- Column E: Lists the assigned payment indicator for the procedure. Payment indicators are described in addendum DD1 (see below).
- 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% 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 HCPCS codes for ancillary services.
- Column B: Indicates Medicare payment notes, described at the bottom of Addendum BB.[6]
- Column C: Lists the short descriptions of ancillary services.
- Column D: Indicates the drug pass through expiration during calendar year. This column is not used for purposed of Minnesota workers' compensation.
- Column E: Lists the assigned payment indicator for the service. Payment indicators are described in Addendum DD1 (see below).
- Column F: Lists the payment weight of the ancillary service. For purposes of Minnesota workers' compensation, this column is not used to calculate the payment amount.
- Column G: Lists the Medicare ASCPS payment for covered ancillary services. This number is multiplied by 320% and then adjusted by the applicable geographic adjustment (wage index) to calculate the Minnesota workers' compensation payment.

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[6]Certain HCPCS codes may reference Medicare comment indicators from addendum DD2 in column B. For purposes of the Minnesota ASCPS Addendum DD2 is informal only.

For example, an ancillary service with a payment rate of $20.00 provided by an ASC with a wage index of 1.2 would be paid as follows:

$$\$20.00 \times ((.5 \times 1.2) + .5) \times 320\% = \$70.40.$$

Addendum DD1: Final ASC Payment Indicators

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" is paid at 75% 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 DLI medical policy staff at 651-284-5052 or medical.policy.dli@state.mn.us.