

SC Workers' Compensation Surgical Facility Payment Methodologies

Source: <https://wcc.sc.gov/insurance-and-medical-services/medical-services-division>

SC Work Comp Ambulatory Surgery Center (ASC) Payment:

140% of Medicare's national ASC rate + invoice cost of implants minus \$500; total cost not to exceed hospital rate

SC Work Comp Hospital Payment (outpatient or inpatient): 140% of Medicare; no implant carve-out

Centers for Medicare & Medicaid Services (CMS) publishes ASC Payment Rates annually:

https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/ASCPayment/11_Addenda_Updates

CMS publishes the Hospital Outpatient Prospective Payment System (OPPS) rates annually for outpatient services provided in a Hospital Outpatient Department (HOPD): <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/HospitalOutpatientPPS/Addendum-A-and-Addendum-B-Updates>

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CMS publishes the Inpatient Prospective Payment System (IPPS) rates annually for inpatient hospital services:

<https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/AcuteInpatientPPS>

The CMS Inpatient PPS PC Pricer may be used to determine the rate for inpatient hospital services:

<https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/PCPricer/inpatient>

What is the Inpatient Only List?

CMS maintains an *Inpatient Only* list of procedures that are updated annually. A procedure deemed *Inpatient Only* will not have an outpatient rate assigned. The rate must be calculated using the Inpatient PPS PC Pricer tool.

CMS generally removes procedures from the hospital *Inpatient Only* list at least one year before adding the procedure to the ASC list of covered services. During this time, a hospital outpatient rate will be assigned, but an ASC rate will not be assigned.

Recent example: CMS removed Total Knee Replacements from the hospital *Inpatient Only* list in 2018 to allow these surgeries to be performed and paid as hospital-based outpatient procedures. In 2020, CMS also assigned an ASC rate for total knee replacement.

Do ASCs perform surgeries that do not appear on the CMS ASC list of covered services for other payer types?

Yes. Many assume that we would not be able to perform a surgery in the ASC if the hospital does not offer it on an outpatient basis. Medicare tends to lag private payers in the transition of surgeries from inpatient to outpatient.

Example: Medicare only transitioned total knee replacements to outpatient status in 2018; but our surgeons have been offering total knee replacements in our ASC since 2013 for BCBS beneficiaries (including State Health Plan participants). We have been offering lumbar fusions for BCBS patients since 2015 even though Medicare still does not recognize them as outpatient procedures. BCBS monitors our outcomes quarterly to ensure patient safety and quality are never compromised.

We truly are not trying to gouge employers or take advantage of the system by requesting the ASC setting whenever clinically appropriate. We are simply trying to leverage the access we have to a high quality, lower cost setting where our physicians prefer to operate given its proximity to our main clinic and increased efficiency for them. It is truly a win-win.

Are all workers' compensation surgeries less expensive in the ASC setting?

No. While most workers' compensation surgeries are less costly in the ASC setting, a few surgeries may be equal to or more expensive because the ASC payment methodology includes additional payment for implants while the HOPD methodology does not. Our team knows how to calculate the cost in each setting, and we will always propose a rate less than the hospital setting.

Example of a Procedure that is More Expensive in the ASC

63685 Insert Spinal Cord Stimulator

Comp ASC Rate: \$32,852.16 + implant cost minus \$500; total rate with implants would exceed the HOPD rate

Comp Outpatient Hospital Department Rate: \$36,804.55 including implants

In these cases, Midlands OrthoNeuro ASC will always propose a rate less than the hospital setting.

Midlands OrthoNeuro ASC Decision Tree for Workers' Compensation Surgeries

Do we routinely perform the ordered procedure in our ASC with high quality results for other payer types?

No: Schedule at hospital

Yes: **Does Medicare have an ASC rate for the CPT ordered?**

Yes: **Is the SC ASC Comp rate that includes implants less than the OPPS Comp rate that does not include implants?**

Yes: Request ASC setting at standard rate.

No: Request ASC setting at reduced OPPS rate.

No: Calculate the OPPS comp rate and offer a lower rate at the ASC.

If Medicare defines the procedure as *Inpatient Only*, use the Inpatient Prospective Payment Calculator to determine what the Medicare rate would be and multiply by 140% to determine the inpatient comp rate. Offer a lower rate at the ASC.

Medicare Inpatient Only Example

CPT 22630: Lumbar spinal fusion

Not assigned an ASC or OPPS rate by Medicare. Considered *Inpatient Only* by Medicare.

Inpatient Medicare payment to Columbia hospital per CMS Inpatient Prospective Payment Calculator: \$22,507.13

Comp payment to Columbia hospital: \$31,510

Midlands OrthoNeuro ASC rate: \$21,000 (implants included)

ASC savings as compared to hospital setting: \$10,509.98

*Payment Methodology Summary prepared by AnnMargaret McCraw: annm@midorthoneuro.com.
Contact her for more information.*