

U.S. Coding & Payment by Site of Service

The Where, What and Why of Reimbursement



		Hospital Inpatient	Hospital Outpatient	Ambulatory Surgical Center	Physician's Office
Procedure Code ("What" was done)	MD	CPT® Code/HCPCS Current Procedural Terminology (CPT)/Healthcare Current Procedural Coding System (HCPCS a.k.a. "hikpiks") Published respectively by: American Medical Association (AMA)/Centers for Medicare & Medicaid Services (CMS)			
	Facility	ICD-9-CM Procedure Codes	CPT Code/HCPCS		See Office Differential below
Diagnosis Code ("Why" it was done)	MD	ICD-9-CM <i>International Classification of Diseases</i> Published by: World Health Organization (WHO) Clinically modified for use in the USA by CMS			
	Facility				
Payment	MD	Resource-Based Relative Value System (RBRVS) Controlled by CMS with input from AMA's RUC Committee (Each CPT Code is assigned Relative Value Units - RVUs) Used by Medicare and most Private Payers (Private rates vary widely ... Best estimate = ~110% to 130% of Medicare)			
	Facility	Medicare MS-DRGs (Medicare Severity Diagnosis Related Groups) MS-DRGs are derived from ICD-9 Diagnosis & ICD-9 Procedure codes. They pay the hospital a lump sum per admission. <i>Many Private Payers use DRGs but others use per-diems, case rates, and percent of charges.</i>	Medicare APCs (Ambulatory Payment Classifications) APCs are groupings of similar CPT codes paying a single rate. <i>Private Payers use a variety of mechanisms (some use APCs) to pay hospitals for their outpatient facility costs.</i>	ASC Rates ASCs are paid a percent (approximately 60% for 2014) of the corresponding hospital outpatient APC rate. Device costs for a very limited number of "device-intensive" procedures will pay at 100%. <i>Private payers tend to follow Medicare's lead in the ASC.</i>	Office Differential There is no facility fee per se in the MD Office. There is an office-based (aka Non-Facility Based) differential for some procedure codes paid by Medicare and some private payers to compensate for the higher practice expense of office-based services.

See important notes on the uses and limitations of this information on reverse.

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