# U.S. Coding & Payment by Site of Service

## The Where, What and Why of Reimbursement

GUIDEPOINT Reimbursement Resources

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| | | Hospital Inpatient | Hospital Outpatient | Ambulatory Surgical Center | Physician's Office |
|---|---|---|---|---|---|
| **Procedure Code** ("What" was done) | **MD** | **CPT® Code/HCPCS**<br>Current Procedural Terminology (CPT)/Healthcare Current Procedural Coding System (HCPCS a.k.a. "hikpiks")<br>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**<br>*International Classification of Diseases*<br>Published by: World Health Organization (WHO)<br>Clinically modified for use in the USA by CMS<br>**Note:** ICD-10 becomes effective October 1, 2015. | | | |
| | **Facility** | | | | |
| **Payment** | **MD** | **Resource-Based Relative Value System (RBRVS)**<br>Controlled by CMS with input from AMA's RUC Committee (Each CPT Code is assigned Relative Value Units - RVUs)<br>Used by Medicare and most Private Payers (Private rates vary widely… Current estimate = ~144% of Medicare) | | | |
| | **Facility** | **Medicare MS-DRGs**<br>(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.<br>*Many Private Payers use DRGs but others use per-diems, case rates, and percent of charges.* | **Medicare APCs**<br>(Ambulatory Payment Classifications) APCs are groupings of similar CPT codes paying a single rate.<br>*Private Payers use a variety of mechanisms (some use APCs) to pay hospitals for their outpatient facility costs.* | **ASC Rates**<br>ASCs are paid a percent (approximately 60% for 2015) of the corresponding hospital outpatient APC rate. Device costs for a very limited number of "device-intensive" procedures will pay at 100%.<br>*Private payers tend to follow Medicare's lead in the ASC.* | **Office Differential**<br>There is no facility fee per se in the MD Office.<br>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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