Reimbursement Policy

APC Payment Methodology

REIMBURSEMENT POLICY NUMBER: 16

Effective Date: 1/1/2025

Last Review Date: 12/2024

Next Annual Review: 12/2025

INSTRUCTIONS FOR USE: Company reimbursement policies serve as guidance for the administration of plan benefits. Reimbursement policies do not constitute medical advice nor a guarantee of coverage. Company reimbursement policies are reviewed annually. The Companies reserve the right to determine the application of reimbursement policies and make revisions to reimbursement policies at any time. The scope and availability of all plan benefits are determined in accordance with the applicable coverage agreement. Any conflict or variance between the terms of the coverage agreement and Company Reimbursement Policy will be resolved in favor of the coverage agreement.

SCOPE AND APPLICATION

Provider Type:

☒ Plan participating and contracted facilities reimbursed following OPPS payment methodology.

☒ Non-Participating Facilities

☒ Providers affected by Senate Bill 204

Plan Product:

☒ Commercial

☒ Medicare

☒ Medicaid/Oregon Health Plan (OHP)

POLICY STATEMENT

SCOPE: Providence Health Plan, Providence Health Assurance, and Providence Plan Partners as applicable (referred to individually as "Company" and collectively as "Companies").

I. For providers affected by Senate Bill 204 or for providers who contract specifically with Company to pay using Outpatient Prospective Payment System (OPPS), outpatient hospital-based services may be reimbursed based on the CMS Ambulatory Payment Classification (APC) payment methodology.

Note: See Reimbursement Policy for *Ambulatory Surgery Center (ASC) Payment Structure* (RP3) for freestanding ASC payment methodologies.

II. Procedures approved for payment in an outpatient hospital are classified into an APC group on the basis of clinical and cost similarity. All services within an APC have the same payment rate.

III. Within each APC, integral items and services may be packaged with the primary service. Separate payment may be made for:

A. Corneal tissue acquisition,
B. Brachytherapy sources,
C. Certain radiology services, and
D. Many drugs.

IV. Separate payments may be made for implantable items that are eligible for pass-through payments under APC as determined by CMS. All medical services and items are subject to member benefits and eligibility, as well as medical necessity coverage criteria, when applicable.

V. A facility may receive a number of APC payments for the services furnished to a patient on a single day; however, multiple procedures furnished on the same day are subject to multiple procedure discounts.

POLICY GUIDELINES

GENERAL

Company will apply CMS's APC payment methodology for hospital-based outpatient services for providers who contract with Company to pay using OPPS or who are subject to Senate Bill 204. Company will use OPTUM's ECMPro software to duplicate CMS Hospital Outpatient Prospective Payment System (OPPS) methodology. This includes default fee schedules for lab and radiology.

CENTERS FOR MEDICARE AND MEDICAID SERVICES (CMS)

As of 11/15/2024, the following Centers for Medicare & Medicaid (CMS) guidance was identified which addresses inpatient hospital readmissions:

- Hospital Outpatient Prospective Payment System (OPPS) and Ambulatory Payment Classifications (APCs)

CROSS REFERENCES

- Ambulatory Surgery Center (ASC) Payment Structure, RP3

The full Company portfolio of current Reimbursement Policies is available online and can be accessed here.

REFERENCES

1. Senate Bill 204.
2. Centers for Medicare & Medicaid Services (CMS). Hospital Outpatient Prospective Payment System (OPPS) and Ambulatory Payment Classifications (APCs). https://www.cms.gov/cms-guide-medical-technology-companies-and-other-interested-parties/payment/opps. Accessed 11/12/2024.

POLICY REVISION HISTORY

Date	Revision Summary
1/2025	New reimbursement policy (previously Coding Policy 88.0, *APC Payment Methodology*)