

# How Reimbursement Work for Outpatient Procedures

**GuidePoint**

Simplifying Reimbursement

Cardiac Rhythm Management  
and Electrophysiology

Updated March 2010

## Hospital Outpatient Prospective Payment System

Medicare established the Outpatient Prospective Payment System (OPPS) to reimburse mainly for hospital outpatient services. It is called a “prospective” payment system because Medicare pays a pre determined rate for each service or procedure based on the average costs it expects a facility to incur. Medicare classifies all services paid under this system into ambulatory payment classifications (APCs). Each APC contains procedures that are similar both clinically and in terms of the resources they require. Medicare then establishes a payment rate for each APC. Depending on the services provided, hospitals may be paid for more than one APC for an encounter. Payment may be reduced for certain procedures performed in combination with others.

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As an example, suppose a hospital outpatient department reports CPT® code 33208:

33208 Dual-chamber pacemaker insertion with RA and RV lead insertion

Medicare will classify this procedure under APC 0655, Insertion/Replacement/Conversion of a Permanent Dual Chamber Pacemaker, for which the 2009 national base payment rate is \$ \$9,512.21<sup>1</sup>. Medicare will adjust this amount by a local wage index, and reimburse the hospital.

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Major changes in this year’s hospital outpatient rule as well as national average reimbursement rates for common CRM procedures can be accessed on our website.

## Payment for Ambulatory Surgical Centers

The Medicare OPPS relative payment weight and rate information is used to determine payment rates for procedures performed in ambulatory surgical centers (ASCs). These are health care facilities that specialize in providing surgery and certain pain management and diagnostic services in an outpatient setting. The 2008 ASC payment update provided an increase in coverage of many CRM device-related procedures that have never been performed in this setting. Typically ASC payments for CRM services are 85 percent to 95 percent of outpatient payments.

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<sup>1</sup>MedPAR Preliminary 2008 Database.

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