



What Does the New Pass-Through Payment Mean for the Single-Use Duodenoscope?

For services performed July 1, 2020 forward, the new device pass-through code (C1748) may be used to bill for single-use endoscopes when used in the treatment of Medicare patients in the hospital outpatient setting. It is important to note that this device-specific payment is in addition to the endoscopic retrograde cholangiopancreatography (ERCP) procedure payment.

HCPCS	Descriptor
C1748	Endoscope, single-use (i.e. disposable), upper GI, imaging/illumination device (insertable)

The CMS guidance on the new device transitional pass-through category is available at: <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/HospitalOutpatientPPS/Downloads/Complete-list-DeviceCats-OPPS.pdf>

What does this mean for gastroenterologists?

Working with your facility, you may be able to integrate single-use duodenoscopes into your practice for appropriate patient populations. If you are utilizing a single-use duodenoscope, it is important that you report both the Ambulatory Payment Category (APC) and pass-through code in order to capture the cost of the service and device. Proper reporting will not only impact current reimbursement but will also determine future rate setting. The goal of the outpatient prospective payment system is to reflect accurate procedure costs – including costs for pass-through devices.

Below is clarification on frequent questions that ASGE has received regarding to the single-use-duodenoscope pass-through code.

1) How should ERCP services using a single-use duodenoscope be reported?

Procedure Code (ERCP Code) + Device HCPCS (C1748) + Device Revenue Code (272 – Sterile Supply)

- Both the procedure and the device must be reported on the claim.
- **C1748 is appropriate for ERCP services only.**
- The device revenue code must be reported on each claim.

2) How is payment determined?

Due to the fluid nature of payment for device pass-through codes, payment for single-use duodenoscope devices will vary by facility. Medicare does not establish payments for pass-through codes in the same manner as CPT codes or APCs. Rather, payment is based on a calculation of hospital reported charges.

ASGE recommends that gastroenterologists interested in using a single-use duodenoscope device engage with the revenue cycle management team at their facility. This team understands the nuances of the calculations, as well as individual payer policy regarding pass-through payments.

Calculating Device Payment Using a Pass-Through Code

The hospital charge for the device is determined by multiplying the cost of the device by the hospital mark-up. Facility mark-ups are variable. The Medicare cost for the device is the hospital charge multiplied by the hospital cost-to-charge ratio. The hospital cost-to-charge ratio is established in the Inpatient Prospective Payment System rule.

- Step 1:** (cost of device) x (hospital mark-up) = **hospital charge for the device**
Step 2: (hospital charge) x (hospital cost-to-charge ratio) = **cost for pass-through device**
Step 3: (pass-through payment) + APC Payment = **final payment.**

Note: Commercial payers may or may not follow Medicare payment levels for single-use duodenoscope devices, it is recommended that a conversation is had with private payers to understand their payment policy for the device and other implications.

3) Is there patient cost-sharing involved with using a single-use duodenoscope?

Under Medicare, pass-through devices are not subject to copayment or cost sharing.¹ Patients will not see an increased out-of-pocket expense for utilizing a single-use duodenoscope device, however, patients will still be responsible for cost-sharing associated with the ERCP service when a single-use duodenoscope is utilized during the procedure.

Note: For services rendered under private payer coverage, please contact payers to understand their coverage policy and patient responsibility.

4) In 2020, CMS subtracted device offset amount from the final pass-through payment to eliminate overpayment. Will this offset apply to 2021 payment?

No. In the CY 2021 HOPPS/ASC Payment System final rule, Medicare determined that the single-use duodenoscope device is being used in addition to current devices in the APC payment. Therefore, CMS will no longer remove the offset amount from the final payment (pass-through payment + APC Payment) establishing a higher payment in 2021.

5) What steps do I need to take to get my institution to consider incorporating the single-use duodenoscope into practice?

ASGE recommends that gastroenterologists interested in using a single-use duodenoscope device engage with the revenue cycle management team at their facility. This team understands the nuances of the calculations, as well as individual payer policy regarding pass-through payments.

Additional Questions?

For additional coding and reimbursement questions, ASGE recommends that you contact the device manufacturers directly.

¹ ADDENDUM D1. OPSS PAYMENT STATUS INDICATORS FOR CY 2021. https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/HospitalOutpatientPPS/Downloads/CMS1506FC_Addendum_D1.pdf.