

RULE

Department of Health and Human Resources Office of Family Security

The Department of Health and Human Resources, Office of Family Security adopts the following rule in the Medical Assistance Program.

Final Rulemaking

RULE

Effective for services provided on or after December 1, 1985, the Medical Assistance Program shall reimburse for certain surgical procedures only when performed in an ambulatory (out-patient) setting. Approval for inpatient performance of these procedures will be granted only when one or more of the following exception criteria exist, making an ambulatory setting inappropriate, and the criteria are documented in the medical record and are concurred with by the agency:

1. presence of DOCUMENTED medical condition(s) which make prolonged pre-and/or post-operative observation by a nurse or skilled medical personnel a necessity; and
2. likely to be time consuming or followed by complication;
3. if an unrelated procedure is being done simultaneously which itself requires hospitalization;
4. lack of availability of proper post-operative care;
5. likely that another major surgical procedure could follow the initial procedure (i.e. mastectomy);
6. likely to have technical difficulties as documented by admission or operative notes; and/or
7. carries high patient risk.

A physician (or other practitioner) shall not be paid for the surgery nor shall the hospital be reimbursed for accommodation and ancillary charges related to surgical procedures performed on an inpatient basis for those procedures included on this list unless approved exception requirements for hospitalization are met.

The Office of Family Security shall respond to any request for authorization for hospitalization within 30 days of receipt of such request. Authorization for any of the specified surgical procedures performed in an inpatient hospital setting on an emergency basis may be requested of the Office of Family Security by the provider submitting a request for authorization accompanied by supporting medical documentation to the Office of Family Security Medical Assistance Division Director for review and post authorization.

Reimbursement to facilities for these surgical procedures on an outpatient basis shall be a flat fee per service in accordance with four groupings, not to exceed the Medicare payment rate for these groupings. Reimbursement to providers for surgical procedures not included in these groupings is unaffected by this change.

SURGICAL PROCEDURES REIMBURSABLE ONLY WHEN PERFORMED IN AN OUTPATIENT SURGICAL SETTING UNLESS AUTHORIZED FOR HOSPITALIZATION

I. Integumentary System

Group 1

Surgical Tooth Extraction or
Dental Restoration
Alveoplasty
Benign lesion, excision (lipoma)
Skin Biopsy
Fingernail, toenail removal
Malignant lesion, excision (Basal
cell, Melanoma)

Group 2

Incision and Drainage
Removal Foreign Body

Group 3

Breast biopsy (incision, excision
uni-or bilateral)
Mandible cyst excision, simple
Pilonidal cyst excision, simple,
extensive
Skin graft

Group 4

Gynecomastia excision; uni-and
bilateral

II. Musculoskeletal System

Group 1

Closed Reduction of Nasal Fracture
Tenotomy, hands, fingers, ankle,
feet and toes
Trigger finger Release (tendon
Sheath incision for)

Group 2

Phalangectomy (amputation, fingers
and toes)
Sequestrectomy
Tendon Sheath Release (De Quervains)
Zygoma (Zygomatic arch) Reduction
Muscle Biopsy

Group 3

Bursectomy
Capsulectomy/capsulotomy
(metacarpophalangeal and
interphalangeal)
Ganglionectomy (wrist)
Neuroma excision (Morton's and
cutaneous and digital nerves)
Osteotomy metatarsal (metatarsal
head excision)
Tendon repair without graft,
implant or transfer

Group 4

Hammertoe Repair
Boutonniere repair
Unionectomy
Ligament repair
Neurectomy
Osteotomy
Synovectomy
Arthroscopy
Fasciectomy/Facitomy
Arthrodesis
Arthroplasty
Tendon Repair with graft, implant or
transfer

III. Respiratory System

Group 1

Bronchoscopy
Excision turbinate
Laryngoscopy
Nasopharyngoscopy

Group 2

Nasal Polypectomy
Antral Window (puncture)
(Sinusotomy)

Group 3

Ethmoidectomy
Irrigation Sphenoid Sinus

Group 4

Tonsillectomy
Adenoidectomy (w or w/o tubes)
Frenulectomy
Septal Reconstruction
Submucous Resection (turbinate and nasal
septum)

IV. Cardiovascular System

Group 1

Temporal Artery, Ligation or biopsy

Group 4

Varicose Vein Ligation

V. Hemic and Lymphatic System

Group 2

Cervical Node (lymph node) biopsy

VI. Digestive System

Group 1

Esophagoscopy
Brush biopsy of stomach
Sigmoidoscopy (also
Proctosigmoidoscopy)
Gastrosocopy
Rectal Dilation
Tongue Biopsy
Incision/Drainage Rectal Abcess

Group 2

Branchial Arch Appendage Excision
Liver Biopsy, percutaneous
Vermilionectomy (Lip peel)
Fistulectomy

Group 3

Colostomy Revision (simple)
Wedge Resection of Lip
Hemorrhoidectomy

Group 4

Peritoneoscopy (mini-laparotomy)
Herniorrhapy

VII. Urinary System

Group 1

Cystoscopy
Cystourethroscopy
Urethral Dilation

Group 3

Transurethral Resection of
Bladder Tumor (Cystourethroscopy w/
operative procedure)

VIII. Male Genital System

Group I

Testicular Biopsy
Prostate Biopsy
slitting of prepuce

Group 2

Orchiectomy

Group 3

Hydrocele excision
Circumcision (except newborn)

Group 4

Varicocele repair
Vasectomy

IX. Female Genital System

Group I

Cervical biopsy
Vaginal biopsy
Vulva (labia) biopsy
Examination under Anesthesia (pelvic)
Vaginal Stenosis Release (Dilation of
Vagina under Anesthesia)
Culdoscopy (Culdcentesis)
Incision/Drainage Abcess

Group 2

Hysterosalpingogram
Perineoplasty
Vaginal tumor (cyst) excision

Group 3

Colpotomy, with exploration
Dilation and curettage,
diagnostic and/or therapeutic
(nonobstetric)
Dilation and Curettage, Therapeutic,
after abortion

Group 4

Tubal Ligation or Occlusion
Hymenotomy
Cervical Cauterization
(cryo cautery, and
laser)
Therapeutic Abortion
Laparoscopy

X. Endocrine System

Group 3

Thyroglossal Duct Cyst Removal

XI. Nervous System

Group 3

Neurolysis (including carpal tunnel
decompression)

Group 4

Ulnar Nerve Repair/Transfer

XII. Eye and Ocular Adnexa System

Group 1

Chalazion excision
Discission lens (needling of lens)
Foreign Body Removal
Pterygium (excision or transposition)
Lacrimal duct probing or
reconstruction

Group 2

Canthoplasty
Tarsorrhaphy

Group 3

Ectropion/Entropion repair

Group 4

Cataract extraction
Enucleation, with and without implant
Iridectomy
Eye Muscle Operation (extraocular
muscles, strabismus procedure)

XIII. Auditory System

Group 1

Myringotomy (including aspiration
and/or eustachian tube inflation)
Otoscopy

Group 4

Mastoidectomy, simple (transmastoid
antrotomy)
Myringoplasty
Stapedectomy
Tympanoplasty (without
mastoidectomy)
Tympanostomy (tube insertion)

Regulatory Exception

Implementation of this rule is subject to approval by the
Health Care Financing Administration (HCFA) as required for all

Title XIX policy changes. If disapproved by HCFA, the policy prior
to this change shall remain in effect.

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