

2018 Hospital Outpatient Prospective Payment System and Ambulatory Surgical Center Payment System Proposed Rule

OVERVIEW

On July 13th, the Centers for Medicare and Medicaid Services (CMS) issued a proposed rule for the 2018 Hospital Outpatient Prospective Payment System (OPPS) and Ambulatory Surgical Center (ASC) Payment System. The proposed rule updates Medicare payment policies and rates for hospital outpatient departments, ASCs, and partial hospitalization services furnished by community mental health providers. The proposed rule also includes changes to reimbursement rates for Medicare Part B drugs and updates quality reporting program requirements.

CMS will accept comments on the proposed rule until September 11th. This document summarizes several major provisions of the proposed rule. The full text of the proposed rule is available [here](#).

OPPS PAYMENT UPDATE

CMS proposes to increase OPPS rates by 1.75 percent. This change is the net effect of a 2.9 percent market basket increase, reduced by both a 0.4 percentage point multifactor productivity adjustment and a 0.75 percentage point adjustment required by the Affordable Care Act. After these rate adjustments, total OPPS reimbursements are expected to increase by 2.0 percent in 2018 excluding changes in enrollment, utilization and case-mix, and by 8.9 percent including these factors.

Other proposed payment changes include:

- *Direct Supervision Requirement* - CMS proposes to reinstate the non-enforcement of the direct supervision requirement for outpatient therapeutic services that are furnished in critical access hospitals and small rural hospitals (100 or fewer beds) for calendar years (CYs) 2018 and 2019.
- *Packaging Drug Administration Services* - CMS proposes to conditionally package payment for low-cost drug administrative services. CMS defines low cost as Level 1 and 2 Drug Administration Services that have mean costs of \$37 and \$59, respectively. Preventive services, including vaccine administration, would continue to be paid separately. CMS is seeking comment on payment methodologies for drug administration add-on services and existing drug packaging policies.
- *Inpatient-only (IPO) List* - CMS proposes to remove two procedures, including total knee arthroplasty, from the list of procedures that are only paid under the Hospital Inpatient Prospective Payment System. CMS is soliciting comment to determine whether partial and total hip arthroplasty should also be removed from the IPO list.
- *Partial Hospitalization Program (PHP)* - CMS proposes to update Medicare payment rates for PHP services in hospital outpatient units and Community Mental Health Centers. CMS will implement a unified rate structure with a single PHP payment rate for each provider type for days with three or more services per day.

ASC PAYMENT UPDATE

ASC payments are updated annually by the percentage increase in the Consumer Price Index for urban consumers (CPI-U). CMS proposes to increase payment rates by 1.9 percent for ASCs that meet certain

quality reporting requirements. This change is a net effect of a 2.3 percent projected CPI-U update, reduced by a 0.4 percentage point multifactor productivity adjustment.

PAYMENT FOR MEDICARE PART B DRUGS

CMS proposes to lower the reimbursement for most drugs that are acquired through the 340B Drug Pricing Program. Under the proposed rule, CMS would pay separately payable, non pass-through drugs (other than vaccines) purchased with a 340B program discount at the average sales prices (ASP) minus 22.5 percent. Such drugs are currently paid at ASP plus 6 percent. The lower Medicare reimbursement rate does not reduce the price hospitals pay for 340B drugs. Applicable drugs not purchased under the 340B drug program would continue to receive the current ASP plus 6 percent payment.

QUALITY REPORTING PROGRAM CHANGES

Hospital Outpatient Quality Reporting (OQR)

Outpatient hospital departments currently receive a 2 percent payment reduction for failure to meet the requirements of the Hospital Outpatient OQR program. For CY 2020 payment determination, CMS is proposing to remove the following measures in the Hospital OQR program:

- Median Time to Pain Management for Long Bone Fracture; and
- Hospital Outpatient Volume Data on Selected Outpatient Surgical Procedures.

For CY 2021 payment determination, CMS is proposing to remove the following measures in the Hospital OQR program:

- Median Time to Fibrinolysis;
- Aspirin at Arrival;
- Door to Diagnostic Evaluation by a Qualified Medical Professional; and
- Safe Surgery Checklist Use.

In addition, CMS proposes to delay the mandatory implementation of the Outpatient and Ambulatory Surgical Center Consumer Assessment of Healthcare Providers and Systems (OAS CAHPS) Survey until CY 2020. The OAS CAHPS would be used to measure patients' access to care and overall experience at the facility.

Ambulatory Surgical Center Quality Reporting (ASCQR) Program

ASCs currently receive a 2 percentage point payment reduction for failure to meet the requirements of the ASCQR program. CMS proposes to add the following program measure in CY 2021: Toxic Anterior Segment Syndrome measure.

CMS proposes to add the following program measures in CY 2022:

- Hospital Visits after Orthopedic Ambulatory Surgical Center Procedures; and
- Hospital Visits after Urology Ambulatory Surgical Center Procedures.

In addition, CMS proposes to remove the following program measures for CY 2019:

- Prophylactic Intravenous (IV) Antibiotic Timing;
- Safe Surgery Checklist; and
- Facility Volume Data on Selected Procedures.