

U.S. House and Senate Notification

Wednesday, November 27, 2013

To: Congressional Health Staff

From: Lauren Aronson

Director, Office of Legislation

Centers for Medicare & Medicaid Services

Re: CMS Issues Hospital Outpatient Prospective Payment System and Ambulatory Surgical Center Payment System Final Rule with comment period for 2014

Today, the Centers for Medicare & Medicaid Services (CMS) released a final calendar year (CY) 2014 hospital outpatient prospective payment system (OPPS) and ambulatory surgical center (ASC) payment system final rule with comment period.

The rule increases overall payments for hospital outpatient departments by an estimated 1.7 percent. The increase is based on the projected hospital market basket—an inflation rate for goods and services used by hospitals—of 2.5 percent, minus both a 0.5 percent adjustment for economy-wide productivity and a 0.3 percentage point adjustment required by statute. For ASCs, the CPI-U update for 2014 is projected to be 1.7 percent. The MFP adjustment is projected to be 0.5 percent, resulting in an MFP-adjusted CPI-U update of 1.2 percent for CY 2014. The rule also updates partial hospitalization payment rates for hospitals and community mental health centers. Total CY 2014 OPPS payments are projected to increase by \$4.4 billion or 9.5 percent, and CY 2014 Medicare payments to ASCs are projected to increase by approximately \$143 million or 5.3 percent as compared to CY 2013.

As part of the broader proposal to consolidate payment for larger groups of services, the rule also establishes an encounter-based or “comprehensive” payment for certain device-related procedures like cardiac stents and defibrillators, but in a change from the proposed rule, delays its effective date to CY 2015. In addition, CMS will replace the current five levels of hospital clinic visit codes with a single level for outpatient clinic visits thereby removing incentives hospitals may have to furnish medically unnecessary

services or expend additional, unnecessary resources to achieve a higher level of visit payment under the OPSS; reducing administrative burden; and allowing a large universe of claims to be used for rate setting. Even though the rule finalizes the proposal to create a single level for outpatient clinic visits, it does not finalize a similar proposal for emergency department visits in response to public comments.

The final regulation also contains provisions that update and streamline programs promoting quality care in the outpatient setting. The rule finalizes four new measures for the Hospital Outpatient Quality Reporting (OQR) program, affecting the CY 2016 payment determination and subsequent years, with data collection beginning in CY 2014. The final rule adopts three of these new measures for the ASC Quality Reporting Program for the CY 2016 payment determination and subsequent years.

The rule also finalizes the proposal to eliminate the requirement that Organ Procurement Organizations (OPOs) must meet all three of the outcome measures in the OPO requirements and instead require that OPOs meet two of the three outcome measures.

In addition, the rule finalizes policies governing eligibility for organizations to be Quality Improvement Organizations (QIOs) and the contracting process for QIOs.

Attached are the press release and fact sheets with more information about the policies included in this final rule.

The rule can be viewed at: <http://federalregister.gov/inspection.aspx>

Please contact the CMS Office of Legislation if you have any questions. Thank you.