

CMS ISSUES HOSPITAL OUTPATIENT POLICY AND PAYMENT CHANGES

The Centers for Medicare & Medicaid Services (CMS) finalized the Hospital Outpatient Prospective Payment System (HOPPS) and Ambulatory Surgical Center (ASC) rule on November 1, 2012, updating Medicare payment policies and rates for hospital outpatient and ASC services beginning January 1, 2013.

The final HOPPS/ASC rule with comment period affects hospital outpatient departments in more than 4,000 hospitals, including general acute care hospitals, inpatient rehabilitation facilities, inpatient psychiatric facilities, long-term acute care hospitals, children's hospitals, and cancer hospitals, and approximately 5,000 Medicare-participating ASCs.

Rates and policies set in the calendar year (CY) 2013 final rule with comment period will increase payment rates for hospital outpatient departments by 1.8 percent. The increase is based on the projected hospital market basket—an inflation rate for goods and services used by hospitals—of 2.6 percent, minus 0.8 percent in statutory reductions, including a 0.7 percent adjustment for economy-wide productivity and a 0.1 percentage point adjustment required by statute.

The HOPPS rule also contains a significant change from the rule as proposed: it bases relative payment weights on geometric mean costs rather than median costs as proposed. Basing the HOPPS payments on mean costs better reflects average costs of services and aligns the metric used in rate-setting for the HOPPS with the hospital inpatient prospective payment system.

For CY 2013, ASC payment rates will increase by 0.6 percent—the projected rate of inflation of 1.4 percent minus a 0.8 percent productivity adjustment required by law. Medicare uses changes in the consumer price index for urban consumers (CPI-U) as the measure of inflation for ASCs.

Total payments to hospitals under the HOPPS in CY 2013 will be approximately \$48.1 billion and total payments to ASCs under the ASC payment system will be approximately \$4.07 billion.

The rule made several changes to the quality-reporting program for outpatient departments. While CMS did not add any new measures to the 22 measures finalized for the CY 2014 payment determination, CMS did confirm the removal of one measure; deferred data collection for another measure, and confirmed the suspension of data collection for a third measure. In addition, CMS finalized proposed revisions to several procedural requirements that apply to the reporting of quality data and finalized the automatic retention of Hospital OQR Program measures adopted in previous payment determinations for subsequent year payment determinations, until the measures are actively removed, suspended, or replaced.

CMS also finalized proposed revisions to the ASC Quality Reporting (ASCQR) program, including requirements for claims-based measures regarding the dates for submission, payment of claims and data completeness, and a methodology for reducing payment to ASCs that do not meet the program's reporting requirements. CMS also adopted principles to be applied in future measure selection and development. CMS previously

finalized the measure sets that apply to the CYs 2014 through 2016 payment determinations.