

CMS Lowers Hospital Off-Campus Department Pay To 40% Of Pay For Outpatient Services

To hospitals' dismay, CMS cut payment for off-campus departments in the 2018 physician fee schedule, though that cut was not as large as the agency's initial proposal. Still, the American Hospital Association called the policy "short-sighted" and America's Essential Hospitals said CMS needs to reconsider the policy to make sure people have access to care near where they live.

The Bipartisan Budget Act of 2015 directs CMS to pay lower doctor-office rates to physician practices that hospitals buy and turn into outpatient departments. The policy applies to off-campus outpatient facilities that were not billing Medicare by November 2, 2015. In response to aggressive lobbying from hospitals, Congress used the 21st Century Cures law to exempt hospital outpatient departments that were in development when the site-neutral law took effect.

For off-campus sites that were not mid-build, CMS paid half of hospital outpatient rates in 2017. The agency initially proposed to further cut those rates and pay 25 percent of hospital rates in 2018. The final rule, however, backed away from that proposal and instead will bring the pay rate for off-campus departments to 40 percent of hospital outpatient rates.

"We are deeply disappointed by today's final rule on the 2018 Medicare Physician Fee Schedule (PFS), which aggravates already damaging cuts to support for clinics and other outpatient services in the nation's most underserved communities," America's Essential Hospitals President and CEO Bruce Siegel said in a statement. "In these health care deserts, essential hospitals work to overcome practitioner shortages by extending primary and specialty care services to off-campus clinics in their communities. But today's final rule puts expansion of services further out of reach for these communities and threatens access to care where access is needed most."

Siegel says the safety net hospitals are particularly troubled by the fact that CMS finalized the cuts without including an analysis of how they might affect patient care. He also says the cuts run counter to CMS' goal of integrated and coordinated care.

He says the cuts to off-campus departments and the cuts CMS finalized to reimburse hospitals' 340B drugs will combine to hurt the health of low-income Americans.