

# PUBLICATION

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## CY 2014 Outpatient Prospective Payment System (OPPS) and Ambulatory Surgical Center (ASC) Proposed Rules Released by CMS [Ober|Kaler]

July 11, 2013

**CMS released its Calendar Year (CY) 2014 Proposed Rule for outpatient services furnished in hospitals and ambulatory surgical centers (ASCs). CMS anticipates that payments under the outpatient perspective payment system (OPPS), including beneficiary cost-sharing, will be approximately \$50.4 billion for CY 2014 (an increase of 9.5 percent over CY 2013).**

CMS likewise anticipates total payments to ASCs, including beneficiary cost-sharing, for CY 2014 will be approximately \$3.98 billion (an increase of 3.51 percent over CY 2013). The proposed rule is anticipated to be published in the July 19, 2013 Federal Register. **Comments are due not later than September 6, 2013.**

Major highlights of the proposed rule are discussed below.

### Proposed Changes to the OPPS

- **Packaging Proposals:** CMS proposes to expand the categories of interrelated items and services that are bundled into a single payment by adding an additional 7 categories. The list of OPPS packaged items and services will expand to include:
  1. Drugs, biological and radiopharmaceuticals that function as supplies in a diagnostic test or procedure;
  2. Drugs and biologicals that function as supplies or devices in a surgical procedure;
  3. Laboratory tests;
  4. Procedures described by add-on codes;
  5. Ancillary services (status indicator "X");
  6. Diagnostic tests on the bypass list; and
  7. Device removal procedures.

CMS anticipates that packaging these items and services will create incentives for hospitals to furnish services efficiently and in a cost-effective manner.

- **Establishing Comprehensive APCs:** CMS proposes to create 29 comprehensive APCs relating to costly device-dependent services. The comprehensive APCs will treat all individually reported codes as representing components of the comprehensive services, resulting in a single prospective payment.
- **Single Level of Payment for Outpatient Visits:** CMS proposes to replace the current five levels of outpatient visit codes with a single HCPCS code for each unique type of hospital visit. Thus, there would be a single HCPCS code based on the mean total costs of Level 1 through Level 5 visit codes – one for clinic visits and one for each type of emergency department visit (24 hour and non-24 hour). CMS believes that this will remove hospital incentives to achieve a higher level of visit payment under OPPS and reduce administrative burden.

## Proposed Changes for ASCs

- **ASC Payment Update:** ASC payments will be updated based on the consumer price index (CPI-U), as adjusted by the multifactor productivity (MFP) adjustment specified in the Medicare statute. The MFP-adjusted CPI-U update for CY 2014 is 0.9 percent.
- **Packaging Proposals:** Similar to the OPPS, CMS proposes that certain ancillary or adjunctive services would be packed under the ASC payment system for CY 2014.

## Proposed Quality Program Changes

- **Hospital Outpatient Quality Reporting (OQR) Program:** CMS proposes to add five new measures for the OQR program, and remove two measures. Data on the five new measures, relating to flu vaccines for health care personnel, endoscopy procedures, and cataracts surgery, would be collected as of CY 2014 and affect payment as of CY 2016.
- **ASC Quality Reporting Program:** CMS proposes to adopt four new measures for the program that will affect the CY 2016 payment determination, which will be collected through an online Web-based tool.
- **Hospital Value-Based Purchasing (VBP) Program:** CMS proposes to set the performance period (January 1, 2014-December 1, 2014) and baseline periods (January 1, 2012-December 1, 2014) for the catheter-associated urinary tract infection (CAUTI), central line-associated bloodstream infection (CLABSI) and surgical site infection (SSI) measures for the FY 2013 Hospital VBP program. In addition, CMS is proposing to create a second level CMS review process for hospitals that are dissatisfied with the result of an existing administrative appeal.
- **Quality Improvement Organization (QIO) Changes:** CMS proposes to update regulations governing the eligibility and contracting process for QIOs, pursuant to the recently enacted Trade Adjustment Assistance Extension Act of 2011 (TAAEA), Pub. L. 112-40. The changes provide more flexibility to CMS in the administration of the QIO program.