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healthcare financial management association

Executive Summary: Proposed 2020 OPPS/ASC Rule

Key Financial and Operational Impacts from the Proposed 2020 Outpatient Prospective Payment System (OPPS) Rule:

The 2020 OPPS proposed rule was made available on July 29, 2019. A detailed summary of the rule will be available here shortly. Below is a high-level overview of key proposed changes in the rule.

1) **Conversion Factor**: In CY 2020, CMS is proposing a conversion factor of $81.398. This is an increase from $79.490 in CY 2019. Hospitals failing to meet the Outpatient Quality Reporting Program requirements will see a reduced CY 2020 conversion factor of $79.770.

2) **Wage Index: In the FY 2020 IPPS rule** CMS finalizes multiple changes to the wage index to address "disparities" between high- and low-wage index hospitals that apply to the OPPS.

   - First, the rule increases the wage index for hospitals with a wage index value below the 25th percentile wage index value for a fiscal year by half the difference between the otherwise applicable final wage index value for a year for that hospital and the 25th percentile wage index value for that year across all hospitals. The policy would be effective for at least four years to allow employee compensation increases implemented by these hospitals enough time to be reflected in the wage index calculation. To offset the cost of increasing payments to low-wage index hospitals, the rule applies a uniform budget neutrality adjustment to the standardized amount.
   - Second, CMS will remove urban-to-rural hospital reclassifications from the calculation of the rural floor wage index value beginning in FY 2020.
   - Finally, to protect hospitals from significant decreases in wage index (and therefore payments), CMS is implementing a 5% cap on any decrease in a hospital's wage index in a budget neutral manner. This will also result in a budget neutrality adjustment to the standardized amount.

3) **Outlier Threshold:** CMS proposes to increase the outpatient fixed loss outlier threshold for CY 2020 to $4,950 (compared to $4,825 in CY 2019). This is expected to reduce outpatient outlier payments in CY 2020 relative to CY 2019.

4) **Overall Impact**: CMS estimates that, compared to CY 2019, OPPS payments in CY 2020 will increase by approximately $6 billion. This estimate includes our estimated changes in enrollment, utilization, and case-mix. Below is a breakdown of how the proposed rule will impact specific types of hospitals or markets.

	Projected 2020 Impact
All Facilities*	2.0%
All Hospitals	2.0%
Urban Hospitals	2.0%
Rural Hospitals	1.9%
Major Teaching	1.3%
Minor Teaching	2.1%
Non-Teaching	2.3%
Ownership	
Voluntary	1.8%
Proprietary	3.0%
Government	1.9%

*Excludes hospitals permanently held harmless and CMHCs

5) **Site-Neutral Payment for E&M Services**: In CY 2019, CMS applied a 30% reduction factor for E&M services (described by HCPCS code G0463), when they were provided at an excepted off-campus hospital outpatient department (HOPD). This was half of the payment differential between E&M services provided in the HOPD and freestanding settings under a two-year phase-in policy to implement site-neutral payment. For 2020, CMS proposes to implement the full 60% reduction to payments for E&M services described by HCPCS code G0463 provided in exempted HOPDs. Similar to CY2019, this will be implemented in a non-budget neutral manner.

6) **Price Transparency**: In response to the President's executive order on price transparency, CMS expands its prior interpretations of section 2718 of the Public Health Service Act. The proposed rule would require all hospitals to make a list of both gross charges and negotiated rates for all services in the hospital charge description master (CDM) as well as a set of shoppable services publicly available. The rule specifies the manner and format in which the lists are to be made publicly available. Hospitals that do not comply with the requirement may be subject to civil monetary penalty (CMP) of up to $300 per day. HFMA's detailed summary of the proposed price transparency provisions is available here.

7) **Inpatient Only List - Total Hip Arthroplasty (THA)**: CMS proposes to remove total hip arthroplasty (CPT Code 27130) from the inpatient only list in CY 2020, allowing these procedures to be performed in hospital outpatient departments. It will be assigned to C-APC 5115 with a status indicator of J1. CMS states that if the proposal is finalized, it will prohibit QIOs from referring THA cases performed

in the inpatient setting to Recovery Audit Contractors (RACs) for patient status reviews for one year. The rule does not add THA to the ASC covered procedure list.

8) **Payment for Part B Drugs Acquired Under the 340B Program**: Despite its loss in court, CMS proposes to continue paying for separately payable Part B drugs acquired under the 340B program at ASP minus 22.5%.

   CMS also is soliciting comments on appropriate remedies for CY 2018 and CY 2019 claims should the ruling in the case be upheld on appeal. Specifically, CMS is requesting input on the appropriate OPPS payment rate for 340B-acquired drugs, including whether a rate of ASP plus +3% could be an appropriate payment amount for these drugs, both for CY 2020 and for purposes of determining the remedy for CYs 2018 and 2019.

9) **Non-Exempt Provider Based Clinics**: CMS will continue to pay for services provided in non-exempted hospital outpatient departments (new clinics that were not in process by November 2, 2015) at 40% of the OPPS rate.

10) **General Supervision of Hospital Outpatient Therapeutic Services**: For CY 2020, CMS proposes to change the minimum required level of supervision from direct supervision to general supervision for all hospital outpatient therapeutic services provided by all hospitals and CAHs.

11) **Additional Comprehensive APCs**: CMS proposes to create two new comprehensive APCs (C-APCs). These proposed new C-APCs include the following: C-APC 5182 (Level 2 Vascular Procedures) and proposed C–APC 5461 (Level 1 Neurostimulator and Related Procedures). This proposal increases the total number of C-APCs to 67.

12) **Prior Authorization Process for Certain OPD Services:** CMS proposes that a provider must submit a prior authorization request for any service on its list of outpatient department services requiring prior authorization. The five categories of proposed services are: blepharoplasty, botulinum toxin injections, panniculectomy, rhinoplasty and vein ablation.

    CMS provides a list of specific CPT codes in Table 38 in the proposed rule (not included in this summary). Additionally, any claims associated with or related to a service included on the prior authorization list that is denied will also be denied as well since these services are unnecessary. These associated services include, but are not limited to, services such as anesthesiology services, physician services and/or facility services.

    CMS is proposing that this requirement would begin for dates of service on or after July 1, 2020 to allow more time for provider education and process implementation.

13) **Outpatient Quality Reporting Program**: For the Hospital OQR Program, CMS does not propose adding new measures. The rule proposes (beginning with October 2020 encounters) removing OP-33: External Beam Radiotherapy for Bone Metastases for the CY 2022 payment determination and subsequent years due to the cost associated with the measure relative to its benefits.

14) **ASC Conversion Factor**: CMS increases the CY 2020 ASC conversion factor to $47.827 for ASCs meeting the quality reporting requirements from the CY 2019 conversion factor of $46.532. The proposed CY 2020 conversion factor for ASCs not meeting quality reporting requirements is $46.895.

15) **Additions to the ASC Surgical Covered Procedures List:** CMS proposes adding total knee replacement (TKA), a mosaicplasty procedure, as well as six coronary intervention procedures to the list of surgical procedures covered when performed in an ASC (see Table I at the end of the document).

16) **ASC Quality Reporting Program:** For the ASCQR Program, CMS proposes to adopt one new measure, ASC-19: Facility-Level 7-Day Hospital Visits after General Surgery Procedures Performed at Ambulatory Surgical Centers, beginning with the CY 2024 payment determination and for subsequent years. CMS is not proposing to remove any quality measures from the ASCQR program.

17) **ASC Impact**: Including beneficiary cost sharing and estimated changes in enrollment, utilization and case-mix) and changes in the proposed rule, Medicare ASC payments for CY 2020 would be approximately $4.89 billion, an increase of approximately $200 million compared to estimated CY 2019.

Table I: Proposed Additions to the List of ASC Covered Surgical Procedures for CY 2020

CY 2020 CPT Code	CY 2020 Long Descriptor	Proposed CY 2020 ASC Payment Indicator
27447	Arthroplasty, knee, condyle and plateau; medial and lateral compartments with or without patella resurfacing (total knee arthroplasty)	J8
29867	Arthroscopy, knee, surgical; osteochondral allograft (e.g., mosaicplasty)	J8
92920	Percutaneous transluminal coronary angioplasty; single major coronary artery or branch	G2
92921	Percutaneous transluminal coronary angioplasty; each additional branch of a major coronary artery (list separately in addition to code for primary procedure)	N1
92928	Percutaneous transcatheter placement of intracoronary stent(s), with coronary angioplasty when performed; single major coronary artery or branch	J8

92929	Percutaneous transcatheter placement of intracoronary stent(s), with coronary angioplasty when performed; each additional branch of a major coronary artery (list separately in addition to code for primary procedure)	N1
C9600	Percutaneous transcatheter placement of drug eluting intracoronary stent(s), with coronary angioplasty when performed; single major coronary artery or branch	J8
C9601	Percutaneous transcatheter placement of drug-eluting intracoronary stent(s), with coronary angioplasty when performed; each additional branch of a major coronary artery (list separately in addition to code for primary procedure)	N1