2019 Medicare Hospital Outpatient Prospective Payment System Proposed Rule Released

On July 25, 2018, the Centers for Medicare and Medicaid Services (CMS) published the CY 2019 Proposed Rule which includes payment rates and policy changes to the Hospital Outpatient Prospective Payment System (OPPS) and Ambulatory Surgical Center (ASC) Payment System. The rule is open for comment through September 24. These policy changes and payment rates are effective as of January 1, 2019.

In general, the rule provides for a 1.25% update in hospital outpatient payment rates in 2019. Hospitals that fail to meet the hospital outpatient quality reporting requirements will receive a 2% reduction in payments.

The payments made under OPPS cover facility resources including equipment, supplies, and hospital staff, but do not include services of physicians or non-physician practitioners paid separately under the Medicare Physician Fee Schedule. Services under OPPS, which are clinically similar and require similar resources are classified into payment groups called Ambulatory Payment Classifications (APCs) and a payment rate is established for each APC. The APC payment rates are adjusted for geographic cost differences, and payment rates and policies are updated annually through rulemaking.

APCs for Epilepsy Center Services – Attached to this summary are multiple charts showing the APC payment rates for epilepsy outpatient procedural and surgical services, to which CMS is proposing to make minimal changes in 2019.

Site Neutral Payments – Off-Campus/Provider-Based Departments (PBDs) – In 2018, CMS maintained its policy that services furnished in off-campus provider-based hospital outpatient departments that began billing under the OPPS on or after Nov. 2, 2015 would no longer be paid under the OPPS, but under the physician fee schedule at 40% of the OPPS rate.

There are several exceptions to the reduced payment rate under OPPS, which include items and services provided in:

- A dedicated emergency department
- An off-campus PBD that was billing for services prior to November 2, 2015 that has not been relocated or changed ownership (grandfathered PBDs)
- A PBD that is considered "on campus" or within 250 yards of the hospital or remote location of the hospital

In the proposed rule for 2019, CMS is extending its policies on reducing payments for services provided in provider-based departments with the goal of creating a more site-neutral payment system. The main changes being proposed for the PBD policy are:

1. CMS is proposing to reduce the payment rate for hospital outpatient clinic visits provided at all off-campus provider-based departments to 40% of the OPPS rate. The non-excepted, excepted and grandfathered PBDs would be paid at this rate. According to CMS, the clinic visit is the most commonly billed service under the OPPS, and CMS estimates that this policy change would reduce Medicare expenditures by $760 million for 2019.

2. CMS is proposing that excepted or grandfathered off-campus PBDs that add a new service from a clinical family from which it did not previously furnish services would be paid for those services at the rate of 40% of the OPPS rate.

Many other technical changes to Medicare's Outpatient Prospective Payment System are being proposed in this rule. The rule and addenda with payment rates can be found here.