October 6, 2016

Andrew M. Slavitt
Acting Administrator
Centers for Medicare & Medicaid Services
Hubert H. Humphrey Building
200 Independence Ave, S.W., Room 445-G
Washington, DC 20201

Dear Mr. Slavitt:

As you know, the Centers for Medicare & Medicaid Services (CMS) published on July 6 its calendar year 2017 outpatient prospective payment system (OPPS) proposed rule for implementing Section 603 of the Bipartisan Budget Act of 2015, “Treatment of off-campus outpatient departments of a provider.” We strongly believe numerous areas need more flexibility to ensure patients have continued access to care, and we urge changes in the final rule to protect our constituents who are Medicare patients.

On May 24, a majority of both Houses of Congress (235 Members of the House and 51 Senators) signed letters to CMS stressing the importance of implementing Section 603 in a way that protects patients’ access to care and provides predictability for hospitals. We are disappointed that many of those concerns were not addressed in the proposed rule, and we hope the final rule can better address these areas.

As you know, after stating that dedicated emergency departments (DEDs) are excluded, the new law establishes lower payment levels for new off-campus hospital outpatient departments (HOPDs). These “new” HOPDs are defined as those that start billing for Medicare outpatient services under the outpatient prospective payment system (OPPS) after the date of enactment, November 2, 2015. Beginning January 1, 2017, services provided in these “new” HOPDs (excluding DEDs) will no longer be covered as OPPS services. They will instead be covered under other Medicare Part B payment systems: the Medicare physician fee schedule, the clinical laboratory fee schedule, and the ambulatory surgery center payment system.

The facilities impacted by this law often serve the most vulnerable patient populations in difficult-to-serve areas, and a number of clarifications in the rule are needed to ensure they can continue serving their communities. While many hospitals have projects underway or planned for the near future, others had taken a longer view in their strategic planning and relied on regulations by expending financial resources to meet the needs of a changing population. Thus, as you plan for implementation of Section 603, we urge you to include flexibility in the following areas: additional services provided at emergency departments, relocation or rebuilding of already existing outpatient departments, change of ownership of existing sites, and interpretation of the 250-yard rule.

We appreciate that you recognized the important and varied work that emergency departments provide. Section 603 refers to the Emergency Medical Treatment and Labor Act (EMTALA) regulations in 42 CFR 489.24(b), which state that a department can be defined as a DED if it “provides at least one-third of all of its outpatient visits for the treatment of emergency medical conditions on an urgent basis.” This definition recognizes that hospital emergency departments provide a wide range of services, and that ancillary services provided by a DED are needed to diagnose and treat patients. When a facility meets the
definition of a DED, none of the services furnished in that facility should be subject to the payment reductions.

We are also concerned about the treatment of necessary and valid relocations of existing HOPDs. Existing HOPDs may need to relocate for various reasons, such as being located on an earthquake fault line or a revised flood plain, having a lease expire, becoming obsolete or damaged, or becoming too small because of population shifts and increased patient loads. The need to relocate or rebuild for these types of reasons should not trigger payment reductions under Section 603.

Similarly, a change in ownership should not cause an HOPD to lose its status as an existing HOPD. The only criteria under Section 603 for being designated as an existing HOPD rather than as a “new” HOPD is that the facility was billing under the OPPS prior to November 2, 2015. A change of ownership, such as one hospital system acquiring the existing HOPD from a second hospital, is not separately discussed in the statute. Therefore, a change in ownership should not cause an existing HOPD to be redesignated as a “new” one, and an existing site should continue to be paid under the OPPS even after a change in ownership.

Lastly, current regulations define “on-campus” as buildings within 250 yards of the main buildings of the hospital or other buildings that the CMS regional office determines, on a case-by-case basis, to be part of the hospital campus. Emphasizing the discretion of regional offices is important because a consistently strict interpretation of the 250-yard criterion would disadvantage hospitals that are adjacent to barriers that could prevent on-campus expansion. Such barriers include rivers, wetlands, highways, and those located in densely populated urban areas or those co-located on land-locked university campuses. A narrow and strict interpretation of the 250-yard rule could result in sites being designated as off-campus, and thus subject to payment reductions, despite a clear proximity and integration with the hospital’s campus. Therefore, we urge CMS to instruct its regional offices to use the rule of “reasonable proximity” when making on-campus determinations and to evaluate on-campus status within the context of the hospital and its surrounding geography.

We hope CMS will continue to ensure that patients can access care and services at the appropriate site of care in their community. We believe the clarifications in the OPPS rule discussed above will maintain quality access to care for Medicare beneficiaries, and we appreciate your consideration of these issues.

Sincerely,

Devin Nunes
Member of Congress

Joseph Crowley
Member of Congress
Ralph Lee Abraham, M.D.
Member of Congress

Alma S. Adams
Member of Congress

Pete Aguilar
Member of Congress

Lou Barletta
Member of Congress

Andy Barr
Member of Congress

Karen Bass
Member of Congress

Joyce Beatty
Member of Congress

Ami Bera
Member of Congress

Mike Bishop
Member of Congress

Sanford D. Bishop Jr.
Member of Congress

Diane Black
Member of Congress

Rod Blum
Member of Congress

Earl Blumenauer
Member of Congress

Suzanne Bonamici
Member of Congress

Mike Bost
Member of Congress

Charles W. Boustany Jr., M.D.
Member of Congress

Brendan F. Boyle
Member of Congress

Robert A. Brady
Member of Congress

Susan W. Brooks
Member of Congress

Corrine Brown
Member of Congress

Julia Brownley
Member of Congress

Cheri Bustos
Member of Congress

Bradley Byrne
Member of Congress

Ken Calvert
Member of Congress

Michael Capuano
Member of Congress

André Carson
Member of Congress

Earl L. "Buddy" Carter
Member of Congress
Matt Cartwright
Member of Congress

Kathy Castor
Member of Congress

Steve Chabot
Member of Congress

David N. Cicilline
Member of Congress

Katherine Clark
Member of Congress

Yvette D. Clarke
Member of Congress

William "Lucy" Clay
Member of Congress

Mike Coffman
Member of Congress

Steve Cohen
Member of Congress

Barbara Comstock
Member of Congress

K. Michael Conaway
Member of Congress

Gerald E. Connolly
Member of Congress

John Conyers Jr.
Member of Congress

Paul Cook
Member of Congress

Jim Costa
Member of Congress

Ryan A. Costello
Member of Congress

Joe Courtney
Member of Congress

Kevin Cramer
Member of Congress

Rick Crawford
Member of Congress

John Culberson
Member of Congress

Danny Davis
Member of Congress

Rodney Davis
Member of Congress

Susan Davis
Member of Congress

Peter DeFazio
Member of Congress

Diana DeGette
Member of Congress

Suzan DelBene
Member of Congress

Jeff Denham
Member of Congress
William Keating
Member of Congress

Mike Kelly
Member of Congress

Room Kelly
Member of Congress

Joseph Kennedy III
Member of Congress

Dan Kildee
Member of Congress

Derek Kilmer
Member of Congress

Ron Kind
Member of Congress

Peter King
Member of Congress

Steve King
Member of Congress

Ann Kirkpatrick
Member of Congress

Ann Kuster
Member of Congress

Darin LaHood
Member of Congress

Doug LaMalfa
Member of Congress

Jim Langevin
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John Larson
Member of Congress

Robert E. Latta
Member of Congress

Brenda Lawrence
Member of Congress

Barbara Lee
Member of Congress

John Lewis
Member of Congress

Ted Lieu
Member of Congress

Frank LoBiondo
Member of Congress

David Loebsack
Member of Congress

Zoe Lofgren
Member of Congress

Bill Long
Member of Congress

Barron Loewmilk
Member of Congress

Mia Love
Member of Congress

Alan Lowenthal
Member of Congress
Bill Shuster
Member of Congress

Mike Simpson
Member of Congress

Kristen Sinema
Member of Congress

Albio Sires
Member of Congress

Louise Slaughter
Member of Congress

Chris Smith
Member of Congress

Jason Smith
Member of Congress

Jackie Speier
Member of Congress

Elise Stefanik
Member of Congress

Chris Stewart
Member of Congress

Steve Stivers
Member of Congress

Eric Swalwell
Member of Congress

Glenn 'GT' Thompson
Member of Congress

Mike Thompson
Member of Congress

Pat Tiberi
Member of Congress

Scott Tipton
Member of Congress

Paul D. Tonko
Member of Congress

Norma Torres
Member of Congress

Dave Trott
Member of Congress

Niki Tsongas
Member of Congress

Michael R. Turner
Member of Congress

David G. Valadao
Member of Congress

Juan Vargas
Member of Congress

Marc Veasey
Member of Congress

Filemon Vela
Member of Congress

Ndyia Velázquez
Member of Congress

Ann Wagner
Member of Congress