

# Outpatient Prospective Payment Proposed Rule



American Hospital  
Association

# CY 2012 Outpatient PPS Timelines

- Proposed rule issued on July 1
- Published in July 18<sup>th</sup> *Federal Register*
- Comments due by Aug. 30<sup>th</sup> to CMS
- Final rule issued by Nov. 1, 2011
- Effective on Jan. 1, 2012
- **We welcome your input and feedback!**



American Hospital  
Association

# Proposed Rule for CY 2012 Hospital Outpatient PPS



## *Regulatory* Advisory

July 21, 2011

### **Medicare Outpatient PPS and ASC Proposed Rule for CY 2012**

On July 1, the CMS released the OPPS and ASC proposed rule for calendar year CY 2012. In addition to updating OPPS and ASC payment weights and rates, the proposed rule includes the implementation of an ASC quality reporting program, inpatient value-based purchasing changes, quality reporting through electronic health records and physician self-referral rule changes.



American Hospital  
Association

# Outpatient PPS Payment Update

- Proposed rule contains **ACA-required productivity reduction** of 1.2 percentage points and additional 0.1 percentage point reduction to CY 2012 market basket update of 2.8 percent.
- Results in **proposed market basket update** of
  - **1.5 percent** for hospitals that publicly report data on 15 quality measures
  - Negative 0.5 percent update for hospitals that do not meet quality reporting requirements
- Proposed CY 2012 conversion factor is:
  - \$69.420 if quality reporting met
  - \$68.052 if quality reporting not met.



# Supervision of Outpatient Therapeutic Services

- Establishes APC Panel as independent review body to review requests for re-assignment of supervision levels
  - Would add 2-4 CAH representatives to Panel
  - CAH reps would participate only in supervision decisions, not other APC Panel issues
- Panel would re-assign supervision levels both up (i.e. personal) or down (i.e. general) from current (i.e. direct)
  - Must consider clinical, payment and quality context & likelihood that patients' care would need to be modified by supervisor
  - Must consider service's complexity, acuity of patient population receiving service, probability of unexpected/adverse event, expectation of rapid clinical changes during procedure.
- CMS final decisions on recommendations handled through sub-regulatory process
  - Posting on CMS Web site
  - Only informal public comment accepted.



American Hospital  
Association

# Supervision, continued

- CMS estimates policy decisions on many key services won't be completed until mid-2012.
- So... CMS proposes to further **delay enforcement of through CY 2012 of supervision requirements in CAHs and small rural hospitals with 100 or fewer beds.**
- NOTE: CMS states that extension is *intended to allow these hospitals time to meet the direct supervision standard* while policy alternatives are debated.



# Quality Reporting and EHR

**Quality Reporting:** Adds 10 new quality measures to the 2013 Hospital Outpatient Quality Reporting (OQR) program. Nine measures would be required for CY 2014, bringing the total in that year to 32.

**Electronic Health Records:** Proposes a voluntary Electronic Reporting Pilot in 2012 to test automated reporting from the EHR for the quality measures required under the EHR incentive program.



American Hospital  
Association

# OPPS Rural Payment Policies

- As required by law, outpatient **“hold-harmless” payments** to sole community hospitals and rural hospitals with 100 or fewer beds **expiring Dec. 31, 2011**
  - The extension of this and other provisions of importance to rural hospitals remains an AHA priority
- CMS proposes to **continue to apply a 7.1% payment increase for most rural SCH services and procedures paid under OPPS.**





# Wage Index Floor

- **CMS expresses concerns about hospital actions involving the inpatient PPS wage index rural floor that have resulted in significant wage index disparities.**
  - By law, CMS not required to use the inpatient wage index in the outpatient OPPS
  - Therefore, CMS considering using modified version of inpatient PPS wage index instead
- **CMS poses several options for comment.**



# Value-based Purchasing

## **FY 2013**

- 12 clinical process of care measures:70% weighting
- HCAHPS survey: 30% weighting

## **FY 2014**

- 13 clinical process of care measures (includes 1 new proposed in this rule): 20% weighting proposed
- HCAHPS survey: 30% weighting proposed
- 13 outcomes measures : 30% weighting proposed
- 1 efficiency measure proposed (in IPPS rule): 20% weighting proposed



# Questions



American Hospital  
Association

# Contact Information

**Roslyne Schulman**

**Director**

**AHA Policy Development**

**Washington, DC**

**202-626-2273**

**[rschulman@aha.org](mailto:rschulman@aha.org)**



**American Hospital  
Association**



# American Hospital Association