Illinois Health and Hospital Association

MEDICARE PAYMENT FACT SHEET

NOVEMBER 2022

CY 2023 MEDICARE OPPS FINAL RULE – CMS-1772-F

On Nov. 3, the Centers for Medicare & Medicaid Services (CMS) released its calendar year (CY) 2023 outpatient prospective payment system (OPPS) final rule. Overall, CMS finalized a rate update of 3.8% relative to CY 2022, estimating an increase of $6.5 billion compared to CY 2022 OPPS payments.

Within this rule, CMS finalized policies and procedures specific to rural emergency hospitals (REHs), including CMS-3419-F, which finalizes Conditions of Participation (CoPs) for REHs. An IHA summary of finalized REH payment policies and procedures is here. An IHA summary of finalized REH CoPs is here.

CMS also restored reimbursement for 340B-acquired drugs and biologicals to average sales price plus 6% for CY 2023. An IHA memo summarizing CMS' CY 2023 340B payment policy is here.

OPPS Rate Update: CMS finalized a 4.1% market basket update and a 0.3 percentage point productivity reduction for OPPS payments, resulting in a 3.8% update to OPPS rates for hospitals that meet quality data submission requirements. After accounting for all adjustments, CMS finalized a CY 2023 conversion factor of $85.585. Hospitals that fail to submit quality data will be subject to a 2-percentage point reduction to payments, resulting in a conversion factor of $83.934. CMS used CY 2021 claims data and cost report data from the June 2020 Healthcare Cost Report Information System (HCRIS) extract for CY 2023 rate-setting purposes.

Remote Mental Health Services: CMS will cover remote mental health services furnished via telehealth by hospital staff to beneficiaries in their homes under the OPPS. CMS created OPPS-specific coding for these services, which are listed and described in Table 66 of the final rule. Final CY 2023 payment rates for these services are listed in Table 67 and align with the Medicare Physician Fee Schedule (PFS).

CMS requires an in-person visit within six months prior to the initiation of remote services, and then every 12 months thereafter. CMS will grant exceptions to the in-person visit requirement based on beneficiary circumstances. The requirement to have an in-person visit six months prior to the start of remote services applies to patients beginning telehealth mental health services on or after the 152nd day after the end of the public health emergency (PHE).

CMS will allow audio-only telehealth in instances where the beneficiary is not capable of, or does not consent to, the use of two-way, audio/video technology.

Direct Supervision of Certain Cardiac and Pulmonary Rehabilitation Services: CMS revised the definition of direct supervision for pulmonary, cardiac, and intensive cardiac rehabilitation services. Until Dec. 31, 2023, such services now include the presence of the supervising practitioner through two-way, audio/video telehealth when the beneficiary is physically located in the hospital. This mirrors a finalized policy under the CY 2023 Medicare PFS final rule that allows beneficiaries living in rural areas to continue receiving these rehabilitation services

through telehealth at medical facilities until the end of 2023. Beneficiaries living in non-rural areas and at home may continue to receive these services via telehealth for 151 days post-PHE.

Supervision by Non-Physician Practitioners of Outpatient Diagnostic Services: CMS codified allowing supervision of outpatient diagnostic tests by certain non-physician practitioners to the extent allowed under their scope of practice and state law. These practitioners include nurse practitioners, clinical nurse specialists, physician assistants, certified registered nurse anesthetists and certified nurse midwives. This change applies to hospitals and critical access hospitals (CAHs), and aligns with non-physician supervision allowances under the Medicare PFS.

Hospital Outpatient Department Prior Authorization Process: CMS added facet joint intervention services to the prior authorization process for hospital outpatient departments beginning with dates of service on or after July 1, 2023. See Table 103 for the complete list of outpatient department services that require prior authorization.

Payment for Domestic National Institute for Occupational Safety & Health (NIOSH)-Approved Surgical N95 Respirators: CMS will provide adjustments to hospitals under the inpatient prospective payment system (IPPS) and OPPS for additional resource costs incurred to acquire domestically-made, NIOSH-approved surgical N95 respirators. Initial payment adjustments will be based on the IPPS and OPPS shares of the estimated difference in the reasonable costs to purchase such respirators compared to purchasing non-domestic respirators.

Payments will be provided biweekly as interim lump-sum payments. Any provider can request these payments.

COVID-19 Vaccine and Monoclonal Antibody Administration Services: For CY 2023, CMS finalized adoption of Medicare PFS payment rates for APCs 9397 (first dose of the COVID-19 vaccine) and 9398 (second dose of the COVID-19 vaccine). If the Emergency Use Authority (EUA) covering these products continues, the final combined payment rate for these APCs is $41.52. If the EUA is terminated, the final combined payment rate is $31.14. CMS also finalized new APC 9399: Covid-19 vaccine home administration. The final payment rate for APC 9399 is $36.85.

Regarding monoclonal antibody products, CMS is using the equitable adjustment authority to maintain the CY 2022 New Technology APC assignments (1503, 1504, 1505, 1506, 1507, or 1509) and corresponding payment rates for each of the COVID-19 monoclonal antibody product administration Healthcare Common Procedure Coding System (HCPCS) codes for as long as these products are considered covered and paid under the Medicare B vaccine benefit. Under this policy, if the PHE ends, the benefit category and corresponding payment methodology under the OPPS will remain site neutral.

Wage Index: The CY 2023 OPPS labor-related share is 60%. CMS continued its policy to use the fiscal year (FY) 2023 IPPS post-reclassified wage index for outpatient payments. The final CY 2023 OPPS wage index will reflect any adjustments made to the IPPS wage index in the FY 2023 IPPS final rule. We refer readers to IHA's FY 2023 IPPS final rule summary for an overview of additional wage index policies finalized by CMS this year.

Outlier Payments: CMS finalized a CY 2023 fixed-dollar threshold of $8,625. CMS estimates this fixed-dollar threshold combined with the multiple-threshold of 1.75 times the APC payment rate will allocate 1% of aggregated total OPPS payments to outlier payments.

Sole Community Hospitals (SCHs): CMS will continue its current policy of a 7.1% budget neutral payment adjustment for rural SCHs for all OPPS services and procedures. This proposal excludes separately payable drugs and biologicals, brachytherapy sources, items paid at charges reduced to cost, and devices paid under the pass-through payment policy.

Payment for Drugs, Biologicals and Radiopharmaceuticals without Pass-Through Status: CMS finalized a CY 2023 packaging threshold at $135.

CMS finalized separate payment for five drugs meeting its criteria for separate payment in the Ambulatory Surgical Center (ASC) setting under the non-opioid pain management drugs that function as a surgical supply packaging policy for CY 2023. These include: C9290 (Exparel), J1097 (Omidria), J1096 (Dextenza), C9089 (Xaracoll); and C9144 (Posimir).

Clinic Visits at Excepted Off-Campus Provider-Based Departments (PBDs): CMS will continue paying for hospital outpatient clinic visit services (HCPCS code G0463) when furnished by excepted off-campus PBDs at the PFS-equivalent rate for CY 2023. The PFS-equivalent rate for CY 2023 is 40% of the OPPS payment.

CMS will exempt rural SCHs from the OPPS site-neutral payment policy for clinic visit services, instead paying for clinic visits provided at affiliated off-campus PBDs at the full OPPS rate.

Organ Acquisition Payment Policy: CMS finalized several changes to its organ acquisition payment policy, including excluding acquisition costs for organs initially intended for research from the calculation of Medicare's share of organ acquisition costs. CMS clarified that the acquisition costs of organs that are initially intended for transplant, but subsequently determined unsuitable for transplant and instead furnished for research, are allowable organ acquisition costs.

CMS will also cover certain hospital costs for services necessary in order to preserve the viability of organs for transplant when provided to a consenting donor whose death is imminent. These costs will be billed to the organ procurement organization, who will then bill Medicare.

Inpatient Only List (IPO): CMS removed eleven services from the IPO list for CY 2023, including CPT codes 22632; 21141; 21142; 21143; 21194; 21196; 21347; 21366; 21422; 21255; and 47550. CMS originally proposed removing CPT code 16036 from the IPO list, but did not finalized removal after receiving comments indicating this service is typically performed in an inpatient setting. Likewise, CMS removed CPT codes 21255 and 47550 in response to comments and additional research suggesting these codes met criteria for removal.

CMS also added eight services that were newly created by the American Medical Association (AMA) CPT Editorial Panel for CY 2023 to the IPO list as proposed. Effective Jan. 1, 2023, these include CPT codes 15788; 22860; 49596; 49616; 49617; 49618; 49621; and 49622.

Proposed Partial Hospitalization Program (PHP) and Community Mental Health Center (CMHC) Updates: Using CY 2021 claims and cost data, CMS finalized a CY 2023 PHP geometric mean per diem cost of $275.83 and a CY 2023 CMHC PHP APC payment rate of $142.70.

Hospital Outpatient Quality Reporting Program (OQR): CMS finalized several changes to the OQR program, including:

- Making the reporting of OP-31 Cataracts: Improvement in Patient's Visual Function within 90 Days Following Cataract Surgery voluntary instead of mandatory beginning with the CY 2025 reporting year/CY 2027 payment determination;
- Aligning patient encounter quarters with the calendar year, beginning with the CY 2024 reporting period/CY 2026 payment determination; and
- Adding a criterion for including hospitals in CMS' OQR data validation efforts beginning with the CY 2023 reporting period/CY 2025 payment determination. Specifically, CMS would include any hospital with a two-tailed confidence interval that is less than 75 percent, and that had less than four quarters of data due to receiving an Extraordinary Circumstances Exception (ECE) for one or more quarters.

Tables 85 through 87 list the hospital OQR program measure sets finalized for payment determination during CYs 2024 through 2026.

Overall Hospital Star Ratings: CMS intends to publish Overall Hospital Quality Star Ratings in 2023. However, it may apply its suppression policy should data analysis demonstrate that the COVID-19 PHE substantially affected the underlying measure data.

ASC Rate Update: CMS finalized a 4.1% market basket update and a 0.3 percentage point productivity reduction for CY 2023 ASC payments, resulting in a 3.8% rate update. CMS estimates paying $5.3 billion to ASCs for CY 2023, an increase of approximately $230 million relative to CY 2022.

ASC Covered Procedures List (CPL): CMS finalized the addition of CPT code 38531 to the ASC CPL. CMS also added three additional CPT codes to the ASC CPL: 19307, 37193, and 43774.

ASC Quality Reporting Program (ASCQR): CMS changed the Cataracts: Improvement in Patient's Visual Function within 90 Days Following Cataract Surgery (ASC-11) measure from mandatory to voluntary beginning with the CY 2025 reporting period/CY 2027 payment determination.

Finalized ASCQR measures sets for the CY 2023 reporting period/CY 2025 payment determination and the CY 2024 reporting period/CY 2026 payment determination are in Table 94. Finalized ASCQR measures for the CY 2025 reporting period/CY 2027 payment determination are in Table 95.

Contact:

Cassie Yarbrough, Senior Director, Medicare Policy
630-276-5516 | cyarbrough@team-iha.org

Sources:

Centers for Medicare & Medicaid Services. Medicare Program: Hospital Outpatient Prospective Payment and Ambulatory Surgical Center Payment Systems and Quality Reporting Programs; Organ Acquisition; etc. Filed on Nov. 3, 2022. Available from: https://www.federalregister.gov/public-inspection/2022-23918/medicare-program-hospital-outpatient-prospective-payment-and-ambulatory-surgical-center-payment. Accessed Nov. 9, 2022.