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Outpatient Facility Coding Alert

Outpatient Reimbursement: Proposed OPPS Rule Removes TKA from IPO List

HOPDs brace for lower payments for 340B drugs & services provided in off-campus facilities.

The 2018 Outpatient Prospective Payment System (OPPS) proposed rule is finally out, having appeared nearly a month later than it usually does every summer. News for ambulatory surgery centers is mostly good. News for hospital outpatient departments is mixed.

The proposed rule:

Removes total knee arthroplasty (CPT® 27447) from the inpatient-only list. Following up on a request for comments in the 2017 proposed rule, CMS proposes to remove TKA from the inpatient-only list. TKA reimbursement for outpatient facilities will be about half of what it is for inpatient facilities. This news is bad for hospitals overall, as their inpatient units stand to lose a significant profit center. However, it opens up new revenue opportunities for HOPDs and ASCs in the future. TKA could hit Addendum AA□the ASC-payable list□as soon as Jan. 1, 2019.

TKAs can still be inpatient procedures, as long as surgeons document medical necessity for the patient being admitted to inpatient care.

Puts both kinds of hip replacements next on the outpatient procedure path. No baby steps here: The proposed rule asks for the public to comment on the possibility of removing both partial and total hip arthroplasty (PHA, THA) from the inpatient-only list. Codes that would be affected are:

- **27125** (Hemiarthroplasty, hip, partial [eg, femoral stem prosthesis, bipolar arthroplasty]), and
- **27130** (Arthroplasty, acetabular and proximal femoral prosthetic replacement [total hip arthroplasty], with or without autograft or allograft).

The request for comments is the first step in a procedure coming off the inpatient-only list. If hip replacements get the option of being outpatient procedures, hospital inpatient departments stand to lose a significant revenue source and HOPDs and ASCs stand to gain.

Puts cardiac catheterization, device programming, and electrophysiology services on the road to being ASC-payable procedures. These procedures are not currently ASC-payable because of an old provision from 2008 that excludes them. The proposed rule suggests that this provision is now outdated and solicits comments about whether certain heart procedures can be added to the list of "surgical" procedures covered in ASC settings.

Drastically cuts 340B drug payments. Currently, CMS pays hospitals average sales price (ASP) plus 6 percent for 340B drugs. Under the proposed OPPS rule, CMS would pay hospitals 22.5 percent less than ASP. As might be expected, hospital groups are opposed.

Released the same week, the proposed Medicare Physician Fee Schedule puts independent physician practices on more equal footing with hospital outpatient departments. Currently, physician practices receive lower Medicare reimbursement than hospital-owned, off-campus practices performing the same services. Rather than pay hospital-owned practices at 50 percent of the OPPS rate, the proposed rule would pay them at 25 percent of OPPS□and at a rate more comparable to what physician-owned practices earn under MPFS. As might be expected, hospital associations are not happy with this idea, but physician groups are generally pleased.

CMS is accepting comments until 5:00 PM EST on Sept. 11, 2017. Expect the final rule 2018 rule to appear in November

2017.

Resources: To read the proposed OPPS rule, go to https://www.federalregister.gov/documents/2017/07/20/2017-14883/medicare-program-hospital-outpatient-prospective-payment-and-ambulatory-surgical-center-payment.

To read CMS's fact sheet on the proposed rule, go to https://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2017-Fact-Sheet-items/2017-07-13.html.

To comment on the rule, go to https://www.regulations.gov/document?D=CMS-2017-0091-0002.