



CMS cuts CY 2018 payment rates to non-excepted off-campus provider-based departments

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On November 2, 2017, CMS released the final CY 2018 Physician Fee Schedule (PFS) [Rule](#) cutting payments to nonexcepted off-campus provider-based departments (PBDs) for calendar year 2018.

Effective January 1, 2017, CMS implemented a new site-neutral payment mechanism for items and services furnished at certain non-excepted off-campus hospital outpatient PBDs, pursuant to Section 603 of the Bipartisan Budget Act of 2015. In the 2017 OPPS Final Rule, CMS established a mechanism by which hospitals with PBDs subject to the site-neutral rule continued to submit claims for non-excepted items and services on an institutional claim form but were required to append a new “PN” modifier to line items for the non-excepted items and services, which flagged that these items and services would be paid at a the Medicare PFS rate. For CY 2017, those rates are approximately 50 percent of the OPPS rates.

In establishing the CY 2017 rates, CMS indicated that it considered 50 percent to be a transitional rate until it had more precise data to identify non-excepted items and services billed by hospitals in non-excepted off-campus PBDs and appropriately value them. In the CY 2018 PFS Final Rule, CMS admitted that it does not yet have a complete year of more precise data available. Nonetheless, CMS finalized new, lower rates for CY 2018, meaning that items and services provided in non-excepted off-campus hospital outpatient PBDs will be paid at 40 percent of OPPS rates, down from the 50 percent in CY 2017, but higher than the 25 percent that CMS had proposed in the CY 2018 proposed Medicare PFS [rule](#).

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