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CMS finalizes site-neutral payment for clinic visits but declines to finalize clinical families payment limitation

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Clinic visit payment reduction

In its final Calendar Year (CY) 2019 Outpatient Prospective Payment System (OPPS) Rule released November 2, 2018 (the Final Rule), the Centers for Medicare & Medicaid Services (CMS) finalized its proposal to make payments for clinic visits "site-neutral" by reducing payments for clinic visits in excepted hospital off-campus provider-based departments (PBDs) by 60 percent — which is the Medicare Physician Fee Schedule (MPFS) equivalent rate and the same rate it currently pays for the clinic visits furnished in non-excepted off-campus PBDs. Under CMS' phased-in approach, payments will be reduced by half of the total reduction in 2019 (equal to payment at 70 percent of the OPPS rate) and again by half of the total reduction in 2020 (equal to 40 percent of the OPPS rate). The affected clinic visit code, HCPCS code G0463 (hospital outpatient clinic visit for assessment and management of a patient), is the most common service billed under OPPS. As a result, CMS estimates the payment reduction will save the Medicare program and Medicare beneficiaries a combined $380 million.

CMS believes that increases in the volume of clinic visits are due to the payment

incentive that exists to provide this service in the higher cost hospital outpatient setting. CMS believes shifts in the sites of service to hospital outpatient departments are unnecessary if the beneficiary can receive the same services in a lower cost setting. As a result, capping the OPPS payment for clinic visits at the MPFS-equivalent rate is an effective method to control the growth in outpatient services.

No clinical families payment limitation

Once again, CMS did not finalize its proposal to reduce payment to the MPFS rate for services furnished at excepted hospital off-campus PBDs if the services were not in a "clinical family" of services previously furnished at the PBD during a specified baseline period (generally the year prior to November 2, 2015). However, CMS indicated it will continue monitoring the expansion of services in off-campus PBDs and may propose to adopt a limitation on the expansion of excepted services in the future.

Modifier "ER"

Citing concerns about significant growth in the number of health care facilities located apart from hospitals that are devoted primarily to emergency department services and overall growth in emergency department services, as announced in the CY 2019 OPPS Proposed Rule, beginning January 1, 2019, hospitals must report modifier "ER" on all claims lines for all outpatient hospital services (both emergency and non-emergency) furnished in an off-campus provider-based emergency department on the UB-04 form (CMS Form 1450). The new modifier "ER" will allow CMS to collect data on the types of services furnished in off-campus emergency departments, which are exempt from the site-neutral payment reductions affecting non-excepted off-campus PBDs under Section 603 of the Bipartisan Budget Act of 2015 and subsequent CMS guidance. Critical access hospitals are exempt from this requirement, however, because they are not reimbursed under OPPS.

340B payment reduction

CMS finalized its proposal to reduce Medicare reimbursement for separately payable drugs purchased under the 340B program administered in non-excepted off-campus PBDs from Average Sales Price (ASP) plus 6 percent to ASP minus 22.5 percent.