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## CMS proposes payment cuts for hospital clinic visits in off-campus provider-based departments

August 19, 2019

In its Hospital Outpatient Prospective Payment System (OPPS) [proposed rule](#), released July 29, 2019, the Centers for Medicare and Medicaid Service (CMS) proposes to finalize a two-year phase-in of site-neutral payment cuts for “hospital outpatient clinic visits” (Current Procedural Terminology (CPT) Code G0463) furnished in off-campus provider-based departments (PBDs) that were “excepted” under the Bipartisan Budget Act of 2015. CPT G0463 is a commonly billed OPPS code. In the Budget Act, Congress cut payment rates for OPPS services furnished in new hospital off-campus PBDs by requiring them to be paid using a methodology other than OPPS. The Budget Act excepted existing hospital off-campus PBDs from those payment cuts, however, allowing them to continue to receive the full OPPS rates. The result was that new off-campus PBDs were paid 40 percent of the OPPS rates, while excepted off-campus PBDs were paid 100 percent of OPPS rates – that is until CMS finalized a payment cut for calendar year (CY) 2019 for hospital outpatient clinic visits (CPT Code G0463) furnished in excepted off-campus PBDs.

Last year in the CY 2019 OPPS final rule, in an effort to control unnecessary increases in the volume of covered hospital outpatient department services, CMS slashed payments for these hospital outpatient clinic visits at excepted PBDs (i.e.,

departments that bill using the “PO” modifier) by 60 percent of the applicable on-campus OPPS rate, to be phased in over a two-year period. That means that in 2019, for hospital outpatient clinic visits furnished in excepted PBDs, CMS paid 70 percent of the applicable on-campus OPPS rate. CMS is now proposing to finalize the second year of its payment cuts by adding an additional 30 percent cut, meaning that in 2020 CMS will pay 60 percent less than the applicable on-campus OPPS rate, or 40 percent of OPPS rates, for these hospital outpatient clinic visits furnished in excepted off-campus PBDs. CMS is proposing to implement this policy in a non-budget neutral manner reducing overall payments to hospitals.

A number of critics have challenged these proposed payment cuts in ongoing federal litigation, claiming that CMS has exceeded its authority because the cuts go beyond what was statutorily authorized in the Budget Act. In response, CMS has cited its authority under existing law to control unnecessary increases in the volume of outpatient hospital services, which it asserts allows CMS to apply site-neutral reductions even though the Budget Act excepted existing off-campus PBDs from the payment cuts under the Budget Act. In the proposed OPPS rule, CMS is proposing to move forward with the phased-in payment cuts despite ongoing litigation.