CMS releases Hospital 2021 OPPS final rule

December 4, 2020

On December 2, 2020, the Centers for Medicare & Medicaid Services (CMS) released the Hospital 2021 Outpatient Prospective Payment System (OPPS) final rule, which makes rate and other changes to the Medicare OPPS and ambulatory surgical center (ASC) payment systems for calendar year (CY) 2021.

Some of the major changes that will take effect on January 1, 2021, are:

- Phased-out elimination of the inpatient only (IPO) list: Beginning in CY 2021 with a list of roughly 300 services, CMS is beginning a complete phase-out of the IPO that will be completed in three years. After phase-out, procedures formerly on that list will be eligible for Medicare reimbursement when provided in the hospital outpatient setting where medically appropriate, as determined by the treating physician.
- Changes to required supervision level for therapeutic services in hospitals and critical access hospitals: Non-surgical extended duration therapeutic services (NSEDTS) will only need to be supervised at a general level of supervision rather than the previous requirement of direct supervision. This is consistent with the supervision requirement for other outpatient therapeutic services.
- Expansion of the ASC covered procedures list: CMS is revising the criteria used to add procedures to the covered procedures list, and is adding 278 surgical procedures to that list. Physicians are now charged to consider the criteria previously considered by CMS to determine if a specific beneficiary can be appropriately treated in an ASC.
- Updates to the Overall Hospital Quality Star Rating calculations: CMS is implementing a number of changes to the

methodology used for calculating a hospital's Overall Star Rating. The changes aim to simplify the methodology, improve predictability, and improve the comparability of the Overall Star Rating across organizations.

- Updates to the OPPS and ASC payment rates and other policies: CMS will increase OPPS and ASC payment rates by 2.4 percent for hospitals and ASCs that meet applicable quality reporting requirements. The final rule also makes updates related to the Partial Hospitalization Program, device pass-through applications and certain laboratory policies.
- Continuation of reduced 340B drug reimbursement: CMS is continuing the current 340B payment policy of paying Average Sale Price (ASP) minus 22.5 percent for 340B-acquired drugs. This policy was challenged unsuccessfully by the American Hospital Association in court for prior years' rules

In addition to the changes summarized above, CMS is adding prior authorization requirements for two spine related procedures, modifying expansion restrictions for physician-owned hospitals that qualify as "high Medicaid facilities," extending virtual-presence supervision for certain services through the end of the current COVID-19 public health emergency or CY 2021, and updating hospital reporting requirements around inventory of COVID-19 related therapeutics.

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