



Executive Summary – CY 2016 OPPS Final Rule

Top 10 Issues Providers Need to Understand from the Outpatient Prospective Payment System (OPPS) Final Rule:

The CY16 OPPS (effective Jan. 1, 2016) was published in the [November 13, 2015, Federal Register](#). As a service to its members, HFMA has provided a brief executive summary of the significant changes included in the rule. A full summary of the rule will be available shortly.

- 1) CY16 OPPS conversion factor:
 - a. \$73.725 for organizations that submit outpatient quality data.
 - b. \$72.251 for organizations that do not submit outpatient quality data.
- 2) CY16 OPPS outlier threshold is \$3,250.
- 3) Two-Midnight Rule: The Centers for Medicare & Medicaid Services (CMS) revises its “rare and unusual” exceptions policy to allow for Medicare Part A payment on a case-by-case basis for inpatient admissions that do not satisfy the two-midnight benchmark, if the documentation in the medical record supports the admitting physician’s determination that the patient requires inpatient hospital care despite an expected length of stay that is less than two midnights. For payment purposes, several factors, will be relevant to determine whether an inpatient admission less than two midnights is appropriate for Part A payment. These factors include:
 - i. The severity of the signs and symptoms exhibited by the patient;
 - ii. The medical predictability of something adverse happening to the patient;
 - iii. The need for diagnostic studies that appropriately are outpatient services (that is, their performance does not ordinarily require the patient to remain at the hospital for 24 hours or more).
- 4) Changes in Medical Review Responsibilities: CMS is changing the medical review strategy to have Quality Improvement Organization (QIO) contractors conduct the reviews of short inpatient stays rather than the Medicare Administrative Contractors (MACs). Hospitals having high denial rates and consistently failing to adhere to the two-midnight rule (including having frequent inpatient hospital admissions for stays that do not span one midnight), or failing to improve their performance after QIO educational intervention, will be referred to the Recovery Auditors for further medical review. CMS has yet to define what a “high” denial rate is.
- 5) Comprehensive Ambulatory Payment Classifications (C-APCs): CMS finalized its proposal with a slight modification to establish *10 additional C-APCs* to be paid under the existing C-APC payment policy beginning in CY16.
- 6) Observation C-APC: Effective CY16, CMS will delete the current composite extended assessment and management APC 8009, to establish new comprehensive observation services APC (C-APC 8011) to capture these encounters.

The payment rate for APC 8011 is \$2,174.14. The finalized criteria for services to qualify for payment through C-APC 8011 are listed in the addendum below.



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- 7) Payment for Computed Tomography (CT): CT Services furnished on equipment that does not meet the National Electronic Manufacturers (NEMA) Standard XR-29-2013, entitled “Standard Attributes on CT Equipment Related to Dose Optimization and Management,” will be subject to reduced payment. Services provided in 2016 are reduced by 5 percent and 15 percent in 2017 and thereafter.
- 8) Discontinued Device- Intensive Procedures: For discontinued device-intensive procedures where anesthesia has not been administered to the patient (modifier “73”), CMS will reduce the APC payment amount by 100 percent of the device offset amount prior to applying the 50 percent payment adjustment to the APC for discontinued procedure.
- 9) CY16 Ambulatory Surgical Center (ASC) Conversion Factor:
 - a. \$44.177 for ASCs that submit quality measures
 - b. \$43.296 for ASCs that do not meet the quality reporting requirements
- 10) OPPS Quality Reporting: CMS made the following changes to the Outpatient Quality Reporting (OQR) program:
 - a. CY17 Payment Determination: CMS removed OP–15: Use of Brain Computed Tomography (CT) in the Emergency Department for Atraumatic Headache
 - b. CY18 Payment Determination: CMS adopted OP–33: External Beam Radiotherapy (EBRT) for Bone Metastases (NQF #1822)
 - c. CY19 Payment Determination: CMS did not finalize any changes for CY19



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Addendum: Finalized Criteria to Qualify for C-APC 8011

1. The claims do not contain a procedure described by a Healthcare Common Procedure Coding System (HCPCS) code to which we have assigned status indicator “T.”
2. The claims contain eight or more units of services described by HCPCS code G0378 (Observation services, per hour)
3. The claims contain services provided on the same date of service or one day before the date of service for HCPCS code G0378 that are described by one of the following codes:
 - i. HCPCS code G0379 (Direct referral of patient for hospital observation care) on the same date of service as HCPCS code G0378
 - ii. CPT code 99281 (Emergency department visit for the evaluation and management of a patient (Level 1))
 - iii. CPT code 99282 (Emergency department visit for the evaluation and management of a patient (Level 2))
 - iv. CPT code 99283 (Emergency department visit for the evaluation and management of a patient (Level 3))
 - v. CPT code 99284 (Emergency department visit for the evaluation and management of a patient (Level 4))
 - vi. CPT code 99285 (Emergency department visit for the evaluation and management of a patient (Level 5)) or HCPCS code G0380 (Type B emergency department visit (Level 1))
 - vii. HCPCS code G0381 (Type B emergency department visit (Level 2))
 - viii. HCPCS code G0382 (Type B emergency department visit (Level 3))
 - ix. HCPCS code G0383 (Type B emergency department visit (Level 4))
 - x. HCPCS code G0384 (Type B emergency department visit (Level 5))
 - xi. CPT code 99291 (Critical care, evaluation and management of the critically ill or critically injured patient; first 30–74 minutes)
 - xii. HCPCS code G0463 (Hospital outpatient clinic visit for assessment and management of a patient); and
4. The claims do not contain a service that is described by a HCPCS code to which we have assigned status indicator “J1.”