CY 2021 OPPS/ASC Proposed Rule Overview

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Overall Impact

- CMS proposes OPPS payment rates for hospitals that meet applicable quality reporting requirements by 2.6%.
- This update is based on the projected hospital market basket increase of 3.0% minus a 0.4 percentage point adjustment for multifactor productivity (MFP).
- CMS estimates that, compared to CY 2020, OPPS payments in CY 2021 will increase by approximately $7.5 billion to $83.9 billion.

Overall Impact

- Below is a breakdown of how the proposed rule will impact specific provider types.

Facility Type	2021 Impact
All Hospitals*	2.6
All Facilities (includes CMHCs and cancer and children's hospitals)	2.5
Urban	2.5
Large Urban	2.5
Other Urban	2.4
Rural	3.2
Beds	
0-99 (Urban)	3.4
0-49 (Rural)	3.5
500+ (Urban)	1.6
200+ (Rural)	3.0
Major Teaching	1.4
Type of ownership:	
Voluntary	2.4
Proprietary	4.1
Government	2.2

*Excludes hospitals permanently held harmless and CMHC

- The above table includes CMS' proposal to make payment for 340B drugs at average sales price (ASP)-28.7 percent beginning in 2021 instead of ASP-22.5 percent. The proposed adjustment is expected to decrease payments by $427 million.

Payment Impacts

Conversion Factor: CMS proposed a conversion factor for CY 2021 of $83.697 for hospitals receiving the full update for outpatient quality reporting and $82.065 for hospitals subject to a 2.0 percentage point reduction in the update for not reporting outpatient quality data.

Outlier Threshold: CMS increases the outpatient fixed loss outlier threshold for CY 2021 to $5,300 (compared to $5,075 in CY 2020).

Site-Neutral Payment for Evaluation & Management (E&M) Services: For CY 2021, CMS proposes to continue applying a 60% reduction factor for E&M services (described by HCPCS code G0463), when they are provided at a non-excepted off-campus hospital outpatient department (HOPD).

Wage Index

- The rule proposes to use the FY 2021 IPPS post-reclassified wage index for urban and rural areas as the wage index for the OPPS to determine the wage adjustments for both the OPPS payment rate and the copayment standardized amount for CY 2021.

- For non-IPPS hospitals paid under the OPPS for CY 2021, CMS is proposing to continue its past policies of assigning the wage index that would be applicable if the hospital were paid under the IPPS and allowing the hospital to qualify for the out-migration adjustment.

- For Community Mental Health Centers (CMHCs), CMS proposes to continue to calculate the wage index by using the post-reclassification IPPS wage index based on the core based statistical area where the CMHC is located.

Inpatient Only List

- CMS proposes to eliminate the inpatient only list over three years.
    - List will be phased out by 2024
    - Services removed from the IPO list are exempt from “patient status” reviews by Beneficiary and Family-Centered Care Quality Improvement Organizations (BFCC-QIOs) for two years.
    - CMS proposes to remove 266 musculoskeletal services from the IPO list for CY 2021.
        - Services are listed on table 31 of the proposed rule.
- Creates pricing issues in both fee-for-service and alternative payment model payment systems.

Pass-through Devices

- For CY 2021, CMS proposes to add two additional devices to the pass-through list:

1. CUSTOMFLEX® ARTIFICIALIRIS (effective January 1, 2020)
2. b. EXALT™ Model D Single-Use Duodenoscope (effective July 1, 2020)

- Currently, there are seven devices eligible for pass-through status. These include:

HCPCS Code	Long Descriptor	Effective Date	Pass-Through Expiration Date
C1823	Generator, neurostimulator (implantable), nonrechargeable, with transvenous sensing and stimulation leads	1/1/2019	12/31/2021
C1824	Generator, cardiac contractility modulation (implantable)	1/1/2020	12/31/2022
C1982	Catheter, pressure-generating, one-way valve, intermittently occlusive	1/1/2020	12/31/2022
C1839	Iris prosthesis	1/1/2020	12/31/2022
C1734	Orthopedic/device/drug matrix for opposing bone-to-bone or soft tissue-to bone (implantable)	1/1/2020	12/31/2022
C2596	Probe, image-guided, robotic, waterjet ablation	1/1/2020	12/31/2022
C1748	Endoscope, single-use (that is, disposable), upper GI, imaging/illumination device (insertable)	7/1/2020	6/30/2023

Pass-through Drugs

- For CY 2021, CMS is continuing average sales price (ASP)+6% as payment for pass-through drugs and biologicals.
- Pass-through drugs and biologicals for CY 2021 and their designated APCs are assigned status indicator “G” in Addenda A and B.
- There are 28 drugs and biologicals whose pass-through payment status will expire during CY 2020 (listed in Table 21 in the proposed rule).
    - Most of these drugs and biologicals will have received OPPS pass-through payment for 3 years during the period of April 1, 2017 through December 31, 2020.

Pass-through Drugs

- CMS proposes to end pass-through payment status in CY 2021 for 26 drugs and biologicals.
    - These drugs and biologicals, approved for pass-through payment status between April 1, 2018, and January 1, 2019, are listed in Table 22 in the proposed rule.
    - The Ambulatory Payment Classifications (APCs) and HCPCS codes for these drugs and biologicals have pass-through payment status that will end by December 31.
- The rule proposes to continue pass-through status through CY 2021 for 46 drugs and biologicals.
    - These drugs and biologicals, which were approved for pass-through payment status beginning between April 1, 2019, and April 1, 2020, are listed in Table 23 in the proposed rule.

Payment for Drugs and Biologicals without Pass-Through Status that Are Not Packaged

- CMS proposes to pay for separately payable, non-pass-through drugs at the following rates:
  - Non-340B Drugs: ASP +6%
  - 340B Acquired Drugs: ASP – 28.7%

Comprehensive APCs

- CMS proposes to create two new comprehensive APCs (C-APCs):
  - C-APC 5378 (Level 8 Urology and Related Services)
  - C–APC 5465 (Level 5 Neurostimulator and Related Procedures). This increases the total number of C-APCs to 69
- The full list of C-APCs, the data CMS used to evaluate APCs for being a C-APC, and C-APC complexity adjustments are found in Addendum J of the proposed rule.

Prior Authorization Process for Certain OPD Services

- The rule proposes two additional categories of service to the list of services that will require prior authorization:

    1. Cervical fusion with disc removal and
    2. Implanted spinal neurostimulators

- The requirement would be effective beginning with services provided on or after July 1, 2021.

General Supervision of Hospital Outpatient Therapeutic Services

- For CY 2021 and subsequent years, CMS would change minimum default level of supervision for nonsurgical extended duration therapeutic services to general supervision for the entire service, including the initiation portion of the service, for which CMS had previously required direct supervision.

- This would be consistent with the minimum required level of general supervision that currently applies for most outpatient hospital therapeutic services.

- For CY 2021 and subsequent years, direct supervision for pulmonary, cardiac, and intensive cardiac rehabilitation services would include virtual presence of the physician through audio/video real-time communications technology subject to the clinical judgment of the supervising physician.

Outpatient Quality Reporting Program

- For the Hospital Outpatient Quality Reporting Program, the proposed rule does not add or remove measures.

ASC Updates

- **ASC Conversion Factor:** CMS increases the CY 2021 ASC conversion factor to $48.984 from the CY 2020 conversion factor of $47.747 for ASCs meeting the quality reporting requirements. The proposed conversion factor for ASCs who do not meet the ASC reporting requirements is $48.029.

- **ASC Quality Reporting Program:** For the ASC Quality Reporting Program, the proposed rule does not add or remove measures.

ASC Updates

- Including beneficiary cost sharing and estimated changes in enrollment, utilization and case-mix, total payments to Medicare ASCs for CY 2021 are projected to be $5.45 billion, an increase of approximately $160 million as compared with estimated CY 2020 Medicare payments.

- The proposed rule increases payment rates under the ASC payment system by 2.6% for ASCs that meet the quality reporting requirements.

    - This proposed increase is based on a hospital market basket percentage increase of 3.0%, minus a proposed multifactor productivity adjustment required by the Affordable Care Act of 0.4 percentage point.

ASC Covered Surgical Procedures Updates

- Based on its review of 2019 volume and utilization data, CMS proposes to permanently designate the following six additional procedures as office-based.

ASC Covered Surgical Procedures Proposed to Be Newly Designated as Permanently Office-Based for 2021 (Table 36)			
2021 CPT Code	**2021 Long Descriptor**	**2020 ASC Payment Indicator**	**Proposed 2021 ASC Payment Indicator***
11760	Repair of nail bed	G2	P3*
21208	Osteoplasty, facial bones; augmentation (autograft, allograft, or prosthetic implant)	J8	P3*
23077	Radical resection of tumor (e.g., sarcoma), soft tissue of shoulder area; less than 5 cm	G2	P2*
44408	Colonoscopy through stoma; with decompression (for pathologic distention) including placement of decompression tube, when performed	G2	P2*
53854	Transurethral destruction of prostate tissue; by radiofrequency generated water vapor thermotherapy	G2	P2*
67500	Retrobulbar injection; medication (separate procedure, does not include supply of medication)	G2	P3*
* Payment indicators are based on a comparison of the proposed rates according to the ASC standard rate setting methodology and the PFS proposed rates.			

ASC Covered Surgical Procedures Updates

- CMS proposes to designate the following two new 2021 CPT codes as ASC covered surgical procedures as temporary office-based, using a 5-digit CMS placeholder code. The procedures and proposed payment indicators are listed below.

Proposed 2021 Payment Indicators for New 2021 CPT Codes for ASC Covered Surgical Procedures Designated as Temporarily Office-based (Table 39)		
2021 OPPS/ASC proposed rule 5-digit CMS placeholder code	**CY 2021 Long Descriptor**	**Proposed 2021 ASC Payment Indicator****
0596T	Temporary female intraurethral valve-pump (i.e., voiding prosthesis); initial insertion, including urethral measurement	R2**
0597T	Temporary female intraurethral valve-pump (i.e., voiding prosthesis); replacement	R2**
**Payment indicators are based on a comparison of the proposed rates according to the ASC standard rate setting methodology and the PFS proposed rates.		

For More Information

- Read an executive summary of the proposed rule.
- Read a detailed summary of the proposed rule.
- Read the proposed rule, published in the August 12, 2020, *Federal Register*.

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