AMERICAN ACADEMY OF OTOLARYNGOLOGY– HEAD AND NECK SURGERY

AAO-HNS SUMMARY OF THE PROPOSED HOSPITAL OUTPATIENT PROSPECTIVE PAYMENT SYSTEM (OPPS) AND AMBULATORY SURGICAL CENTER (ASC) PAYMENT SYSTEMS FOR CY 2014

On July 8th the Centers for Medicare and Medicaid Services (CMS) released its proposed rule for Medicare's hospital outpatient prospective payment system (OPPS) and ambulatory surgical center (ASC) payment system. The Academy will submit comments to CMS on the OPPS/ASC proposed rule by the September 6, 2013 deadline.

Important 2014 policies Impacting Otolaryngology- Head and Neck Surgery In the ASC setting:

Background on ASCs: CMS performs an annual review of the legislative history and regulatory policies regarding changes to the lists of codes and payment rates for covered surgical procedures and covered ancillary services in an Ambulatory Surgical Center (ASC) setting. Covered surgical procedures in the ASC setting are defined as procedures that would not be expected to pose a significant risk to beneficiary's safety when performed in an ASC and that would not be expected to require active medical monitoring and care at midnight following the procedure. CMS reviews the ASC payment system to implement applicable statutory requirements and changes arising from continuing experience with this system. In the proposed rule, CMS proposes relative payment weights and payment amounts for services furnished in ASCs, and other rate setting information for the CY 2014 ASC payment system.

1. ASC 2014 Proposed Payment Rates:

For CY 2014, CMS proposes a .9% increase to the ASC conversion factor – this reflects the updated consumer price index (CPI-U) (a consumer price index for all urban consumers) of 1.4%, minus the projected multifactor productivity adjustment of -0.5% required by the ACA, and results in a proposed increase in the conversion factor from $42.917 in 2013 to $43.321in 2014. The table below reflects the major categories of procedures in the ASC setting, the amount paid to each of those settings in 2013, and the estimated percentage change in payments to those categories for 2014. Of note, Otolaryngology procedures fall within several of the key categories, including Eye, Integumentary, Auditory, Lymphatic, etc.

Surgical Specialty Group	Estimated 2013 ACS Payments (in Millions)	Estimated 2014 Percent Change
Total	$3,265	1%
Eye and ocular adnexa	$1,496	-3%
Digestive system	$743	8%
Nervous system	$540	1%
Musculoskeletal system	$441	-1%
Genitourinary system	$159	5%
Integumentary system	$130	7%
Respiratory system	$46	7%
Cardiovascular system	$32	-2%%
Ancillary items and services	$20	-12%
Auditory system	$12	4%
Hematologic & lymphatic systems	$5	17%

Surgical Procedures Designated as Office Based

Annually, CMS proposes to update payments for office-based procedures and device-intensive procedures using its previously established methodology. Office-based procedures are defined as surgical procedures which are utilized more than 50% in the physicians' office. For CY 2014 CMS proposes to permanently identify three additional procedures as office-based and has reviewed information for the eight procedures finalized for temporary office-based status last year. None of the services discussed relate to our specialty. The Academy, however, continues to track policy change in this area as several ENT services were added to this list in 2013 rulemaking.

Payment for Device-Intensive Procedures in the ASC Setting:
CMS notes that due to claims processing limitations in the ASC setting, they are not able to extend their proposed comprehensive APC payment policy to the ASC site of service. Instead, they propose that all separately paid ancillary services provided integral to surgical procedures that map to a comprehensive APC would continue to be separately paid instead of being packaged into the payment of a comprehensive APC as under the OPPS.

Similarly, CMS notes that there is no mechanism in the ASC processing system for ACSs to submit the actual amount of credit received when a manufacturer provides them with a device at no cost or with full or partial credit, so they are unable to extend their new policy under the OPPS in these instances to the ASC setting. As a result, CMS will continue the current policy for ASCs in this regard which directs that when a device is furnished at no cost the contractor reduces payment to The ASC by 100% of the device amount; and if it's furnished with partial credit of 50% or more, the payment is reduced by 50% of the device amount.

2. ASC Quality Reporting Program:

Quality Program: In 2012, CMS finalized the implementation of an ASC quality reporting program (ASCQR) which will begin with 2014 payment determination. Quality measures have been adopted for the calendar years (2014-2016). The measures can be found at: https://www.qualitynet.org/dcs/ContentServer?c=Page&pagename=QnetPublic%2FPage%2FQnetTier2&cid=1228772497737 . For 2014 reporting, CMS has proposed four of the five new measures that were also proposed for inclusion for CY 2014 in the OQR program. None of the new measures are applicable to our specialty. CMS seeks comment on proposed measures and on potential future measures that address clinical care, patient safety, care coordination, patient experience of care, surgical outcomes, surgical complications, complications of anesthesia and patient reported outcomes of care.

Payment reductions: In this rule, CMS continues their proposal to apply a **2% payment reduction for ASCs who fail to properly report their quality data in CY 2014.** Penalties will be applied in CY 2016 payments based on 2014 reporting.

Administrative Requirements:

- Data submission for the ASCQR some of the measures can be done via a web-based tool. This requires designation of QualityNet security administrator and account. CMS urges ASCs not to wait until the deadline to apply and suggests allowing 4-6 weeks prior to submitting any data, for approval and processing of documentation. ASCs must have an account by August 15, 2014 to avoid penalties in their 2016 payments. Users can enroll via the QualityNext Portal beginning July 1, 2013.
- For the 2016 penalty determination, CMS proposes that ASCQR requirements will apply to all ASCs designated as open in the Certification and Survey Provider Enhanced Reporting (CASPER) system at least 4 months prior to the beginning of data collection on January 1, 2014.
- CMS proposes a new minimum case threshold of 50% for all claims meeting measure specifications. They make an exception, however, for ASCs with low rates of Medicare patients and note that if the CY Medicare claims are less than 240 during 2013, they will not be required to participate in the reporting program for 2014, and subsequently will not be penalized in their 2016 payments.

3. **Additional Resources:** To access the full proposed rule for CY 2014 click:http://www.gpo.gov/fdsys/pkg/FR-2013-07-19/pdf/2013-16555.pdf.