Outpatient quality reporting slated

Hospitals would have to report on 10 outpatient quality measures to get a full update in their 2009 outpatient payments, under a proposed Medicare rule issued July 16. Two of the measures affect surgery:

- timing of antibiotic prophylaxis
- selection of antibiotic

Other quality measures apply to acute myocardial infarction, pneumonia, and diabetes.

Hospitals have been reporting on inpatient quality measures since 2005, a program Centers for Medicare and Medicaid (CMS) says has been “overwhelmingly successful.”

The measures are part of a proposed update to the outpatient prospective payment system (OPPS) for 2008. Hospitals overall would receive a 3.3% inflation update in their outpatient payments.

Comments are due by Sept 14. A final rule will be issued later this fall.

CMS says it is concerned about the increase in outpatient spending, which accounted for one-third of the increase in the 2007 Medicare premium. Hospital outpatient payments overall are expected to increase by 10.5% in 2008.

To help curb the increases, CMS says it is moving toward “value-based purchasing” by requiring more quality reporting and bundling more services into a single APC payment. The quality reporting is required by Congress under a 2006 law.

Bundling more services

CMS says the proposed bundling is intended to “encourage efficient resource use.” Intraoperative services is one of 7 categories slated for package payment. CMS proposes a list of 40 HCPCS codes that would be bundled into intraoperative APC payments and billed on the same claim. Examples are:

- 95955: EEG during surgery
- 73350: X-ray exam of hip
- 74300: X-ray of bile ducts/pancreas
- 93320: Doppler echo exam, heart
- 93609: Map tachycardia, add-on
- 93621: Electrophysiology evaluation

The packaging wouldn’t have much of an impact on payments, at least for 2008. Urban hospitals, for example, would see a slight decline of 0.1%, and rural hospitals would see a small increase of 0.4%.

CMS also proposes 2 “composite APCs,” with one bundled payment for several major services:

- low-dose rate prostate brachytherapy
- cardiac electrophysiologic evaluation and ablation

Currently, these are paid under several codes, and each component is paid separately under different APCs. CMS is proposing a single payment. There would continue to be separate payment for brachytherapy sources, however, as required by law.
Inpatient payment update

Medicare’s final inpatient payment rule for 2008 was issued Aug 1, finalizing a draft released in April. Overall, hospital payments for inpatient services will increase by an average of about 3.5% for fiscal 2008.

The rule revamps the DRG structure to account more fully for each patient’s severity of illness, CMS notes. The rule creates 745 new severity-adjusted DRGs, replacing the 538 current DRGs. Payments will increase for hospitals that serve more severely ill patients and decrease for those that serve those who are not as ill. The new DRGs will be phased in over 2 years, rather than 1 year as proposed.

CMS says the rule means payments for inpatient services will be “more accurate and better reflect the severity of patient’s condition.”

CMS also took the controversial step of making adjustments to account for changes in how hospitals document and code for patients’ severity of illness. Without the adjustments, the agency said, the new system would cost Medicare more, though it is supposed to be budget neutral.

The American Hospital Association (AHA) blasted the move, saying the adjustments would result in more than $20 billion in “backdoor budget cuts” based on a “guess” by CMS. AHA said there was no evidence that the adjustments are necessary.

The rule also has provisions to ensure Medicare no longer pays additional costs for some preventable conditions acquired in the hospital, such as certain infections. In addition, CMS is expanding the list of publicly reported quality measures and reducing payment when a hospital replaces a device that is supplied at no or reduced cost.

The inpatient rule is at
www.cms.hhs.gov/AcuteInpatientPPS/downloads/CMS-1533-FC.pdf

The proposed outpatient rule is at
www.cms.hhs.gov/HospitalOutpatientPPS/HORD/list.asp#TopOfPage.

A fact sheet is at www.cms.hhs.gov/apps/media/fact_sheets.asp.