Small outpatient pay updates in 2011

Hospitals and ambulatory surgery centers (ASC) will receive small rate increases for outpatient services under the Medicare Outpatient Prospective Payment System rule for calendar year 2011.

Hospitals face new quality reporting requirements, but none of the new measures is directly related to surgery. ASC quality reporting was postponed once again.

Here are highlights of the rule issued in November 2010 by the Centers for Medicare and Medicaid Services (CMS).

Payment rates

Hospital outpatient payments will rise by 2.35% for inflation. (The actual change in the hospital market basket was 2.6%, but that was reduced by 0.25 percentage point, as required by the health care reform legislation.)

For ASCs, the update is 0.2% after taking into account an inflation increase of 1.5% and a decrease of 1.3 percentage points mandated by the health care reform act.

The ASC Association notes the increase is actually better than the zero CMS had proposed because of adjustments the agency made. But the association protests that the amount is inconsistent with a recommendation for a 0.6% increase by the Medicare Payment Advisory Commission (MedPAC).

Other factors also affect ASC rates in 2011, including changes in procedure relative weight, secondary rescaling, and wage index changes.

This is the first year ASC rates are based entirely on the new ASC payment system, which has been through a 4-year transition. The new system generally pegs ASC Medicare payments to hospital outpatient rates.

Overall, the government projects 2011 spending of about $39 billion for hospital outpatient services and $4 billion for ASCs.

ASC procedures added

The rule adds 6 procedures to the list Medicare will pay for when performed in an ASC. These include transcatheter occlusion or embolization (CPT 37204), uterine fibroid embolization (37210), and iliac artery stent placement (37221, 37223). Also added are 50593 (ablation of renal tumors) and 52649 (prostate laser enucleation).

Hospital quality reporting

For hospitals, CMS added to the list of outpatient quality measures that will need to be reported in future years for a full outpatient payment update. None pertains directly to surgery.

- 4 measures are added for the 2012 payment determination, bringing the total list to 11. One measure is for health information technology, and 3 are for imaging.
8 measures are added for payment determination in 2013, for a total of 23 measures. Of these, 1 pertains to electronic health records, and 6 apply to the emergency department.

CMS plans to require reporting of all 23 measures for a full payment update in 2014.

The 2 surgery-related measures continue to be:

- OP-6: Timing of antibiotic prophylaxis
- OP-7: Antibiotic selection for surgical patients.

Under the rule, CMS will validate quality data from 800 randomly selected hospitals, auditing 12 cases each per quarter. The hospitals will have to score at least 75% in the audits to receive their full outpatient pay update in 2012. Audits will not affect payments in 2011.

**ASC quality reporting postponed**

Quality reporting for ASCs was again postponed for 2011. CMS has had the authority since 2008 to implement a quality reporting system for ASCs and to reduce payments to facilities that do not report their data. But so far, CMS has decided not to exercise this authority, the ASC Association notes.

**Health reform**

As part of the health care reform legislation, known as the Affordable Care Act, under the outpatient rule, Medicare patients can now have an initial physical exam and preventive services without a deductible or copay. Examples are blood pressure screening, screening mammograms, cholesterol screening, and screening for colorectal cancer.

CMS decided not to finalize an outpatient payment adjustment for cancer hospitals in 2011. The Affordable Care Act required CMS to conduct a cost study of outpatient costs in certain cancer hospitals and make a payment adjustment if cancer hospitals were found more costly.

The rule is posted at [www.cms.gov/HospitalOutpatientPPS/HORD/itemdetail.asp?filterType=now&filterByDID=-99&sortByDID=3&sortOrder=descending&itemID=CMS1240960&intNumPerPage=10](http://www.cms.gov/HospitalOutpatientPPS/HORD/itemdetail.asp?filterType=now&filterByDID=-99&sortByDID=3&sortOrder=descending&itemID=CMS1240960&intNumPerPage=10)