CENTERS FOR MEDICARE & MEDICAID SERVICES (CMS)

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SPECIAL EDITION

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Trump Administration Finalizes Policies to Give Medicare Beneficiaries More Choices around Surgery

Outpatient Prospective Payment System and Ambulatory Surgical Center final rule empowers beneficiary choices and unleashes competition to lower costs and improve innovation

On December 2, CMS finalized policy changes that will give Medicare patients and their doctors greater choices to get care at a lower cost in an outpatient setting. The Outpatient Prospective Payment System (OPPS) and Ambulatory Surgical Center (ASC) final rules will increase value for Medicare beneficiaries and reflect the agency's efforts to transform the health care delivery system through competition and innovation. These changes implement the Trump Administration's Executive Order on Protecting and Improving Medicare for Our Nation's Seniors, and will take effect on January 1, 2021.

"President Trump's term in office has been marked by an unrelenting drive to level the playing field and boost competition at every turn," said CMS Administrator Seema Verma. "Today's rule is no different. It allows doctors and patients to make decisions about the most appropriate site of care, based on what makes the most sense for the course of treatment and the patient without micromanagement from Washington."

In this final rule, CMS will begin eliminating the Inpatient Only (IPO) list of 1,700 procedures for which Medicare will only pay when performed in the hospital inpatient setting over a three-year transitional period, beginning with some 300 primarily musculoskeletal-related services. The IPO list will be completely phased out by CY 2024. This will make these procedures eligible to be paid by Medicare when furnished in the hospital outpatient setting when outpatient care is appropriate, as well as continuing to be payable when furnished in the hospital inpatient setting when inpatient care is appropriate, as determined by the physician. In the short term, as hospitals face surges in patients with complications from COVID-19, being able to provide treatment in outpatient settings will allow non-COVID-19 patients to get the care they need.

In addition to putting decisions on the best site of care in the hands of physicians, allowing more procedures to be done in an outpatient setting also provides for lower-cost options that benefit the patient.

For example, thromboendarterectomy (HCPCS code 35372) is a surgical procedure that removes chronic blood clots from the arteries in the lung. If this procedure is performed in an inpatient setting, a patient who has not had other health care expenses that year would have a deductible of about $1500. In contrast, the copayment for this procedure for the same patient in the outpatient setting would be about $1150. Patient safety and quality of care will be safeguarded by the doctor's assessment of the risk of a procedure or service to the individual beneficiary and their selection of the most appropriate setting of care based on this risk. This is in addition to state and local licensure requirements, accreditation requirements, hospital conditions of participation, medical malpractice laws, and CMS quality and monitoring initiatives and programs.

Beginning January 1, 2021, we are adding eleven procedures to the ASC Covered Procedures List (CPL), including total hip arthroplasty (CPT 27130), under our standard review process. Additionally, we are revising the criteria we use to add surgical procedures to the ASC CPL, providing that certain criteria we used to add surgical procedures to the ASC CPL in the past will now be factors for physicians to consider in deciding whether a specific beneficiary should receive a covered surgical procedure in an ASC. Using our revised criteria, we are adding an additional 267 surgical procedures to the ASC CPL beginning January 1, 2021.

Finally, we are adopting a notification process for surgical procedures the public believes can be added to the ASC CPL under the criteria we are retaining.

CMS is announcing that it will continue its policy of paying for 340B-acquired drugs at average sales price minus 22.5% after the July 31, 2020, decision of the Court of Appeals for the D.C. Circuit upholding the current policy. This policy lowers out-of-pocket drug costs for Medicare beneficiaries by letting them share in the discount that hospitals receive under the 340B program. Since this policy went into effect in 2018, Medicare beneficiaries have saved nearly $1 billion on drug costs, with expected Medicare beneficiary drug cost savings of over $300 million in CY 2021.

As part of the agency's Patients Over Paperwork Initiative, which is aimed at reducing burden for health care providers, CMS is establishing a simple updated methodology to calculate the Overall Hospital Quality Star Rating (Overall Star Rating). The Overall Star Rating summarizes a variety of quality measures published on the Medicare.gov Care Compare tool (the successor to Hospital Compare) for common conditions that hospitals treat, such as heart attacks or pneumonia. Along with publicly reported data on Care Compare, the Overall Star Rating helps patients make better-informed health care decisions. Veterans Health Administration hospitals will be added to CMS' Care Compare, which will help veterans understand hospital quality within the VA system. Overall, these changes will reduce provider burden, improve the predictability of the star ratings, and make it easier for patients to compare ratings between similar hospitals.

In response to stakeholder feedback about the current methodology used to calculate the Overall Star Rating, CMS is not finalizing its proposal to stratify readmission measures under the new methodology based on dually eligible patients, but will continue to study the issue to find the best way to convey quality of care for this vulnerable population.

Finally, in order to address the ongoing public health emergency, CMS is finalizing a new requirement for the nation's 6,200 hospitals and critical access hospitals to report information about their inventory of therapeutics to treat COVID-19. This reporting will provide the information needed to track and accurately allocate therapeutics to the hospitals that need additional inventory to care for patients and meet surge needs.

For More Information:

- Final Rule
- Fact Sheet