

HOP Presentation

2 Times Rule Violation

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# Presentation Checklist

- Financial relationship – slide 3
- Description of issue – slide 4
- APCs involved – slide 5-6
- Recommendations/rationale – slides 7-11
- Expected outcome – slide 12
- Potential consequences of not making the change – slide 13

# Financial Relationships

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This presentation was not paid by any client

# The “2-Times Rule” & Exceptions

- The Act provides that, subject to certain exceptions, the items and services within an APC group cannot be considered comparable with respect to the use of resources if the highest cost for an item or service in the group is more than 2 times greater than the lowest cost for an item or service within the same group (referred to as the “2 times rule”).
- CMS considers significant procedure codes for examination under the 2 times rule, defined as more than 1,000 single major claims or procedure codes that both have more than 99 single major claims and contribute at least 2 percent of the single major claims used to establish the APC cost to be significant
- CMS proposes 21 APCs for exception from the 2-times rules for 2024
  - 13 APCs account for over 61% of OPPS services (based on single frequency) – this ranges from a high of 25.85% to 4.03%
  - CMS proposes to except 7 of these 13 APCs which account for 54.62% of OPPS services (based on single frequency)

# CMS' Proposal to Except Certain APCs from 2-Times Rule

- Among the APCs proposed for exception are 3 that account for a third of hospital services
  - APC 5012 for Clinic Visits and Related Services and used to scale all other APC relative weights
  - APC 5691 Level 1 Drug Administration
  - APC 5692 Level 2 Drug Administration
- As a premise, HOP should consider not allowing exception from the 2-times rule for APCs that account for a majority of services
  - In particular, APC 5012 for which all other APCs are scaled, should not as violate the 2-times rule as a principle of the OPPS
- For these 3 APCs, CMS can avoid 2-times violations for these APCs with some logical and simple reassignments and two new APCs

As an OPPS Principle, 2-times rule exceptions should not be made for APCs that account for a significant volume of OPPS services

APC	SI	Payment Rate	Single Frequency	Total Frequency	Minimum Cost	Maximum Cost	Median Cost	Geometric Mean Cost	CV	Single %	Total %
5012	V	\$127.11	21148393	24040108	\$10.16	\$5,351.54	\$123.21	\$128.56	82.515	25.85%	29.38%
5521	S	\$87.30	3442107	11530691	\$0.33	\$10,387.48	\$85.65	\$88.29	109.175	4.21%	14.09%
5522	S	\$106.04	8601328	11395009	\$1.05	\$24,654.24	\$105.20	\$107.25	75.128	10.51%	13.93%
5733	S		1325868	9419703	\$1.54	\$4,290.58	\$60.15	\$58.87	111.108	1.62%	11.51%
5733O	S	\$58.13	1325825	9419703	\$1.26	\$4,290.58	\$60.12	\$58.79	105.332	1.62%	11.51%
5691	S	\$45.25	4469072	5607857	\$0.27	\$4,350.28	\$45.54	\$45.77	123.383	5.46%	6.85%
5693	S	\$207.53	1748822	5600661	\$14.74	\$3,209.82	\$203.21	\$209.90	80.245	2.14%	6.85%
5692	S	\$69.96	2898442	5430104	\$4.04	\$3,186.29	\$68.10	\$70.76	128.091	3.54%	6.64%
5671	S	\$52.34	519652	4789972	\$2.30	\$1,866.86	\$49.83	\$52.94	118.558	0.64%	5.85%
5523	S	\$236.31	2378794	3719159	\$12.09	\$23,891.51	\$242.02	\$239.01	91.035	2.91%	4.55%
5024	V	\$416.92	1384132	3578434	\$86.48	\$3,998.45	\$417.47	\$421.67	38.556	1.69%	4.37%
5734	S	\$123.02	845299	3453739	\$5.38	\$11,607.99	\$125.31	\$124.42	93.915	1.03%	4.22%
5025	V	\$601.88	457474	3299732	\$39.55	\$5,403.42	\$605.95	\$608.74	38.724	0.56%	4.03%

Colored APCs are proposed for exception from the 2 times rule

# Recommendations Summarized

- As a principle, do not allow APCs that comprise the most common OPPS services to be excepted from the 2-times rule
- For APC 5012, Valorize asks the HOP to recommend to CMS that it:
  - Reassign remote service HCPCS from APC 5012 to the Electronic Data Analysis APCs based on geometric mean costs along with other remote services APC assignments
  - Reassign transitional care management HCPCS from APC 5012 to Health and Behavioral Services based on geometric mean costs along with other care management services APC assignments
- For APCs 5691-5693, Valorize asks the HOP to recommend that CMS study the suggestions to:
  - Create a unique APC for immunizations
  - Create a unique APC for antigen therapy
  - Reassign a few drug administration CPT codes to different APCs based on geometric mean costs. Note that for 2024, CMS proposed moving 96409, 96422 & 96542 from APC 5693 to 5694, presumably based on geometric mean cost. No NPRM explanation was made and Valorize agrees with these reassignments. Perhaps CMS already studied other reassignments as proposed, but did not provide explanation of its analysis.

# Proposal for APC 5012

APC	APC Title	HCPCS	Short Descriptor	Frequency	Total Frequency	Total GMN	Recommendation
5012	Clinic Visits and Related Services	G0463	Hospital outpt clinic visit	15,173,427	17,263,946	128.25	No Change
5012	Clinic Visits and Related Services	G0402	Initial preventive exam	9,268	10,407	128.84	No Change
5012	Clinic Visits and Related Services	G0249	Provide inr test mater/equi	18,816	18,826	91.59	No Change
5012	Clinic Visits and Related Services	G0248	Demonstrate use home inr mo	292	292	133.16	No Change
5012	Clinic Visits and Related Services	G0246	Followup eval of foot pt lo	196	201	133.19	No Change
5012	Clinic Visits and Related Services	G0245	Initial foot exam pt lops	46	46	119.51	No Change
5012	Clinic Visits and Related Services	92014	Eye exam&tx estab pt 1/>vst	114,968	116,284	128.38	No Change
5012	Clinic Visits and Related Services	92012	Eye exam establish patient	47,985	48,549	128.11	No Change
5012	Clinic Visits and Related Services	92004	Eye exam new patient	15,341	15,556	135.82	No Change
5012	Clinic Visits and Related Services	92002	Eye exam new patient	2,199	2,230	153.05	No Change
5012	Clinic Visits and Related Services	99496	Transj care mgmt high f2f 7	14,472	15,494	202.61	Move to APC 5823 for Level 3 Health and Behavioral Services with Pmt Rate of \$155.71 & Change SI to S
5012	Clinic Visits and Related Services	99495	Transj care mgmt mod f2f 14	23,365	24,883	146.57	Move to APC 5823 for Level 3 Health and Behavioral Services with Pmt Rate of \$155.71 & Change SI to S
5012	Clinic Visits and Related Services	99453	Rem mntr physiol param setu	2,593	2,811	88.68	Move to APC 5742 for Level 2 Electronic Data Analysis with Pmt Rate of \$94.92 & Change SI to S
5012	Clinic Visits and Related Services	95250	Cont gluc mntr phys/qhp eqp	4,051	4,137	119.51	Move to APC 5742 for Level 2 Electronic Data Analysis with Pmt Rate of \$94.92 & Change SI to S
5012	Clinic Visits and Related Services	98975	Rem ther mntr 1st setup&edu	4	4	39.12	Move to APC 5741 for Level 1 Electronic Data Analysis with Pmt Rate of \$36.79 & Change SI to S
5012	Clinic Visits and Related Services	0604T	Rem oct rta dev setup&educa	-	-	0	Move to APC 5741 for Level 1 Electronic Data Analysis with Pmt Rate of \$36.79 & Change SI to S

- Remote services should be assigned to the APCs for Electronic Data Analysis for which other remote services are assigned
- Transitional Care Management codes should be assigned to the APCs for Health & Behavioral Services where other care management codes are assigned



# Suggestions for APC 5691 & 5692

- Create a new APC for immunizations – for health equity and clinical and resource homogeneity, establish a unique APC for immunizations which are preventive services and not therapeutic services

APC	APC Title	HPCS	Short Descriptor	Frequency	Total Frequency	Total GMN	Recommendation	2024 Proposed Pmt Rate for Current Assignment
5691	G0010	Level 1 Drug Administration	Admin hepatitis b vaccine	3,494	9,110	\$ 60.24	Create a new APC for Immunizations	\$45.25
5691	G0009	Level 1 Drug Administration	Admin pneumococcal vaccine	51,632	95,623	\$ 48.83	Create a new APC for Immunizations	\$45.25
5691	G0008	Level 1 Drug Administration	Admin influenza virus vac	55,945	62,204	\$ 35.81	Create a new APC for Immunizations	\$45.25
5692	90473	Level 2 Drug Administration	Immune admin oral/nasal	4	15	\$ 85.90	Create a new APC for Immunizations	\$69.96
5692	90471	Level 2 Drug Administration	Immunization admin	26,715	291728	\$ 85.90	Create a new APC for Immunizations	\$69.96

# Suggestions for APC 5691 & 5692 Continued

- Create a new APC for all antigen therapy codes – their geometric mean costs are similar as well as being clinically homogeneous

APC	APC Title	HPCS	Short Descriptor	Frequency	Total Frequency	Total GMN	Recommendation	2024 Proposed Pmt Rate for Current Assignment
5691	95145	Level 1 Drug Administration	Antigen therapy services	79	215	\$ 109.82	Create New APC for Antigen Therapy	\$45.25
5692	95148	Level 2 Drug Administration	Antigen therapy services	296	322	\$ 113.19	Create New APC for Antigen Therapy	\$69.96
5691	95146	Level 1 Drug Administration	Antigen therapy services	77	125	\$ 114.23	Create New APC for Antigen Therapy	\$45.25
5692	95147	Level 2 Drug Administration	Antigen therapy services	176	203	\$ 139.80	Create New APC for Antigen Therapy	\$69.96
5691	95170	Level 1 Drug Administration	Antigen therapy services	1	1	\$ 142.96	Create New APC for Antigen Therapy	\$45.25
5692	95149	Level 2 Drug Administration	Antigen therapy services	192	203	\$ 206.64	Create New APC for Antigen Therapy	\$69.96
5691	95165	Level 1 Drug Administration	Antigen therapy services	1,768	2,943	\$ 232.89	Create New APC for Antigen Therapy	\$45.25
5691	95144	Level 1 Drug Administration	Antigen therapy services	4	6	\$ 355.52	Create New APC for Antigen Therapy	\$45.25

# Suggestions for APC 5691 & 5692 Continued

- Re-assign a few drug administration codes based on current geometric mean costs. CMS proposed reassignments for a few codes for 2024, so this just suggests a few more

APC	APC Title	HCPCS	Short Descriptor	Frequency	Total Frequency	Total GMN	Recommendation	2024 Proposed Pmt Rate for Current Assignment
5692	96371	Level 2 Drug Administration	Sc ther infusion reset pump	-	18	\$ -	Move to Level 1 Drug Administration APC	\$69.96
5691	96370	Level 1 Drug Administration	Sc ther infusion addl hr	320	338	\$ 28.11	No Change	\$45.25
5691	95117	Level 1 Drug Administration	Immunotherapy injections	21,263	24,140	\$ 29.00	No Change	\$45.25
5691	95115	Level 1 Drug Administration	Immunotherapy one injection	9,338	10,365	\$ 24.83	No Change	\$45.25
5691	96361	Level 1 Drug Administration	Hydrate iv infusion add-on	818,839	1,079,360	\$ 39.26	No Change	\$45.25
5691	96366	Level 1 Drug Administration	Ther/proph/diag iv inf addo	461,438	590,583	\$ 46.35	No Change	\$45.25
5691	96375	Level 1 Drug Administration	Tx/pro/dx inj new drug addo	1,600,307	1,921,992	\$ 50.05	No Change	\$45.25
5691	96377	Level 1 Drug Administration	Applicaton on-body injector	6,451	63,620	\$ 51.16	No Change	\$45.25
5692	96415	Level 2 Drug Administration	Chemo iv infusion addl hr	311,268	318,631	\$ 60.19	Move to Level 1 Drug Administration APC	\$69.96
5692	96367	Level 2 Drug Administration	Tx/proph/dg addl seq iv inf	388,308	436,421	\$ 62.20	Move to Level 1 Drug Administration APC	\$69.96
5692	96372	Level 2 Drug Administration	Ther/proph/diag inj sc/im	794,213	2,096,325	\$ 64.30	Move to Level 1 Drug Administration APC	\$69.96
5691	96549	Level 1 Drug Administration	Unlisted chemotherapy px	153	4,775	\$ 147.05	No Change	\$45.25
5691	96379	Level 1 Drug Administration	Unl ther/prop/diag inj/inf	17	295	\$ 421.19	No Change	\$45.25
5692	96417	Level 2 Drug Administration	Chemo iv infus each addl se	296,194	304,666	\$ 78.26	No Change	\$69.96
5692	96411	Level 2 Drug Administration	Chemo iv push addl drug	109,513	112,861	\$ 91.08	No Change	\$69.96
5692	96405	Level 2 Drug Administration	Chemo intralesional up to 7	559	1,753	\$ 104.60	No Change	\$69.96
5692	96402	Level 2 Drug Administration	Chemo hormon antineopl sq/i	74,535	166,339	\$ 106.61	No Change	\$69.96
5693	96373	Level 3 Drug Administration	Ther/proph/diag inj ia	41	426	\$ 116.40	Move to Level 2 Drug Administration APC	\$207.53
5691	96423	Level 1 Drug Administration	Chemo ia infuse each addl h	16	16	\$ 154.36	Move to Level 2 Drug Administration APC	\$45.25
5693	96406	Level 3 Drug Administration	Chemo intralesional over 7	123	213	\$ 131.91	No Change	\$207.53
5693	96374	Level 3 Drug Administration	Ther/proph/diag inj iv push	214,669	1,914,699	\$ 164.45	No Change	\$207.53
5692	96401	Level 2 Drug Administration	Chemo anti-neopl sq/im	118,328	243,895	\$ 180.64	Move to Level 3 Drug Administration APC	\$207.53
5693	96360	Level 3 Drug Administration	Hydration iv infusion init	129,433	550,137	\$ 181.36	No Change	\$207.53
5693	96369	Level 3 Drug Administration	Sc ther infusion up to 1 hr	408	603	\$ 186.93	No Change	\$207.53

# Expected Outcome

- APC 5012 for the most common OPPS payable service will be more homogeneous from a resource and clinical perspective and not violate the 2-times rule
- With a premise to not except the most common APCs from the 2 times rule, APC payments for the most common services will more accurately reflect resource cost in comparison to less frequent APC services, particularly APC 5012 which is used to scale the relative weights for all other APCs

# Potential consequences of not making the change

- The APCs for the most common OPPS payable services will be less homogeneous from a resource and clinical perspective and will violate the 2 times rule which is a basic premise of the OPPS
- APC payments for the most common services will continue to be less reflective of resource cost in comparison to less frequent OPPS services