

Small Entity Compliance Guide

Medicare Program: Hospital Outpatient Prospective Payment and Ambulatory Surgical Center Payment Systems and Quality Reporting Programs; Short Inpatient Hospital Stays; Transition for Certain Medicare-Dependent, Small Rural Hospitals Under the Hospital Inpatient Prospective Payment System; Provider Administrative Appeals and Judicial Review

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The Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA, P.L. 104-121, as amended by P.L. 110-28, May 25, 2007) contains requirements for issuance of “small entity compliance guides.” Guides are to explain what actions affected entities must take to comply with agency rules. Such guides must be prepared when agencies issue final rules for which agencies were required to prepare a Final Regulatory Flexibility Analysis under the Regulatory Flexibility Act.

The complete text of this final rule with comment period can be found on the CMS Web site at: <http://www.cms.gov/HospitalOutpatientPPS/>

This final rule revises the Medicare hospital outpatient prospective payment system (OPPS) to implement applicable statutory requirements and changes arising from our continuing experience with this system. In this final rule, we describe the finalized changes to the amounts and factors used to determine the payment rates for Medicare hospital outpatient services paid under the prospective payment system for CY 2016, including payments to community mental health centers (CMHCs) and hospitals for partial hospitalization services and to policies addressing the basis for receiving payment.

The final rule provisions include OPPS provisions, such as changes to the wage index and market basket update. These provisions also update and refine the requirements for the Hospital Outpatient Quality Reporting (OQR) Program and the ASC Quality Reporting (ASCQR) Program. Also, this final rule modifies the policies on short inpatient hospital stays, the transition for certain Medicare-dependent, small rural hospitals under the Hospital Inpatient Prospective Payment System.

In addition, this final rule updates the revised Medicare ambulatory surgical center (ASC) payment system to implement applicable statutory requirements and changes arising from

our continuing experience with this system. In this rule we set forth the applicable relative payment weights and amounts for services furnished in ASCs and other pertinent rate setting information for the CY 2016 ASC payment system.

We estimate that most hospitals, CMHCs and ASCs that participate in Medicare are small entities, either because their revenues fall below the Small Business Administration's size standards for small businesses, or because they are nonprofit, or both.

The effects of this final rule with comment period vary considerably by type of hospital, location, bed size, and other variables, as well as by type of ambulatory surgical center, location, patient population, and types of surgical procedures provided, among other factors.

With respect to payment for hospital outpatient services, overall we estimate that payments to hospitals under the OPPTS will decrease by about 0.4 percent on average in CY 2016, taking into consideration the hospital market basket update factor of 2.4 percent less the required productivity adjustment of 0.5 percentage points, the 0.2 percentage point reduction required under the Affordable Care Act, the -2.0 percent adjustment to the conversion factor to address excess packaged payment under the OPPTS for laboratory tests, and less 0.1 percentage point for additional pass through payments. Also, as required by the statute, we will further reduce the update by 2.0 percentage points for hospitals that are required to report hospital quality data for outpatient services but that did not report quality data for outpatient services or that did not report the quality data successfully in CY 2015 for the full CY 2016 update, resulting in an estimated decrease in payment of 2.4 percent for those hospitals. Because effects will vary from hospital to hospital, this rule may have a significant impact on a substantial number of small entities.

Effects on ASCs will be more complex and will depend in large part on the mix of services ASCs provide. We are providing ASCs with a 0.3 percent update for CY 2016, based on the 0.8 percent estimated Consumer Price Index for All Urban Consumers applicable to the ASC payment system less a multifactor productivity adjustment of 0.5 percent required under the Affordable Care Act.

In order to assist hospitals in understanding and adapting to changes in Medicare billing and payment for procedures, we have developed a Web page for hospital outpatient services that includes substantial downloadable explanatory materials at:

<http://www.cms.gov/HospitalOutpatientPPS/>.

We have a similar Web page focusing on ASCs at: <http://www.cms.gov/ASCPayment>.