

U.S. House and Senate Notification
Friday, October 30, 2009

To: Congressional Health Staff

From: Amy Hall
Director, Office of Legislation
Centers for Medicare & Medicaid Services

Subject: CMS Adopts Policy, Payment Rate Changes for Services in
Hospital Outpatient Departments and Ambulatory Surgical
Centers in 2010

Today, the Centers for Medicare & Medicaid Services (CMS) announced that most hospitals will receive an update of 2.1 percent in their payment rates for services furnished to Medicare beneficiaries in outpatient departments. As required by the Medicare law, CMS will reduce the update by 2.0 percentage points for hospitals that did not participate in quality data reporting for outpatient services or did not report the quality data successfully, resulting in a 0.1 percent update for those hospitals. CMS also announced that ambulatory surgical centers (ASCs) will receive a 1.2 percent payment update, beginning January 1, 2010.

The payment updates are included in a final rule with comment period that revises payment policies and updates the payment rates for services furnished to beneficiaries during calendar year (CY) 2010 in hospital outpatient departments under the Outpatient Prospective Payment System (OPPS) and in ASCs under a revised ratesetting methodology that was implemented January 1, 2008.

The final rule with comment period implements provisions of the Medicare Improvements for Patients and Providers Act of 2008 (MIPPA) that extend Medicare coverage to important rehabilitative and educational services intended to improve the health of patients diagnosed with certain respiratory, cardiac, and renal diseases.

The final rule with comment period incorporates a payment adjustment for the hospital pharmacy overhead costs of separately payable drugs and biologicals. As a result, CMS will pay hospitals for most separately payable drugs and biologicals administered in hospital outpatient departments at the manufacturer's average sales price (ASP) plus four percent. In order to maintain beneficiary access to safe, cost-effective health care, the final rule also modifies CMS's requirements for physician supervision to ensure hospital outpatient services are appropriately supervised by physicians and other qualified practitioners.

In addition to hospital outpatient departments, the final rule with comment period includes policy changes and payment rates for services in ASCs and continues to expand the list of surgical procedures that Medicare will cover when performed in ASCs. The final rule with comment period seeks to ensure that beneficiaries have access to outpatient services in all appropriate settings, while improving the quality and efficiency of service delivery.

To read the entire CMS Press release issued today (10/30) click here:
http://www.cms.hhs.gov/apps/media/press_releases.asp

CMS Fact Sheet: http://www.cms.hhs.gov/apps/media/fact_sheets.asp

Rule: The regulation will be on display at the Office of the Federal Register's Public Inspection Desk and will be available at <http://www.federalregister.gov/inspection.aspx>, until the regulation is published on November 20, 2009. The rule is effective Jan 1, 2010 with a comment period that closes Dec 29, 2009.

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

ASC payment system: <http://www.cms.hhs.gov/ASCPayment/>

If you have any questions, please contact the CMS Office of Legislation. Thank you.