



## Application of the Hospital Outpatient Quality Data Reporting Program Under the Hospital Outpatient Prospective Payment System (OPPS) – JA6072

**Note:** MLN Matters article MM6072 was revised to reflect that Change Request (CR) 6320 made a correction to CR6072, on which MM6072 is based. The correction to CR6072 was to include blood Ambulatory Patient Classifications (APCs) with status indicator "R" under the application of the quality reporting ratio where appropriate. This addition of status indicator "R" was made to the bold printed language on page 2 below.

Related CR Release Date: August 15, 2008 **Revised**

Date Job Aid Revised: January 7, 2009

Effective Date: January 1, 2009

Implementation Date: January 5, 2009

**Key Words**

MM6072, CR6072, R368OTN, CR6320, MM6320, R1657CP, Quality, OPPS, IPPS, Hospital, Prospective

**Contractors Affected**

- Part A/B Medicare Administrative Contractors (A/B MACs)
- Fiscal Intermediaries (FIs)

**Provider Types Affected**

Hospitals submitting claims to Medicare FIs and/or A/B MACs for services provided to Medicare beneficiaries



- As a condition for receiving the full market basket update on their inpatient PPS (IPPS) payments, all hospitals defined as "subsection (d) hospitals", are required to report hospital quality data:
  - In a timely manner, and
  - In a way that passes the Centers for Medicare & Medicaid Services (CMS) validation edits for inpatients receiving services in the hospital.
- Effective for services furnished on or after January 1, 2009, this policy will also apply to services paid under the OPPS to "subsection (d) hospitals".
- **The provision does not apply to hospitals and hospital units excluded from the IPPS, or to hospitals located in Maryland, Puerto Rico, or the U.S. territories**

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Provider Needs to Know...	<ul style="list-style-type: none"><li>• Effective for OPPS services furnished on or after January 1, 2009, "subsection (d) hospitals" that have failed to submit timely outpatient hospital quality data as required in the Social Security Act will receive payment under the OPPS that reflects a two percent deduction from the annual OPPS update for failure to submit quality data in a timely manner or for failure to submit quality data that passes validation edit.</li><li>• Where hospitals are required to report the quality data and fail to do so, the OPPS Pricer will assign a new return code of 11 (Reduced for absent quality reporting) when a payment <b>APC on a line has a status indicator equal to P, R, or S (if APC is not 1491-1537), T (if APC is not 1539-1574), V, or X.</b></li><li>• Hospitals that are not required to submit quality data (i.e., that are not "subsection (d) hospitals") will receive the full update.</li><li>• The reduction will not apply to "subpart (d) hospitals" that are not paid under the OPPS (e.g., Indian Health service hospitals).</li><li>• CMS will send FIs or MACs a file of hospitals to which the reduction will apply on or about December 1 of each year.</li><li>• Should a "subsection (d) hospital" later be determined to have met the criteria after publication of this list, their status will be changed and FIs/MACs will be notified.</li><li>• For new hospitals, FIs/MACs will provide information to CMS (or a CMS-designated contractor) to allow contact with the new facilities to inform them of the Hospital Quality Initiative.</li></ul>
Background	<ul style="list-style-type: none"><li>• "Subsection (d) hospitals" have the same definition for hospitals paid under the OPPS as for hospitals paid under the IPPS.</li><li>• Specifically, "subsection (d) hospitals" are defined in the Social Security Act (Section 1886(d)(1)(B); <a href="http://www.ssa.gov/OP_Home/ssact/title18/1886.htm">http://www.ssa.gov/OP_Home/ssact/title18/1886.htm</a> on the Internet) as hospitals that are located in the fifty states or the District of Columbia other than those categories of hospitals or hospital units that are specifically excluded from the IPPS, including psychiatric, rehabilitation, long-term care, children's and cancer hospitals or hospital units.</li></ul>
Operational Impact	FIs/MACs will adjust any OPPS claims with dates of service on or after January 1, 2009, that were incorrectly processed due to the fact that a change to the Hospital Quality Indicator field of the Outpatient Provider Specific File was not updated prior to processing.
Reference Materials	The related MLN Matters article can be found at <a href="http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM6072.pdf">http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM6072.pdf</a> on the CMS website.

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The official instruction (CR6072) issued regarding this change may be found at <http://www.cms.hhs.gov/Transmittals/downloads/R368OTN.pdf> on the CMS website.

"Subsection (d) hospitals" have the same definition for hospitals paid under the OPPS as for hospitals paid under the IPPS. That definition may be found in the Social Security Act (Section 1886(d)(1)(B); [http://www.ssa.gov/OP\\_Home/ssact/title18/1886.htm](http://www.ssa.gov/OP_Home/ssact/title18/1886.htm) on the Internet).

The official instruction (CR6320) issued may be found at <http://www.cms.hhs.gov/transmittals/downloads/R1657CP.pdf> on the CMS website.

The related article may be found at <http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM6320.pdf> on the CMS website.

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