

October 5, 2018

#### Urge Your U.S. Representative to Sign Letter on OPPS Site-Neutral Cuts

UPDATE: On Oct. 18, 138 members of the U.S. House of Representatives - including 8 from Illinois - expressed concern with the Centers for Medicare & Medicaid Services' (CMS) proposal to expand certain site-neutral payment policies to grandfathered off-campus hospital provider-based departments in calendar year 2019. Illinois signers of the letter to CMS include: Peter Roskam (R-6), Bill Foster (D-11), Luis Gutierrez (D-4), Randy Hultgren (R-14), Darin LaHood (R-18), Bobby Rush (D-1), Jan Schakowsky (D-9) and, Brad Schneider (D-10). IHA thanks the Illinois delegation members for their leadership and support on this critical issue.

U.S. Representatives Peter Roskam (R-6) of Illinois, chair of the House Ways and Means Health Subcommittee, and Mike Thompson (D) of California, are asking their House colleagues to sign a letter to the Centers for Medicare & Medicaid Services (CMS) to reconsider proposals to cut payments for evaluation and management services and expand certain site-neutral payment policies to grandfathered off-campus hospital provider-based departments. AHA estimates that implementation of these proposals would cut hospital payments under the Outpatient Prospective Payment System (OPPS) by \$760 million in calendar year 2019 (\$29 million for Illinois hospitals).

The deadline for Representatives to sign the Roskam-Thompson letter is October 17. ([Click here](#) to see the letter.)

Action requested: Contact your U.S. Representative now and ask him/her to sign the House letter to CMS on OPPS site-neutral cuts. To call or send an email message to your U.S. Representative, [click here](#).

#### Suggested Talking Points

- I am writing/calling to urge you to sign the letter being circulated by Representatives Peter Roskam and Mike Thompson asking the Centers for Medicare & Medicaid Services (CMS) to reconsider and withdraw proposals that would cut certain payments to hospitals for Hospital Outpatient Departments (HOPDs). The impact on Illinois hospitals could be as much as a 60 percent cut, or \$29 million in 2019.
- Under the Outpatient Prospective Payment System (OPPS), CMS is proposing to cut payments for Evaluation and Management (E & M) services and expand certain site-neutral payment policies to grandfathered hospital provider-based departments.
- Evaluation and Management (clinic) visits are essential services in many communities, particularly, rural communities. We are concerned that cuts of this magnitude could result in a reduction, or worse, a discontinuance of these services in these communities, resulting in decreased access for Medicare beneficiaries.
- CMS proposes that if an excepted off-campus PBD provides services from any clinical family of services that it did not provide under OPPS during the baseline period of Nov. 1, 2014 through Nov. 1, 2015, then those items and services would be paid under the site neutral policy. As Representatives Roskam and Thompson point out in their letter, this "could unfairly penalize grandfathered off-campus HOPDs that expand or diversify the critical services they offer to meeting the changing needs of their patients...The facilities impacted by this rule provide care to some of the most vulnerable patient populations in difficult to serve areas. We believe it is critically important for these patients to be able to access care and services in the appropriate setting in their communities."
- Site-neutral payments are inadequate because the large number of patients presenting at these clinics for these services

require more specialized services than those generally provided in physicians' offices. Because physicians' offices are available for only certain hours of the day, site-neutral payments do not include the additional costs of 24/7 operation available in hospital departments.

- We estimate that nationally, implementation of these proposals would cut hospital payments by \$760 million in calendar year 2019.
- The CMS reduction would compound an already estimated 2016 NEGATIVE Medicare hospital outpatient margin of 16.4 percent for Illinois hospitals.
- Please sign the Roskam-Thompson letter to CMS before October 17. Thank you for your attention to this critical issue.

#### Background

#### EXPANSION OF THE SITE-NEUTRAL PAYMENT POLICY TO INCLUDE CLINIC VISITS AT OFF-CAMPUS, EXCEPTED HOSPITAL-BASED DEPARTMENTS

In CY 2019, in order to control for what CMS believes is an unnecessary increase in OPPS service volume for basic clinic visits (which represent a large share of the services provided at off-campus, provider-based departments (PBDs), CMS proposes to expand the Medicare Physician Fee Schedule (MPFS) payment methodology to *excepted* off-campus PBDs (currently paid under the OPPS rates), for those Evaluation and Management visits (HCPCS code G0463).

For IHA members, this reduction represents an approximate 60 percent cut in payment for those services. CMS further proposes that this payment method would be implemented in a non-budget neutral manner, meaning that no corresponding, offsetting increase to the OPPS conversion factor would be added, as was the case in 2018.

IHA strongly opposes CMS' proposed change to the payment methodology for these visits, and urges the agency to withdraw its proposal for the following reasons:

- Many of our hospital members operate hospital-based, off-campus clinics, and a reduction of this magnitude would be extremely harmful to them. We have estimated that the impact of this change on Illinois hospitals would be a payment reduction of over \$29 million in CY 2019. This reduction would compound an already estimated 2016 negative Medicare hospital outpatient margin of 16.4 percent for Illinois hospitals.
- Evaluation and Management (clinic) visits are essential services in many communities, particularly, rural communities. We are concerned that cuts of this magnitude could result in a reduction, or worse, a discontinuance of these services in these communities, resulting in decreased access for Medicare beneficiaries.
- We would like CMS to reference the data it is using to conclude that the volumes of these services have unnecessarily increased. A patient who presents at one of these clinics to be examined cannot be assumed to be utilizing the service unnecessarily.
- Finally, Section 603 of the Bipartisan Budget Act of 2015 legislated the hospital outpatient site-neutral policy, clearly establishing that payments for excepted and non-expected facility services be different. In this proposed rule, CMS is effectively attempting to equalize the two.

#### EXPANSION OF THE SITE-NEUTRAL PAYMENT POLICY TO INCLUDE NEW "CLINICAL FAMILIES" OF SERVICES PROVIDED IN "EXCEPTED" OFF-CAMPUS, HOSPITAL DEPARTMENTS

- For CY 2019 and subsequent years, CMS proposes that if an excepted off-campus PBD provides services from any clinical family of services that it did not provide under OPPS during the baseline period of Nov. 1, 2014 through Nov. 1, 2015, then those items and services would be paid under the MPFS.
  - In addition to the reasons stated above, IHA strongly disagrees with this proposal, because hospitals should be encouraged to provide new or additional services that it had not previously provided. Implementing payment reductions of this magnitude discourages hospitals from adding to their available services, and at the same time, denies the availability of these services within their communities.
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Illinois Health and Hospital Association