

CMS Finalizes Payment Changes for Off-Campus Provider-Based Departments

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The Centers for Medicare & Medicaid Services (CMS) released its 2017 Hospital Outpatient Prospective Payment System (OPPS) and Ambulatory Surgical Center Payment System Final Rule (Final Rule) on Tuesday.

The Final Rule implements section 603 of the Bipartisan Budget Act of 2015 relating to payment for items and services furnished by certain off-campus provider-based departments of a provider. Section 603 of the Act amended the Social Security Act by providing that items and services furnished at off-campus departments of a hospital will not be reimbursed under the OPPS if items and services furnished at that off-campus department were not billed as outpatient hospital services prior to November 2, 2015. CMS uses the term “nonexcepted” when referring to a location or items or services that are subject to the new payment limitations. The Final Rule appears to largely adopt the regulations included in its proposed rule published in July, with only some modification.

In addition, CMS also released an interim final rule (Interim Final Rule) in the same publication establishing the Medicare Physician Fee Schedule as the “applicable payment system” for the majority of the nonexcepted items and services furnished by nonexcepted off-campus provider-based departments. The Interim Final Rule establishes new site-of-service payment rates under the Medicare Physician Fee Schedule to pay nonexcepted off-campus provider-based departments for the furnishing of nonexcepted items and services. These nonexcepted items and services must be reported on the institutional claim form and identified with a newly established claims processing modifier.

CMS is soliciting comments on certain aspects of both the Final Rule and the Interim Final Rule. Comments are due by December 31, 2016. The advanced copy of the Final Rule is available [here](#). The official version of the Final Rule is scheduled for publication in the Federal Register on November 14, 2016.

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Look for a more detailed analysis of the Final Rule and Interim Final Rule from Dorsey and Whitney.