

CMS Proposes Updates to the OPSS

On July 10, 2024, the Centers for Medicare & Medicaid Services (CMS) released the proposed rule for the Outpatient Prospective Payment System (OPPS) and Ambulatory Surgical Center (ASC) Payment System for calendar year (CY) 2025.¹ The agency proposes increased payments to all outpatient providers, updates to current programs, and a new standard to address the ongoing maternal health crisis.

For CY 2025, CMS proposes to increase OPPS payment rates to hospital outpatient departments (HOPDs) that meet specific quality reporting criteria by 2.6% – calculated from the proposed hospital inpatient market basket percentage increase of 3.0% minus the proposed productivity adjustment of 0.4%.² This calculation results in a proposed OPPS conversion factor of \$89.379.³ ASCs that meet the required quality criteria will also receive proposed payment rate increases of 2.6%, by way of the same calculation described above for OPPS payment rates.⁴ Consequently, the proposed ASC conversion factor for 2025 is \$54.675.⁵ For both HOPDs and ASCs, the CY 2025 proposed payment rate increase is 0.2% less than the CY 2024 OPPS/ASC payment rate increase of 2.8%.⁶

In the CY 2019 OPPS/ASC final rule, CMS began applying productivity-adjusted hospital market basket updates (i.e., the updates used for HOPD payment rate updates) to ASC payment rates for a test period of five years,⁷ in order to assess changes in the migration of services and determine if the data trends were consistent.⁸ Because of abnormal healthcare utilization in 2020 due to the COVID-19 public health emergency (PHE), CMS proposes to extend the five-year period for an additional two years, until CY 2025.⁹ This will allow CMS to gather data unrelated to the COVID-19 PHE to determine if utilizing the hospital market basket update achieved one of its goals of shifting services from the hospital to the ASC setting.¹⁰

Citing the growing maternal health crisis, which “has not only led to a maternal mortality rate that is among the highest in high-income countries but also disproportionately affects racial and ethnic minorities,” CMS proposes new Conditions of Participation (CoPs) for critical access hospitals (CAHs) and regular hospitals

for obstetrical services.¹¹ The proposed CoPs include requirements for maternal quality assessment and performance improvement (QAPI), annual staff training on evidence-based maternal health practices, and baseline standards for the staffing, organization, and delivery of care in obstetrical units.¹² Starting in 2025, hospitals or CAHs that provide obstetric services will be required to utilize CMS’s QAPI program to improve and assess health disparities and outcomes among obstetrics patients on a consistent basis.¹³ The new staff training standard would require the hospitals and CAHs to develop policies to ensure the appropriate staff members have some baseline training.¹⁴ Training materials would reflect the complexity of services offered by each respective hospital, including, but not limited to, evidence-based best practices and protocols to improve maternal care delivery.¹⁵ The new organization and staffing standard would require the hospitals and CAHs adhere to national acceptable standards of practice.¹⁶ To ensure better delivery of care, the standards also include requirements that obstetrics services remain consistent with the resources and needs of their respective facilities.¹⁷

Other proposals CMS suggested for 2025 include, but are not limited to:

- (1) Helping tribal and Indian Health Services (IHS) facilities afford high-cost pharmaceuticals;
- (2) Authorizing federal reimbursement for certain Medicaid clinic services delivered outside of a tribal clinic or freestanding IHS facility;
- (3) Increasing accessibility to healthcare for recently-incarcerated individuals;
- (4) Expanding and adjusting quality reporting programs for inpatient and outpatient hospitals, rural emergency hospitals, and ASCs; and
- (5) Potentially modifying the Overall Hospital Quality Star Rating methodology for the Safety of Care measure group.¹⁸

CMS will receive comments and information on the OPPS/ASC proposed rule until September 9, 2024, and the final rule is expected to be released in November 2024.¹⁹

- 1 “CY 2025 Medicare Hospital Outpatient Prospective Payment System and Ambulatory Surgical Center Payment System Proposed Rule (CMS 1809-P)” Centers for Medicare and Medicaid Services, July 10,2024, <https://www.cms.gov/newsroom/fact-sheets/cy-2025-medicare-hospital-outpatient-prospective-payment-system-and-ambulatory-surgical-center#:~:text=In%20the%20CY%202025%20OPPS,July%201%2C%202023%2C%20through%20June> (Accessed 7/11/24).
- 2 *Ibid.*
- 3 “Medicare and Medicaid Programs: Hospital Outpatient Prospective Payment and Ambulatory Surgical Center Payment Systems; Quality Reporting Programs, including the Hospital Inpatient Quality Reporting Program; Health and Safety Standards for Obstetrical Services in Hospitals and Critical Access Hospitals; Prior Authorization; Requests for Information; etc. ” Centers for Medicare & Medicaid Services, July 22, 2024, unpublished version, available at <https://public-inspection.federalregister.gov/2024-15087.pdf> (Accessed 7/18/24).
- 4 Centers for Medicare and Medicaid Services, July 10,2024.
- 5 Centers for Medicare & Medicaid Services, July 22, 2024.
- 6 “CY 2024 Medicare Hospital Outpatient Prospective Payment System and Ambulatory Surgical Center Payment System Proposed Rule (CMS 1786-P)” Centers for Medicare and Medicaid Services, July 13, 2023, <https://www.cms.gov/newsroom/fact-sheets/cy-2024-medicare-hospital-outpatient-prospective-payment-system-and-ambulatory-surgical-center> (Accessed 7/12/24).
- 7 Centers for Medicare and Medicaid Services, July 10,2024.
- 8 “CMS-1695-FC (PDF)” Centers for Medicare and Medicaid Services, <https://www.cms.gov/node/671966> (Accessed 7/18/24).
- 9 Centers for Medicare and Medicaid Services, July 10,2024.
- 10 *Ibid.*
- 11 *Ibid.*
- 12 *Ibid.*
- 13 *Ibid.*
- 14 *Ibid.*
- 15 *Ibid.*
- 16 *Ibid.*
- 17 *Ibid.*
- 18 “CMS floats 2.6% annual outpatient, ASC pay increase, new obstetrics Conditions of Participation” By Dave Muoio, Fierce Healthcare, July 10, 2024, <https://www.fiercehealthcare.com/providers/cms-floats-26-annual-outpatient-asc-pay-increase-new-obstetrics-conditions-participation> (Accessed 7/12/24).
- 19 Centers for Medicare and Medicaid Services, July 10, 2024.

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Todd A. Zigrang, MBA, MHA, FACHE, CVA, ASA, ABV, is the President of **HEALTH CAPITAL CONSULTANTS (HCC)**, where he focuses on the areas of valuation and financial analysis for hospitals, physician practices, and other healthcare enterprises. Mr. Zigrang has over 28 years of experience providing valuation, financial, transaction and strategic advisory services nationwide in over 2,000 transactions and joint ventures. Mr. Zigrang is also considered an expert in the field of healthcare compensation for physicians, executives and other professionals.



Mr. Zigrang is the co-author of *"The Adviser's Guide to Healthcare - 2nd Edition"* [AICPA - 2015], numerous chapters in legal treatises and anthologies, and peer-reviewed and industry articles such as: *The Guide to Valuing Physician Compensation and Healthcare Service Arrangements* (BVR/AHLA); *The Accountant's Business Manual* (AICPA); *Valuing Professional Practices and Licenses* (Aspen Publishers); *Valuation Strategies*; *Business Appraisal Practice*; and, *NACVA QuickRead*. Additionally, Mr. Zigrang has served as faculty before professional and trade associations such as the American Society of Appraisers (ASA); the National Association of Certified Valuators and Analysts (NACVA); the American Health Lawyers Association (AHLA); the American Bar Association (ABA); the Association of International Certified Professional Accountants (AICPA); the Physician Hospitals of America (PHA); the Institute of Business Appraisers (IBA); the Healthcare Financial Management Association (HFMA); and, the CPA Leadership Institute.

Mr. Zigrang holds a Master of Science in Health Administration (MHA) and a Master of Business Administration (MBA) from the University of Missouri at Columbia. He is a Fellow of the American College of Healthcare Executives (FACHE) and holds the Certified Valuation Analyst (CVA) designation from NACVA. Mr. Zigrang also holds the Accredited Senior Appraiser (ASA) designation from the American Society of Appraisers, where he has served as President of the St. Louis Chapter. He is also a member of the America Association of Provider Compensation Professionals (AAPCP), AHLA, AICPA, NACVA, NSCHBC, and, the Society of OMS Administrators (SOMSA).



Jessica L. Bailey-Wheaton, Esq., is Senior Vice President and General Counsel of HCC. Her work focuses on the areas of Certificate of Need (CON) preparation and consulting, as well as project management and consulting services related to the impact of both federal and state regulations on healthcare transactions. In that role, Ms. Bailey-Wheaton provides research services necessary to support certified opinions of value related to the Fair Market Value and Commercial Reasonableness of transactions related to healthcare enterprises, assets, and services.



Additionally, Ms. Bailey-Wheaton heads HCC's CON and regulatory consulting service line. In this role, she prepares CON applications, including providing services such as: health planning; researching, developing, documenting, and reporting the market utilization demand and "need" for the proposed services in the subject market service area(s); researching and assisting legal counsel in meeting regulatory requirements relating to licensing and CON application development; and, providing any requested support services required in litigation challenging rules or decisions promulgated by a state agency. Ms. Bailey-Wheaton has also been engaged by both state government agencies and CON applicants to conduct an independent review of one or more CON applications and provide opinions on a variety of areas related to healthcare planning. She has been certified as an expert in healthcare planning in the State of Alabama.

Ms. Bailey-Wheaton is the co-author of numerous peer-reviewed and industry articles in publications such as: *The Health Lawyer* (American Bar Association); *Physician Leadership Journal* (American Association for Physician Leadership); *The Journal of Vascular Surgery*; *St. Louis Metropolitan Medicine*; *Chicago Medicine*; *The Value Examiner* (NACVA); and *QuickRead* (NACVA). She has previously presented before the American Bar Association (ABA), the American Health Law Association (AHLA), the National Association of Certified Valuators & Analysts (NACVA), the National Society of Certified Healthcare Business Consultants (NSCHBC), and the American College of Surgeons (ACS).



Janvi R. Shah, MBA, MSF, CVA, serves as Senior Financial Analyst of HCC. Mrs. Shah holds a M.S. in Finance from Washington University Saint Louis and the Certified Valuation Analyst (CVA) designation from NACVA. She develops fair market value and commercial reasonableness opinions related to healthcare enterprises, assets, and services. In addition she prepares, reviews and analyzes forecasted and pro forma financial statements to determine the most probable future net economic benefit related to healthcare enterprises, assets, and services and applies utilization demand and reimbursement trends to project professional medical revenue streams and ancillary services and technical component (ASTC) revenue streams.



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