

OPPS Final Rule Issued by CMS

On November 1, 2024, the Centers for Medicare & Medicaid Services (CMS) released its Outpatient Prospective Payment System (OPPS) and Ambulatory Surgical Center (ASC) Payment System Final Rule for calendar year (CY) 2025. The rule finalizes payment updates, revises current programs, and establishes new standards to address the ongoing maternal health crisis. This Health Capital Topics article discusses the key OPPS changes and updates included in the Final Rule.

Payment Rate Updates

For CY 2025, CMS will increase OPPS payment rates for hospital outpatient departments (HOPDs) and ASCs meeting specific quality reporting criteria by 2.9%. This increase is slightly higher than both the proposed increase of 2.6% and the CY 2024 increase of 2.8%.¹ The Final Rule sets the HOPD conversion factor at \$89.169 and the ASC conversion factor at \$54.675.² These adjustments are based on a projected hospital market basket percentage increase of 3.4%, reduced by a productivity adjustment of -0.5%.³ CMS estimates these updates will result in \$2.2 billion more in Medicare reimbursement to hospitals in 2025.⁴

In 2019, CMS began applying productivity-adjusted hospital market basket updates traditionally used for HOPD payment rates to ASC rates as part of a five-year test period ending in 2023.⁵ Due to the abnormal healthcare utilization during the COVID-19 public health emergency (PHE), CMS extended the test period by two additional years, through CY 2025.⁶ This extension allows CMS to gather data unaffected by the COVID-19 PHE to assess whether the hospital market basket updates have successfully shifted services from hospitals to ASCs.⁷

New Obstetrical Services Conditions of Participation (CoPs)

The U.S. is experiencing a maternal health crisis, with maternal mortality rates exceeding those of all other high-income countries and disproportionately affecting people of color. In response, the 2025 OPPS/ASC Payment System Final Rule establishes the first-ever maternal health and safety standards for hospitals.⁸ The new CoPs for hospitals and critical access hospitals (CAHs) offering obstetrical services include:

- (1) “new requirements for maternal quality assessment and performance improvement (QAPI)”;
- (2) “baseline standards for the organization, staffing and delivery of obstetrical care”; and
- (3) “staff training on evidence-based maternal health practices.”⁹

Additionally, CMS has revised CoPs related to emergency readiness and discharge planning. These standards will be phased in incrementally over two years.¹⁰

Other Provisions

The 2025 OPPS/ASC Payment System Final Rule also includes provisions to:

- (1) Add 21 procedures to the ASC Covered Procedures List (ASC-CPL), comprising 19 dental codes and two adipose-derived regenerative cell (ADRC) therapy codes;
- (2) Support tribal and Indian Health Services (IHS) facilities in affording high-cost pharmaceuticals;
- (3) Cover HIV pre-exposure prophylaxis (PrEP) drugs as an additional preventive service;
- (4) Provide temporary additional payments through 2027 for certain non-opioid pain relief treatments (drugs and devices) in HOPD and ASC settings;
- (5) Increase healthcare access for recently incarcerated individuals through definitional changes;
- (6) Mandate one year of continuous Medicaid and CHIP eligibility for children aged 18 and under; and
- (7) Expand and adjust quality reporting programs for inpatient and outpatient hospitals, rural emergency hospitals, and ASCs.¹¹

Stakeholder Comments

Reactions to the 2025 OPPTS/ASC Payment System Final Rule have been largely critical. The Ambulatory Surgery Center Association (ASCA) described the rule as “a step sideways in time when millions of Medicare beneficiaries need CMS to advance policies that expand access to the safe, convenient and efficient care that surgery centers provide.”¹²

Similarly, the American Hospital Association (AHA) condemned the Final Rule, stating:

“Medicare's sustained and substantial underpayment of hospitals has stretched for almost two decades, and today's final outpatient rule only worsens this chronic problem. The

agency's final increase of less than 3% for outpatient hospital services will make the provision of care, investments in the health care workforce, and addressing new challenges, such as cybersecurity threats, more difficult. These inadequate payments will have a negative impact on patient access to care, especially in rural and underserved communities nationwide.”¹³

While the AHA acknowledged sharing “CMS’ goals of improving maternal health outcomes and reducing inequities in maternal care,” it criticized CMS’s “excessive use of Conditions of Participation to drive its policy agenda.”¹⁴

1 “CY 2025 Medicare Hospital Outpatient Prospective Payment System and Ambulatory Surgical Center Payment System Final Rule (CMS 1809-FC)” Centers for Medicare and Medicaid Services, November 1, 2024, <https://www.cms.gov/newsroom/fact-sheets/cy-2025-medicare-hospital-outpatient-prospective-payment-system-and-ambulatory-surgical-center-0> (Accessed 11/13/24); “CY 2024 Medicare Hospital Outpatient Prospective Payment System and Ambulatory Surgical Center Payment System Final Rule (CMS 1786-FC)” Centers for Medicare and Medicaid Services, November 2, 2023, <https://www.cms.gov/newsroom/fact-sheets/cy-2024-medicare-hospital-outpatient-prospective-payment-system-and-ambulatory-surgical-center-0> (Accessed 11/13/24).

2 “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; Medicaid and CHIP Continuous Eligibility; Medicaid Clinic Services Four Walls Exceptions; Individuals Currently or Formerly in Custody of Penal Authorities; Revision to Medicare Special Enrollment Period for Formerly Incarcerated Individuals; and All-Inclusive Rate Add-On Payment for High-Cost Drugs Provided by Indian Health Service and Tribal Facilities: Final rule with comment period” Centers for Medicare and Medicaid Services, Unpublished Version, November 1, 2024, available at: <https://public-inspection.federalregister.gov/2024-25521.pdf> (Accessed 11/13/24), p. 1094, 1636.

3 “CY 2025 Medicare Hospital Outpatient Prospective Payment System and Ambulatory Surgical Center Payment System Final

Rule (CMS 1809-FC)” Centers for Medicare and Medicaid Services, November 1, 2024, <https://www.cms.gov/newsroom/fact-sheets/cy-2025-medicare-hospital-outpatient-prospective-payment-system-and-ambulatory-surgical-center-0> (Accessed 11/13/24).

4 “CMS Announces New Policies to Reduce Maternal Mortality, Increase Access to Care, and Advance Health Equity” Centers for Medicare and Medicaid Services, November 1, 2024, <https://www.cms.gov/newsroom/press-releases/cms-announces-new-policies-reduce-maternal-mortality-increase-access-care-and-advance-health-equity> (Accessed 11/13/24).

5 Centers for Medicare and Medicaid Services, Unpublished Version, November 1, 2024, p. 17.

6 *Ibid.*

7 *Ibid.*

8 Centers for Medicare and Medicaid Services, November 1, 2024.

9 *Ibid.*

10 *Ibid.*

11 *Ibid.*; “CMS Releases CY 2025 OPPTS and ASC Final Rule” By Miranda A. Franco, Holland & Knight, November 7, 2024, <https://www.hklaw.com/en/insights/publications/2024/11/cms-releases-cy-2025-oppo-and-asc-final-rule> (Accessed 11/13/24).

12 “CMS Releases 2025 Final Payment Rule” Ambulatory Surgery Center Association, November 1, 2024, <https://www.ascassociation.org/asca/news-and-publications/news/2024/2025-final-payment-rule> (Accessed 11/13/24).

13 “AHA Statement on CY 2025 OPPTS Final Rule” American Hospital Association, November 1, 2024, <https://www.aha.org/press-releases/2024-11-01-aha-statement-cy-2025-oppo-final-rule> (Accessed 11/13/24).

14 *Ibid.*



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