



MLN Matters



Information for Medicare Fee-for-Service Health Care Professionals

Related Change Request (CR) #: 3586

MLN Matters Number: MM3586

Related CR Release Date: December 3, 2004

Related CR Transmittal #: 385

Effective Date: January 1, 2005

Implementation Date: January 3, 2005

January 2005 Update of the Hospital Outpatient Prospective Payment System (OPPS): Summary of OPPS Outpatient Code Editor (OCE) Data Changes and OPPS PRICER Logic; Changes to Payment for Diagnostic Mammography

Note: This article was revised to contain Web addresses that conform to the new CMS website and to show they are now MLN Matters articles. All other information remains the same.

Provider Types Affected

Hospitals and other providers paid by Medicare under the OPSS

Provider Action Needed

Affected providers should note that this article and related CR3586 provide information changes to the OPSS OCE data files and OPSS PRICER logic being implemented in the January 2005 update. The article also describes payment policy changes for diagnostic mammography.

Background

The policies implemented in this CR 3586 were provided in the 2005 OPSS final rule (Federal Register, November 15, 2004), and the attachment to the official instruction (issued to your intermediary) contains a detailed summary of data changes to the OPSS OCE, effective January 1, 2005, including the following:

- Ambulatory Payment Classification (APC) Changes
- Diagnosis Code Changes
- Healthcare Common Procedure Coding System (HCPCS)/Common Procedure Terminology (CPT) Code Changes
- HCPCS Description Changes
- APC Assignment Changes
- Status Indicator or Edit Changes

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- Modifier Changes, and
- Revenue Code Changes

PRICER Changes

The OPPS PRICER logic as described in CR 3586 will be effective beginning January 1, 2005, unless otherwise noted in CR 3586. These are summarized as follows:

- The Centers for Medicare & Medicaid Services (CMS) is in the process of reviewing the wage indexes for the Inpatient Prospective Payment System (IPPS). This review may impact the wage index values. CMS emphasizes that the methodology for adjusting OPPS payment and co-payment rates for geographic wage differences using the IPPS wage index has not changed. The policy of CMS has consistently been to adopt the IPPS wage index for purposes of payment under the OPPS, and finalized tables will be published in a future Federal Register document. The final wage index values will be in the January 2005 OPPS PRICER.
- New OPPS payment rates and coinsurance amounts will be effective January 1, 2005. APCs have coinsurance amounts limited to 45 percent of the payment rate, effective January 1, 2005. Some APCs have coinsurance limits equal to the inpatient deductible of \$912, which is also effective as of January 1, 2005.
- For outliers for hospitals, CMS will change the factor multiplied by the total line item payments from 2.6 to 1.75. In addition, the cost for the line item must exceed the APC payment plus a fixed dollar threshold of \$1,175. The factor used to multiply the difference between line item payments and costs remains at 50 percent.
- For outliers for Community Mental Health Centers (CMHCs; bill type 76x), CMS will change the factor multiplied by the total line item payments from 3.65 to 3.5. The factor used to multiply the difference between line item payments and costs remains at 50 percent.
- There are no device offsets for 2005.

Payment for Diagnostic Mammography

In addition, affected providers should note that section 614 of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) provides for a change in payments for diagnostic mammography (HCPCS 76090, 76091, G0204, and G0206), including diagnostic computer-aided detection (CAD) services (code 76082), furnished by hospitals subject to the OPPS. Effective for services provided on or after January 1, 2005, Medicare will pay for diagnostic mammography, including the CAD services, based on the Medicare Physician Fee Schedule, and such payments will not be based on the OPPS.

Implementation

The implementation date for this instruction is January 3, 2005.

Additional Information

The list of diagnosis, HCPCS/CPT, APC, and other code changes, additions, and deletions is extensive. The changes and the respective effective dates of each change are detailed in an extensive attachment to

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the official instruction, CR 3586, which has been issued to your intermediary. That instruction may be viewed at <http://www.cms.hhs.gov/transmittals/Downloads/R385CP.pdf> on the CMS website.

If you wish to view the November 15, 2004, final rule, you may find it at <http://www.cms.hhs.gov/HospitalOutpatientPPS/HORD/itemdetail.asp?filterType=none&filterByDID=-99&sortByDID=3&sortOrder=descending&itemID=CMS051449> on the CMS website.

If you have any questions, please contact your intermediary at their toll-free number found at <http://www.cms.hhs.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip> on the CMS website.

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