

Outpatient Prospective Payment System (OPPS) Calendar Year (CY) 2020 Proposed Rule Analysis

Estimated Change in Medicare Payments

CY 2019 Final Rule Compared to CY 2020 Proposed Rule (using FFY 2020 IPPS Final Rule Wage Index)

Oregon

Impact Analysis	Dollar Impact	Percent Change	
<i>Estimated CY 2019 OPPS Payments</i>	\$659,632,500		
Marketbasket Update	\$17,226,400	2.61%	
ACA-Mandated Marketbasket Reduction	(\$2,691,600)	-0.41%	
Other BN Adjustments	(\$940,000)	-0.14%	
Wage Index (based on FFY 2020 IPPS Final Rule Wage Index)	\$2,377,500	0.36%	
Reducing Wage Index Disparities (based on FFY 2020 IPPS Final Rule)	(\$1,441,500)	-0.22%	
> Increasing Bottom Quartile Wage Index Values	\$0	0.00%	
> Application of 5% Stop Loss Adjustment	\$0	0.00%	
> Wage Index Transition Budget Neutrality	(\$1,441,500)	-0.22%	
APC Factor/Updates	\$1,386,900	0.21%	
<i>Estimated CY 2020 OPPS Payments</i>	\$675,550,200		
Total Estimated Change CY 2019 to CY 2020	\$15,917,700	2.41%	
The impact shown above does not include the impact of the 2.0% sequestration reduction to all lines of Medicare payment authorized by Congress through FFY 2027. It is estimated that the impact of sequestration on CY 2020 OPPS PPS-specific payments would be: -\$13,511,100			
Estimated Impact of Payment Change to Excepted Off-Campus Provider-Based Departments (PBDs) at 40% of OPPS Rate	Portion of CY 2017 OPPS Revenue for Off-Campus PBDs	Estimated CY 2019 Payment for Excepted Off-Campus PBDs	Estimated CY 2020 Proposed Payment for Excepted Off-Campus PBDs
	0.81%	\$5,495,900	\$3,140,500
<i>Estimated Impact/Change to CY 2020 OPPS Revenue</i>	(\$2,355,400)	-42.9%	
Potential Impact if ALL Total Hip Arthroplasty (THA) Procedures are Performed in an Outpatient Setting Using CPT Code 27130	Est. FFY 2020 IPPS Revenue (THA Procedures Only)	Est. CY 2020 OPPS Revenue (THA Procedures Only)	Potential Impact on Total Revenue
MS-DRG 469: Major Hip and Knee Joint Replacement or Reattachment of Lower Extremity w MCC or Total Ankle Replacement	\$39,261,900	\$34,374,900	(\$4,887,000)
MS-DRG 470: Major Hip and Knee Joint Replacement or Reattachment of Lower Extremity w/o MCC			

Notes:

- This analysis is intended to show providers how Medicare outpatient fee-for-service (FFS) payments may change from CY 2019 to CY 2020 based on the policies set forth in the CY 2020 OPPS proposed rule.
- This analysis does not include payment estimates for services provided to Medicare Advantage patients or modifications in FFS payments as a result of hospital participation in new payment models being tested under Medicare demonstration/pilot programs.
- Estimated CYs 2019 and 2020 OPPS payments are from CMS' CY 2020 OPPS proposed rule Impact File (based on CY 2018 outpatient claims data). OPPS conversion factors are from the CY 2019 final rule and CY 2020 proposed rule. Wage indexes are from the FFY 2019 Inpatient Perspective Payment System (IPPS) final rule October 2018 correction notice and the FFY 2020 IPPS final rule.
- Dollar impacts in this analysis may differ from those provided by other organizations/associations due to differences in source data and analytic methods. Individual percentages and dollars shown in this analysis may not add to total due to compounding and rounding. Dollar amounts less than \$50 and percentages less than 0.05% will appear as zeroes due to rounding. This analysis does not reflect changes due to volume or patient mix.

CY 2020 OPPS Proposed Rule Changes Modeled in this Analysis:

- Marketbasket Update: 3.2% marketbasket increase to the outpatient rate.
- ACA-Mandated Marketbasket Reduction: 0.5% productivity reduction to the marketbasket authorized by the Affordable Care Act (ACA) of 2010.
- Other BN Adjustments: Reflects the impact of adjustments to the rate based on changes to the wage index (0.05%), cancer hospital payments (-0.02%), as well as pass-through spending and outlier payments (-0.2%) in order to maintain program budget neutrality.

- Wage Index: Updated wage index values based on the final FFY 2020 IPPS hospital wage indexes (labor share using CY 2020 OPPS proposed rule), including the impact of new wage data, reclassifications, rural and legislated floors, and other adjustments to the wage indexes. This value does not include CMS' increase to the wage index of hospitals in the bottom quartile of wage index values nationally.

- Reducing Wage Index Disparities: Reflects the estimated impact of CMS' increase to the wage index for hospitals with a wage index value in the bottom quartile of the nation, outlined in the FFY 2020 IPPS final rule. This increase is half of the difference between the hospital's pre-adjustment wage index, and the 25th percentile wage index value across all hospitals. This increase is offset by a budget neutrality adjustment to OPPS conversion factor, while instituting a one-year stop-loss adjustment so that no hospital's FFY 2020 wage index could be less than 95% of that hospital's FFY 2019 wage index. The stop-loss adjustment is also made budget-neutral by an adjustment to the OPPS conversion factor. Due to the wage index changes adoption being after the release of the CY 2020 OPPS proposed rule, CMS did not incorporate the finalized methodology and therefore a single budget neutrality factor to represent the lowest quartile and the stop-loss budget neutrality is calculated as -0.26% using the FFY 2020 IPPS final rule wage index tables. The impact of these individual components are broken out separately and are calculated using CMS' FFY 2020 IPPS final rule wage index tables.

- APC Factor/Updates: This impact represents the changes to the APC assignments and weights adopted for CY 2020. It is inclusive of CMS' policies regarding the creation of comprehensive APCs; the expansion of the categories of items/services that are packaged into APCs for payment as opposed to separately paid; and the anticipated change in outlier payments. This impact is derived by attributing all remaining payment changes to this category (after impact for wage index, marketbasket, etc.). Impacts resulting from change to the off-campus PBD site neutral is included here and broken out below.

- Estimated Impact of 30% Reduction to Excepted Off-Campus PBDs: CMS is expanding the Medicare Physician Fee Schedule (MPFS) payment methodology to excepted off-campus PBDs (currently paid under the OPPS rates), for HCPCS code G0463. CMS reduced payment by 30% for CY 2019, and is proposing to reduce the payment by an additional 30% beginning CY 2020. This reduction is not budget neutral. Impacts provided are based on Medicare claims data from the CY 2017 Medicare 100% Standard Analytic File (SAF) using indicator "PO" to identify claims at excepted sites. The portion of CY 2017 OPPS revenue for off-campus PBDs is applied to CY 2020 OPPS estimated payments to determine impacts.

- Potential Impact of Performing Total Hip Arthroplasty (THA) Procedures in an Outpatient Setting Using CPT Code 27130: Represents the potential impact for 2020 of CMS' proposal to remove CPT code 27130 (Total hip arthroplasty (THA)) from the inpatient-only list. Estimates assume that all hip procedures described by CPT code 27130 will be performed in the outpatient setting, actual shifts will be based on clinical judgement.

Estimated Diagnosis-Related Group (DRG) procedure volumes are from the CY 2017 Medicare 100% SAF for Inpatient Services, with cases having no recorded length of stay removed. Estimated base OPPS payments are calculated using hospital payment data provided by CMS in the CY 2020 OPPS proposed rule. Inpatient Prospective Payment System (IPPS) base DRG payments were estimated using hospital payment data from the FFY 2020 IPPS proposed rule, including FFY 2020 wage index. Case counts less than 11 are redacted due to CMS privacy rules.

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U.S.

Impact Analysis	Dollar Impact	Percent Change	
<i>Estimated CY 2019 OPPS Payments</i>	\$59,457,386,200		
Marketbasket Update	\$1,554,402,400	2.61%	
ACA-Mandated Marketbasket Reduction	(\$242,880,100)	-0.41%	
Other BN Adjustments	(\$84,840,900)	-0.14%	
Wage Index (based on FFY 2020 IPPS Final Rule Wage Index)	(\$52,400,600)	-0.09%	
Reducing Wage Index Disparities (based on FFY 2020 IPPS Final Rule)	\$34,317,400	0.06%	
> Increasing Bottom Quartile Wage Index Values	\$107,888,500	0.18%	
> Application of 5% Stop Loss Adjustment	\$56,227,700	0.09%	
> Wage Index Transition Budget Neutrality	(\$129,798,800)	-0.22%	
APC Factor/Updates	(\$74,742,700)	-0.13%	
<i>Estimated CY 2020 OPPS Payments</i>	\$60,591,241,700		
Total Estimated Change CY 2019 to CY 2020	\$1,133,855,500	1.91%	
The impact shown above does not include the impact of the 2.0% sequestration reduction to all lines of Medicare payment authorized by Congress through FFY 2027. It is estimated that the impact of sequestration on CY 2020 OPPS PPS-specific payments would be: -\$1,211.8 million.			
Estimated Impact of Payment Change to Excepted Off-Campus Provider-Based Departments (PBDs) at 40% of OPPS Rate	Portion of CY 2017 OPPS Revenue for Off-Campus PBDs	Estimated CY 2019 Payment for Excepted Off-Campus PBDs	Estimated CY 2020 Proposed Payment for Excepted Off-Campus PBDs
	1.20%	\$726,714,200	\$415,265,300
Estimated Impact/Change to CY 2020 OPPS Revenue	(\$311,448,900)	-42.9%	
Potential Impact if ALL Total Hip Arthroplasty (THA) Procedures are Performed in an Outpatient Setting Using CPT Code 27130	Est. FFY 2020 IPPS Revenue (THA Procedures Only)	Est. CY 2020 OPPS Revenue (THA Procedures Only)	Potential Impact on Total Revenue
MS-DRG 469: Major Hip and Knee Joint Replacement or Reattachment of Lower Extremity w MCC or Total Ankle Replacement	\$3,141,255,700	\$2,712,866,000	(\$428,389,700)
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