

CMS angers hospitals with plans for site-neutral rates in outpatient payment rule

By [Virgil Dickson](#) | July 6, 2016

The CMS has responded to calls to eliminate patient satisfaction on pain management from Medicare's value-based purchasing program. The agency angered hospitals, however, with plans to stop paying their off-campus facilities the same as hospital-based outpatient departments.

Both policies are included in the [proposed rule for the 2017 Hospital Outpatient Prospective Payment System](#) issued Wednesday.

The CMS' actuary has estimated that so-called site-neutral payments for ambulatory care, which Congress called for a 2015 spending bill, would save Medicare about \$500 million in 2017. The American Hospital Association quickly issued a harshly worded statement criticizing the CMS for declining to include support for hospital outpatient departments.

The AHA was among several prominent healthcare associations that had called on the Obama administration to stop incorporating patients' responses to pain-management questions in the Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) in the value-based purchasing program. HCAHPS results are a significant factor in how hospitals fare under value-based purchasing, and providers have complained the program gives them a financial incentive to over-prescribe painkillers to keep patients happy.

The survey asks patients if they needed medicine for pain, how often their pain was well controlled and—of most concern to the healthcare industry—if the hospital staff did everything they could to help with the pain.

“Some stakeholders believe that the linkage of the pain management dimension questions to the Hospital VBP program payment incentives creates pressure on hospital staff to prescribe more opioids,” the CMS said in the proposed rule. The agency said removing the questions from the survey would “mitigate even the perception that there is financial pressure to overprescribe opioids.”

However, the CMS also said in a news release that it still believes pain control is “an appropriate part of routine patient care that hospitals should manage.” The agency is currently developing and field-testing new questions to add to the program.

The CMS is proposing to increase the rate for hospital outpatient services by 1.6%, or \$671 million, and ambulatory surgical centers by 1.2%, or \$39 million, in 2017 compared with 2016.

In response to the rule's provisions on site-neutral payments for outpatient services,

AHA Vice president Tom Nickels said in a statement that the lack of support for outpatient care provided by hospitals "does not reflect the reality of how hospitals strive to serve the needs of their communities."

Nickels also called it "unreasonable and troubling" that the CMS does not plan to continue paying hospitals their current rates if they relocate or rebuild outpatient facilities. "Taken together, it appears that CMS is aiming to freeze the progress of hospital-based health care in its tracks," Nickels said.

The draft rule does include exceptions for dedicated off-campus emergency departments. The CMS notes in its news release that the higher payments received by hospital-owned facilities are a long-standing concern among the Medicare Payment Advisory Commission, HHS' Office of Inspector General and lawmakers. Many policy experts believe hospitals are acquiring physician offices at a rapid clip because of the higher rates.

America's Essential Hospitals, a trade group that represents safety net providers, said the CMS "appeared to ignore Congress' intent" to use a different payment system for new hospital-owned outpatient facilities. "Hospital systems that otherwise would seek to enhance access by establishing new clinics in underserved areas will not do so, as this damaging payment policy makes new outpatient centers economically unsustainable," the organization said in a statement.

The 764-page proposal also includes changes to the Medicare incentive program for hospitals' use of electronic health records, including allowing hospitals to use any 90-day period in 2016 to attest that they've met the requirements.

The deadline for comments on the draft rule is Sept. 6.

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