

2015 Medicare Final Rules

On October 31, the Centers for Medicare & Medicaid Services (CMS) released the Calendar Year (CY) 2015 Final Rules for the Hospital Outpatient Prospective Payment System (HOPPS) and the Medicare Physician Fee Schedule (MPFS). The public comment period closed for both rules on December 30. The HOPPS rule updates Medicare payment policies and rates for hospital outpatient department and ambulatory surgical center services. In CY 2015, HOPPS payments are estimated to increase by 2.3%. The increase is based on the projected hospital market basket increase of 2.9% minus both a 0.5% adjustment for multifactor productivity and a 0.2% adjustment required by law. The final calculation includes other payment changes, such as increased estimated total outlier payments. CMS has also adopted a comprehensive Ambulatory Payment Classification (C-APC) payment policy, which is an APC with a high-cost primary service (generally includes the implantation of a device) that accounts for a higher percentage of total costs of the hospital encounter.

The MPFS rule pays for covered physicians' services furnished to a person with Medicare Part B. In the final rule, CMS has adopted a new process for establishing payment rates that is intended to be more transparent and allow for greater public input prior to payment rates being set. Under the new process beginning in 2017, public comments will be considered for the majority of payment changes before these take effect. The final rule also makes some changes to quality reporting initiatives such as the Physician Quality Reporting System (PQRS). Finally, the rule continues the phased-in implementation of the physician value-based payment modifier (Value Modifier), created by the Affordable Care Act, which would affect payments to physicians and physician groups, as well as other eligible professionals, based on the quality and cost of care they furnish to beneficiaries enrolled in the traditional Medicare fee-for-service program.

In a press release accompanying these HOPPS/MPFS Final Rules, CMS highlighted several areas and specific mechanisms by which these and other changes are intended to benefit consumers. Measures designed to provide Medicare beneficiaries with better coordination of care for multiple chronic conditions will include a new chronic care management fee that will empower "providers to deliver coordinated and integrated care, transition to new models of care, and improve the doctor-patient relationship."

Several changes center on shifting foci from volume to value in delivery of services. The phase-in of the value-based payment modifier is intended to result in payment increases for providers who deliver higher-quality care at a better value, whereas providers who underperform may be subject to a payment reduction. The increased packaging of payments outlined in HOPPS changes is intended to provide incentives to hospital outpatient departments and facilities "to deliver efficient, high-quality care."

CMS also cited changes that will "increase the availability and accessibility of information on quality, utilization, and costs for effective, informed decision making." These changes include:

- Providing better information for providers to understand the total scope, cost, and quality of care that their patients receive. CMS recently made Quality and Resource Use Reports available, including information on where beneficiaries are hospitalized and whether they were readmitted. Solo practitioners and group practices can use the reports to "implement action steps to improve care coordination and reduce provision of unnecessary services, improving the quality, effectiveness, and efficiency of care delivered to Medicare beneficiaries."
- Expanding and adding new measures to the Physician Compare website, which allows consumers to search for information about physicians and other health care professionals who provide Medicare services. CMS has finalized policies to significantly expand the quality measures available on this website by making group practice and individual physician-level measures available for public reporting, including patient experience measures and measures collected by Qualified Clinical Data Registries.

Complete details on the CY 2015 HOPPS Final Rule are available at <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/HospitalOutpatientPPS/Hospital-Outpatient-Regulations-and-Notices-Items/CMS-1613-FC.html>. The CY 2015 MPFS Final Rule is available at <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/PhysicianFeeSched/index.html?redirect=/physicianfeesched>.

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