# OMFS Update for Hospital Outpatient

# and Ambulatory Surgical Center (ASC) Services

# (Effective March 1, 2025)

## 1. Data Sources

a. The Medicare 2025 update to the hospital outpatient prospective payment system was published on November 27, 2024 in the Federal Register (Vol. 89 FR 93912) and is entitled "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” (CMS-1809-FC; Final rule with comment period). The wage index values were published on August 28, 2024 in the Federal Register (Vol. 89 FR 68986) in the Final Rule entitled “Medicare and Medicaid Programs and Children’s Health Insurance Program; Hospital Inpatient Prospective Payment Systems for Acute Care Hospitals and the Long-Term Care Hospital Prospective Payment System and Policy Changes and Fiscal Year 2025 Rates; Quality Programs Requirements; and Other Policy.” (Vol. 89 FR 68986, CMS-1808-F; Final rule). A correction notice to the final rule was published on October 2, 2024 (Vol. 89 FR 80098, CMS-1808-CN2; Correction Notice) and an Interim Final Action with comment period to the final rule was published on October 3, 2024 (Vol.89 FR 80405; IFC).

b. The CY 2025 [Hospital Outpatient Prospective Payment System Final Rule, CMS-1809-FC](https://www.cms.gov/medicare/payment/prospective-payment-systems/hospital-outpatient/regulations-notices), [FY 2025 IPPS Final Rule, Correction Notice, and Interim Final Action with Comment Period](https://www.cms.gov/medicare/payment/prospective-payment-systems/acute-inpatient-pps/fy-2025-ipps-final-rule-home-page) are available on the CMS’ web pages.

## 2. Title 8 CCR §9789.30:

a. For services rendered on or after March 1, 2025, the unadjusted conversion factor means the OMFS conversion factor for 2024 of $96.614. The “Adjusted Conversion Factor” is calculated as follows: $96.614 x the market basket inflation factor 1.034 x (0.40 + (0.6 x wage index).) See section 9789.39 for the conversion factor adjusted for market basket inflation factor and labor-related share by date of service.

b. For services rendered on or after March 1, 2025, "APC Payment Rate" means CMS' hospital outpatient prospective payment system rate for Calendar Year 2025 as set forth in the Federal Register on November 27, 2024 (CMS-1809-FC), Addendum B, which document is found on the CMS web site at: [Addendum A and Addendum B Updates | CMS](https://www.cms.gov/medicare/payment/prospective-payment-systems/hospital-outpatient/addendum-a-b-updates). See subdivision (b) of section 9789.39 for the APC payment rate referenced in Addendum B-updated 01/02/25 by date of service.

c. For services rendered on or after March 1, 2025, "APC Relative Weight" means CMS' APC relative weight as set forth in the Federal Register on November 27, 2024 (CMS-1809-FC), [Addendum B](https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/HospitalOutpatientPPS/Addendum-A-and-Addendum-B-Updates)-updated 01/02/2025, which document is found on the CMS web site at: [Addendum A and Addendum B Updates | CMS](https://www.cms.gov/medicare/payment/prospective-payment-systems/hospital-outpatient-pps/quarterly-addenda-updates). See subdivision (b) of section 9789.39 for the APC relative weight referenced in Addendum B-updated 01/02/2025 by date of service.

d. For services rendered on or after March 1, 2025, "Market Basket Inflation Factor" means 3.4%, the market basket percentage increase determined by CMS for 2024. See subdivision (b) of section 9789.39 for the Federal Register reference to the market basket inflation factor by date of service. (CY 2025 Final Rule, 89 Federal Register at 93968)

e. For services rendered on or after March 1, 2025, "Wage Index" means CMS' wage index for urban, rural and hospitals that are reclassified as described in CMS' 2025 Hospital Outpatient Prospective Payment System (OPPS) final rule of November 27, 2024 (CMS-1806-FC). The wage index values are specified in the Hospital Inpatient Prospective Payment Systems final rule of August 28, 2024 (CMS-1808-F), correction notice to the final rule of October 2, 2024 (CMS-1808-CN2), and interim final action with comment period of October 3, 2024 (CMS-1808-IFC) [Table 2](https://www.cms.gov/medicare/payment/prospective-payment-systems/acute-inpatient-pps/fy-2025-ipps-final-rule-home-page), which documents are found on the CMS web site at: [FY 2025 IPPS Final Rule Home Page | CMS](https://www.cms.gov/medicare/payment/prospective-payment-systems/acute-inpatient-pps/fy-2025-ipps-final-rule-home-page) See section 9789.39 for the reference that contains description of the wage index and wage index values by date of service.

## 3. Title 8 CCR §9789.31:

For services rendered on or after March 1, 2025, the following are incorporated by reference:

a. The Centers for Medicare and Medicaid Services (CMS) 2025 Hospital Outpatient Prospective Payment and Ambulatory Surgical Center Payment Systems addenda (or specified portion of addenda) as adopted for the Calendar Year 2025, published in the Federal Register on November 27, 2024 (CMS-1809-FC). See [CMS-1809-FC | CMS](https://www.cms.gov/medicare/payment/prospective-payment-systems/hospital-outpatient/regulations-notices) and [FY 2025 IPPS Final Rule Home Page | CMS.](https://www.cms.gov/medicare/payment/prospective-payment-systems/acute-inpatient-pps/fy-2025-ipps-final-rule-home-page) The payment systems addenda adopted and incorporated by reference includes:

1) CMS OPPS [Addendum A - updated 01/02/2025](https://www.cms.gov/medicare/payment/prospective-payment-systems/hospital-outpatient-pps/quarterly-addenda-updates) — OPPS APCs for CY 2025 (January\_2025\_Addendum\_A.12.31.24.xlsx)

2) CMS ASC [Addendum AA - updated 12/27/2024](https://www.cms.gov/medicare/payment/prospective-payment-systems/ambulatory-surgical-center-asc/asc-payment-rates-addenda) – (January\_2025\_ASC\_Addenda.xlsx), Column A (entitled “HCPCS Code”)

3) CMS OPPS [Addendum B – updated 01/02/2025](https://www.cms.gov/medicare/payment/prospective-payment-systems/hospital-outpatient-pps/quarterly-addenda-updates) - OPPS Payment by HCPCS Codes for CY 2025 (January\_2025\_Addendum\_A.12.31.24.xlsx)

4) CMS OPPS [Addendum D1](https://www.cms.gov/medicare/payment/prospective-payment-systems/hospital-outpatient/regulations-notices/cms-1809-fc) - OPPS Payment Status Indicators for CY 2025 (2025 NFRM Addendum D1.10242024.xlsx)

5) CMS OPPS [Addendum D2](https://www.cms.gov/medicare/payment/prospective-payment-systems/hospital-outpatient/regulations-notices/cms-1809-fc) - OPPS Comment Indicators for CY 2025 (2025 NFRM Addendum D2.10102024.xlsx)

6) CMS OPPS [Addendum E](https://www.cms.gov/medicare/payment/prospective-payment-systems/hospital-outpatient/regulations-notices/cms-1809-fc) - HCPCS Codes that Would Be Paid Only as Inpatient Procedure for CY2024 (2025 NFRM Addendum E.10102024.xlsx)

7) CMS ASC [Addendum EE - updated 12/27/2024](https://www.cms.gov/medicare/payment/prospective-payment-systems/ambulatory-surgical-center-asc/asc-payment-rates-addenda) (January\_2025\_ASC\_Addenda.xlsx), Column A (entitled “HCPCS Code”)

8) CMS OPPS [Addendum J](https://www.cms.gov/medicare/payment/prospective-payment-systems/hospital-outpatient/regulations-notices/cms-1809-fc) — Comprehensive APCs (2025 NFRM Addendum J.10282024.xlsx)

9) CMS OPPS [Addendum L](https://www.cms.gov/medicare/payment/prospective-payment-systems/hospital-outpatient/regulations-notices/cms-1809-fc) — Out-Migration Adjustment for CY 2025 (2025 NFRM Addendum L.10212024.xlsx)

10)CMS OPPS [Addendum M](https://www.cms.gov/medicare/payment/prospective-payment-systems/hospital-outpatient/regulations-notices/cms-1809-fc) — HCPCS Codes for Assignment to OPPS Composite APCs for CY 2025 (2025 NFRM Addendum M.10102024.xlsx)

11)CMS OPPS [Addendum P](https://www.cms.gov/medicare/payment/prospective-payment-systems/hospital-outpatient/regulations-notices/cms-1809-fc) — Device-Intensive Procedures for CY 2025 (2025 NFRM Addendum P.10302024.xlsx)

b. The American Medical Association’s Physician “*Current Procedural Terminology,*” 2025.

c. The CMS’ 2025 Alphanumeric *“Healthcare Common Procedure Coding System* (HCPCS).”

d. The Centers for Medicare and Medicaid Services’ (CMS) Hospital Inpatient Prospective Payment Systems final rule of August 28, 2024 (CMS-1808-F), correction notice of October 2, 2024 (CMS-1808-CN2) and Interim Final Action with comment period of October 3, 2024 (CMS-1808-IFC), which are found on the CMS web site at: [FY 2025 IPPS Final Rule Home Page | CMS](https://www.cms.gov/medicare/payment/prospective-payment-systems/acute-inpatient-pps/fy-2025-ipps-final-rule-home-page).

e. The Centers for Medicare and Medicaid Services’ (CMS) [Claims Processing Manual](https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Internet-Only-Manuals-IOMs-Items/CMS018912), Chapter 4, sections 10.2.1, 10.2.2, 10.2.3, 10.4, 10.4.1, 290.5.2, and 290.5.3. These sections provide payment rules for codes assigned status indicator “Q1,” “Q2,” “Q3,” “Q4,” “J1,” or “J2” and payment reduction rules for film X-ray services and X-rays taken using computed radiography technology/cassette-based imaging.

f. The Centers for Medicare and Medicaid Services’ (CMS) [Integrated Outpatient Code Editor (I/OCE)](https://www.cms.gov/medicare/coding-billing/outpatient-code-editor-oce/quarterly-release-files) CMS Specifications V260.R0 (effective 01/01/2025), sections 5.5.1, 5.4.3, 5.4.5, 5.4.6.1, 5.4.6.2, 5.5, 5.6.1, 5.6.1.1, 5.6.2, 5.6.3, 5.6.4, 5.6.4.1, and 5.6.4.2. These sections provide payment rules for codes assigned status indicator “Q1,” “Q2,” “Q3,” “Q4,” “J1,” or “J2.”

## 4. Conversion Factor Calculation

a. L.C. 5307.1(g)(1)(A)(i) provides that the annual inflation adjustment for outpatient hospital facility fees shall be determined solely by the estimated increase in the hospital market basket. Thus, the Medicare 2025 hospital market basket rate of 3.4% is utilized in calculating the updated OMFS amounts. See Medicare Hospital Outpatient Prospective Payment System Final Rule (CMS-1809-FC; 89 FR 93912 at 93968.)

b. OMFS conversion factor for hospital outpatient services

1) The 2024 unadjusted conversion factor was $96.614. The estimated increase in the market basket is 3.4%. The revised conversion factor under the OMFS, updated for inflation, but prior to application of wage index, is $99.898 ($96.614 x 1.034).

## 5. Wage Index and Adjusted Conversion Factors:

The Division made the following revisions:

a. Section 9789.34 Table A sets forth the wage index values and adjusted conversion factors that are applicable to ASCs and non-listed hospitals. These conversion factors would be applicable to hospitals that are covered by the HOPD fee schedule but are not in Table B (section 9789.35).

b. Section 9789.35 Table B sets forth hospital-specific wage index values and adjusted conversion factors for listed hospitals. Table B reflects the additional 7.1% payment adjustment for services rendered by rural sole community hospitals and Essential Access Community Hospitals (EACHs.) See [Medicare Hospital Outpatient Prospective Payment System Final Rule (CMS-1809-FC; 89 FR 93912 at 93977.)](https://www.cms.gov/medicare/payment/prospective-payment-systems/hospital-outpatient/regulations-notices/cms-1809-fc)