

**OMFS Update for Hospital Outpatient and Ambulatory Surgical Center (ASC)
Services
(Effective April 1, 2013)**

1. Data Sources

- a. The Medicare 2013 update to the hospital outpatient prospective payment system was published on November 15, 2012 in the Federal Register (Vol. 77 FR 68210) and is entitled "Medicare and Medicaid Programs: Hospital Outpatient Prospective Payment and Ambulatory Surgical Center Payment Systems and Quality Reporting Programs; Electronic Reporting Pilot; Inpatient Rehabilitation Facilities Quality Reporting Program; Revision to Quality Improvement Organization Regulations" (CMS-1589-FC). The wage index values were published in a separate notice on August 31, 2012 in the Federal Register (Vol. 77 FR 53258) and is entitled "Medicare Program; Hospital Inpatient Prospective Payment Systems for Acute Care Hospitals and the Long-Term Care Hospital Prospective Payment System and FY2013 Rates; Hospitals' Resident Caps for Graduate Medical Education Payment Purposes; Quality Reporting Requirements for Specific Providers and for Ambulatory Surgical Centers; Final Rule" (CMS-1588-F). Corrections to the final rule were published on October 3, 2012, in the Federal Register (Vol. 77 FR 60315, CMS-1588-CN2), and October 29, 2012, in the Federal Register (Vol. 77 FR 65495, CMS-1588-CN3).
- b. The Federal Register documents are available at <http://www.cms.hhs.gov/HospitalOutpatientPPS/> , <http://www.cms.hhs.gov/AcuteInpatientPPS/> , and the wage index values are available at http://www.cms.hhs.gov/AcuteInpatientPPS/03_wageindex.asp#TopOfPage

2. The fixed-dollar outlier threshold is \$2,025.00 for services rendered after April 1, 2013.

3. Title 8 CCR §9789.30:

- a. For services rendered on or after April 1, 2013, the adjusted conversion factor means the OMFS' conversion factor for 2012 of \$68.968 x the market basket inflation factor 1.026 x (0.4 + (0.6 x wage index). See section 9789.39 for the unadjusted conversion factor, market basket inflation factor, and labor-related share by date of service.
- b. For services rendered on or after April 1, 2013, "APC Payment Rate" means CMS' hospital outpatient prospective payment system rate for Calendar Year 2013 as set forth in the Federal Register on November 15, 2012 (CMS-1589-FC), 77 FR 68210, Addendum B, which document is found on the CMS web site at: <http://www.cms.gov/HospitalOutpatientPPS>. See section 9789.39 for the Federal Register reference to the APC payment rate by date of service.
- c. For services rendered on or after April 1, 2013, "APC Relative Weight" means CMS' APC relative weight as set forth in CMS' hospital outpatient

prospective payment system for the Calendar Year 2013 as set forth in the Federal Register on November 15, 2012 (CMS-1589-FC), 77 FR 68210, Addendum B, which document is found on the CMS web site at:

<http://www.cms.gov/HospitalOutpatientPPS>. See section 9789.39 for the Federal Register reference to the APC relative weight by date of service.

- d. For services rendered on or after April 1, 2013, "Market Basket Inflation Factor" means 2.6%, the market basket percentage increase determined by CMS for FY 2013. See section 9789.39 for the Federal Register reference to the market basket inflation factor by date of service.
- e. For services rendered on or after April 1, 2013, "Wage Index" means CMS' wage index for urban, rural and hospitals that are reclassified as described in CMS' 2013 Hospital Outpatient Prospective Payment System (HOPPS) final rule of November 15, 2012, adopted for Calendar Year 2013, published in the Federal Register (CMS-1589-FC; 77 FR 68210). The wage index values are specified in the Hospital Inpatient Prospective Payment Systems published in the Federal Register of August 31, 2012 in the Federal Register (Vol. 77 FR 53258), Table 4A for certain urban areas by CBSA and by state, Table 4B for certain rural areas by CBSA and by state, and Table 4C for certain reclassified hospitals by CBSA and state, which documents are found on the CMS web site at: <http://www.cms.gov/AcuteInpatientPPS/>. See section 9789.39 for the Federal Register reference that contains description of the wage index and wage index values by date of service.

4. Title 8 CCR §9789.31:

For services rendered on or after April 1, 2013, the following is incorporated by reference:

a. The Centers for Medicare and Medicaid Services' (CMS) 2013 Hospital Outpatient Prospective Payment System (HOPPS), adopted for the Calendar Year 2013, published in the Federal Register on November 15, 2012 (CMS-1589-FC; 77 FR 68210), Addenda A, B, D1, D2, E, L, and M. See <http://www.cms.hhs.gov/HospitalOutpatientPPS>. The payment system includes:

1.

- 1) Addendum A "Final OPSS APCs for CY 2013"
- 2) Addendum B "Final OPSS Payment by HCPCS Code for CY 2013"
- 3) Addendum D1 "Final OPSS Payment Status Indicators For CY 2013"
- 4) Addendum D2 "Final OPSS Comment Indicators For CY 2013"
- 5) Addendum E "Final HCPCS Codes That Are Paid Only as Inpatient Procedures for CY 2013"
- 6) Addendum L "Final CY 2013 OPSS Out-Migration Adjustment"
- 7) Addendum M "Final HCPCS Codes for Assignment to Composite APCs for CY 2013".

2. The American Medical Associations' Physician "*Current Procedural Terminology*", 4th Edition, Revised 2013.
3. The CMS' 2013 Alphanumeric "*Healthcare Common Procedure Coding System (HCPCS)*".
4. The Centers for Medicare and Medicaid Services' (CMS) FY 2013 Hospital Inpatient Prospective Payment Systems (IPPS), adopted for the Fiscal Year 2013, published on August 31, 2012 in the Federal Register (Vol. 77 FR 53258), Table 2; Table 4A; Table 4B; Table 4C; and Table 4J which documents are found at <http://www.cms.hhs.gov/AcuteInpatientPPS/>.
5. The Fiscal Year 2013 Hospital Inpatient Prospective Payment Systems (IPPS) "Payment Impact File" published by the federal Centers for Medicare & Medicaid Services (CMS), which document is found at <http://www.cms.hhs.gov/AcuteInpatientPPS/>

5. Conversion Factor Calculation

- a. Update to the standardized amount. 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, in lieu of using the Medicare 2013 rates to determine the updated OMFS amounts, the estimated increase in the hospital market basket was applied to the 2012 OMFS rate.
- b. OMFS conversion factor for hospital outpatient services
 1. The 2012 unadjusted conversion factor was \$68.968. The estimated increase in the market basket is 2.6%. The revised unadjusted conversion factor under the OMFS is \$70.761 (\$68.968x 1.026).

6. 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. These conversion factors would also be applicable to any hospitals that 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 services rendered on or after April 1, 2013. Table B reflects the additional 7.1% payment adjustment for services rendered by rural sole community hospitals and EACHs.
7. To the extent references to the Federal Register or Code of Federal Regulations are made in any sections starting from section 9789.30 through 9789.39 of Title 8 of the California Code of Regulations, said section is amended to incorporate by reference the applicable Federal Register final rule (including additional notices, correction notices, and revisions) and Federal Regulations in effect as of the date the Order

becomes effective, for services rendered on or after April 1, 2013. In particular, to the extent a section makes reference to the CMS hospital outpatient prospective payment system final rule, said section is amended to incorporate by reference the final rule published on November 15, 2012 in the Federal Register (Vol. 77 FR 68210) and is entitled "Medicare and Medicaid Programs: Hospital Outpatient Prospective Payment and Ambulatory Surgical Center Payment Systems and Quality Reporting Programs; Electronic Reporting Pilot; Inpatient Rehabilitation Facilities Quality Reporting Program; Revision to Quality Improvement Organization Regulations" (CMS-1589-FC). To the extent a section makes reference to the CMS hospital inpatient prospective payment system final rule wage index values, said section is amended to incorporate by reference the final rule published on August 31, 2012 in the Federal Register (Vol. 77 FR 53258) and is entitled "Medicare Program; Hospital Inpatient Prospective Payment Systems for Acute Care Hospitals and the Long-Term Care Hospital Prospective Payment System and FY2013 Rates; Hospitals' Resident Caps for Graduate Medical Education Payment Purposes; Quality Reporting Requirements for Specific Providers and for Ambulatory Surgical Centers; Final Rule" (CMS-1588-F); and the corrections to the final rule were published on October 3, 2012, in the Federal Register (Vol. 77 FR 60315, CMS-1588-CN2), and October 29, 2012, in the Federal Register (Vol. 77 FR 65495, CMS-1588-CN3).