

**OMFS Update for Outpatient Hospital and Ambulatory Surgical Center (ASC)  
Services  
(Effective April 15, 2010)**

1. Data Sources

- a. The Medicare 2010 update to the hospital outpatient prospective payment system was published on November 20, 2009 in the Federal Register (Vol. 74 FR 60316) and is entitled "Medicare Program: Changes to the Hospital Outpatient Prospective Payment System and CY 2010 Payment Rates; Changes to the Ambulatory Surgical Center Payment System and CY 2010 Payment Rates" (CMS-1414-FC). A correction of the final rule was published on December 31, 2009 in the Federal Register (Vol. 74 FR 69502) and is entitled "Medicare Program: Changes to the Hospital Outpatient Prospective Payment System and CY 2010 Payment Rates; Changes to the Ambulatory Surgical Center Payment System and CY 2010 Payment Rates" (CMS-1414-CN). The wage index values were published in a separate notice on August 27, 2009 in the Federal Register (Vol. 74 FR 43754) and is entitled "Medicare Program; Changes to the Hospital Inpatient Prospective Payment Systems for Acute Care Hospitals and Fiscal Year 2010 Rates; and Changes to the Long-Term Care Hospital Prospective Payment System and Rate Years 2010 and 2009 Rates" (CMS-1406-F). A correction to the final rule was published on October 7, 2009, in the Federal Register (Vol. 74 FR 51496), and is entitled "Medicare Program; Changes to the Hospital Inpatient Prospective Payment Systems for Acute Care Hospitals and Fiscal Year 2010 Rates and to the Long-Term Care Hospital Prospective Payment System and Rate Year 2010 Rates; Corrections" (CMS-1406-CN).
- 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](http://www.cms.hhs.gov/AcuteInpatientPPS/03_wageindex.asp#TopOfPage)

2. The fixed-dollar outlier threshold is \$2,175.00 for services rendered after April 15, 2010.

3. Title 8 CCR §9789.31 is amended as follows:

- a. For services rendered on or after April 15, 2010, §9789.31 is amended to incorporate by reference the following:
  1. The Centers for Medicare and Medicaid Services' (CMS) 2010 Hospital Outpatient Prospective Payment System (HOPPS), for the Calendar Year 2010, published in the Federal Register on November 20, 2009 Volume 74, No. 223, Addenda A, B, D1, D2, E, L, and M found within pages 60682 through 60983 (CMS-1414-FC) and on page 69503 (CMS-1414-CN). See

<http://www.cms.hhs.gov/HospitalOutpatientPPS> . The payment system includes:

- i. Addendum A “Final OPSS APCs for CY 2010”
  - ii. Addendum B “Final OPSS Payment By HCPCS Code for CY 2010”
  - iii. Addendum D1 “Final OPSS Payment Status Indicators for CY 2010”
  - iv. Addendum D2 “Final OPSS Comment Indicators for CY 2010”
  - v. Addendum E “HCPCS Codes That Are Paid as Inpatient Procedures for CY 2010”
  - vi. Addendum L “CY 2010 OPSS Out-Migration Adjustment”
  - vii. Addendum M “HCPCS Codes for Assignment to Composite APCs for CY 2010”.
2. The American Medical Associations’ Physician “*Current Procedural Terminology*”, 4th Edition, Revised 2010.
  3. The CMS’ 2010 Alphanumeric “*Healthcare Common Procedure Coding System (HCPCS)*”.
  4. The Centers for Medicare and Medicaid Services’ (CMS) FY 2010 Hospital Inpatient Prospective Payment Systems (IPPS), adopted for the Fiscal Year 2010, published in the Federal Register on August 27, 2009, Vol.74, No. 165, (CMS-1406-F), Table 2 on pages 44032 through 44078; Table 4A on pages 44085 through 44091; Table 4B on page 44091; Table 4C on pages 44091 through 44095; and Table 4J on pages 44118 through 44125.
  5. The Centers for Medicare and Medicaid Services’ (CMS) FY 2010 Hospital Inpatient Prospective Payment Systems (IPPS), adopted for the Fiscal Year 2010, correction of the final rule, published in the Federal Register on October 7, 2009, Vol. 74, No. 193, (CMS-1406-CN), Table 2 on pages 51499 through 51505); Table 4A on pages 51505 through 51506; Table 4B on page 51506; Table 4C on page 51506; and Table 4J on page 51506.
  6. The Fiscal Year 2010 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/>.

#### 4. 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 2010 rates to determine the updated OMFS amounts, the estimated increase in the hospital market basket was applied to the 2009 OMFS rate.

b. OMFS conversion factor for hospital outpatient services

1. The 2009 unadjusted conversion factor was \$63.92. The estimated increase in the market basket is 2.1%. The revised unadjusted conversion factor under the OMFS is \$65.262 ( $\$63.92 \times 1.021$ ).

5. For services rendered on or after April 15, 2010, status code indicator “U”, brachytherapy sources, is a separately payable APC.

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 15, 2010. Table B reflects the additional 7.1% payment adjustment for services rendered by rural sole community hospitals.
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 9789.38 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 15, 2010. 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 20, 2009 in the Federal Register (Vol. 74 FR 60316) and is entitled "Medicare Program: Changes to the Hospital Outpatient Prospective Payment System and CY 2010 Payment Rates; Changes to the Ambulatory Surgical Center Payment System and CY 2010 Payment Rates" (CMS-1414-FC); and the correction of the final rule, published on December 31, 2009 in the Federal Register (Vol. 74 FR 69502), entitled "Medicare Program: Changes to the Hospital Outpatient Prospective Payment System and CY 2010 Payment Rates; Changes to the Ambulatory Surgical Center Payment System and CY 2010 Payment Rates" (CMS-1414-CN). 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 27, 2009 in the Federal Register (Vol. 74 FR 43754) and is entitled "Medicare Program; Changes to the Hospital Inpatient Prospective Payment Systems for Acute Care Hospitals and Fiscal Year 2010 Rates; and Changes to the Long-Term Care Hospital Prospective Payment System and Rate Years 2010 and 2009 Rates; Final Rule" (CMS-1406-F); the correction to the final rule published on October 7, 2009, in the Federal Register (Vol. 74 FR 51496), entitled "Medicare Program; Changes to the Hospital Inpatient Prospective Payment Systems for Acute Care Hospitals and Fiscal

Year 2010 Rates and to the Long-Term Care Hospital Prospective Payment System and Rate Year 2010 Rates; Corrections” (CMS-1406-CN).

Authority: Sections 133, 4603.5, 5307.1, and 5307.3, Labor Code.

Reference: Sections 4600, 4603.2, and 5307.1, Labor Code.