

2021 Hospital Outpatient Prospective Payment System Final Rule Initial Summary

On Dec. 2, 2020 the Centers for Medicare and Medicaid Services (CMS) [released](#) the calendar year (CY) 2021 Hospital Outpatient Prospective Payment System (HOPPS) final rule. The finalized changes in the final rule are effective Jan. 1, 2021.

CMS has increased the conversion factor by 2.4% bringing it up to \$82.797 for CY 2021. CMS will continue to implement the statutory 2.0 percentage point reduction in payments for hospitals that fail to meet the hospital outpatient quality reporting requirements by applying a reporting factor of 0.9805 to the OPSS payments and copayments for all applicable services.

Included in the CY 2021 HOPPS Final Rule, CMS formally eliminated the Inpatient Only (IPO) list of 1,700 procedures for which Medicare will only pay when performed in the hospital inpatient setting over a three-year transitional period, beginning with musculoskeletal-related services. The IPO list will be fully phased out by CY 2024.

CMS finalized the requirement for prior authorization for Cervical Fusion with Disc Removal and Implanted Spinal Neurostimulators for dates of services on or after July 1, 2021.

Beginning in CY 2021, CMS will fully implement the CT and MR cost data regardless of the cost allocation method. The American College of Radiology® (ACR®) has raised concerns many times in the past regarding the use of claims from hospitals that continue to report under the “square foot” cost allocation method noting that it would underestimate the true costs of CT and MR studies. CMS has given the hospitals six years to adjust their cost allocation methods from “square foot” to either “direct” or the “dollar” method. These changes are the result of a study that was done by the Research Triangle Institute (RTI) back in 2007¹. Although the ACR has argued that the RTI study, and data which back it up, are outdated, CMS is adamant to continue with fully implementing its recommendations on how to better represent cost center data in the hospital setting. CMS stated that they continue to monitor OPSS imaging payments in the future and consider the potential impacts of payment changes on the PFS and the ASC payment system.

For CY 2021, CMS will create two new Comprehensive APCs (C-APCs). These new C-APCs are: C-APC 5378 (Level 8 Urology and Related Services) and C-APC 5465 (Level 5 Neurostimulator and Related Procedures). Adding these C-APCs increases the total number of C-APCs to 69.

For CY 2021 and subsequent years, CMS is changing the minimum default level of supervision for non-surgical extended duration therapeutic services to general supervision for the entire service, including the initiation portion of the service, which previously required direct supervision. This is consistent with the

¹ Cromwell, J., & Dalton, K. (2007, January). *A Study of Charge Compression in Calculating DRG Relative Weights* (Rep.). Retrieved July 1, 2019, from Centers for Medicare and Medicaid Services website: <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/Reports/downloads/Dalton.pdf>

minimum required level of general supervision that currently applies for most outpatient hospital therapeutic services. CMS is also finalizing their proposal to permit direct supervision of pulmonary rehabilitation, cardiac rehabilitation and intensive cardiac rehabilitation services using virtual presence of the physician through audio/video real-time communications technology, subject to the clinical judgment of the supervising physician, until the later of the end of the calendar year in which the PHE ends, or Dec. 31, 2021.

Additionally, CMS has formally delayed the Radiation Oncology Model implementation date to July 1, 2021. As such, CMS has decided the RO Model will not meet the criteria to be either an Advanced APM or a MIPS APM under the Quality Payment Program in PY1. This determination will be made in Year 2 (see page 1185 of HOPPS Final Rule). Additionally, the quality measure and clinical data elements will not be required until Year 2 (Jan. 1, 2022, through Dec. 31, 2022), and there will be no 2% quality withhold in PY1. Furthermore, CEHRT requirements for the RO Model are now pushed to PY2. This is an interim final rule with a comment period.

Finally, CMS is finalizing a new requirement for the nation's 6,200 hospitals and critical access hospitals to report information about their inventory of therapeutics to treat COVID-19.

The ACR will review and analyze the CY 2021 HOPPS Final Rule and will release a detailed summary in the coming days.