

**Timely Topics****PAYMENT AND PRACTICE MANAGEMENT****March 2016****CMS HOP Panel  
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The Centers for Medicare and Medicaid Services (CMS) uses a variety of payment systems. Anesthesiologists are very familiar with the “base+time” system used to determine payment for anesthesia care and with the Resource Based Relative Value System (RBRVS) that is used to calculate payment for the non-anesthesia services anesthesiologists provide. Professional services are one part of the payment landscape; payment to the facilities in which these services are provided is another. This Timely Topic discusses the workings of the CMS Panel that provides recommendations to CMS on the Hospital Outpatient Payment system. It offers the perspective of the author who currently serves as a member of this Panel. As MACRA’s alternative payment models (APMs) develop, an understanding of other payment systems becomes increasingly important.

CMS established the Advisory Panel on Hospital Outpatient Payments (Panel) to advise the Secretary of the Department of Health and Human Services and the Administrator of CMS on payment for hospital outpatient services. Its two main activities are to evaluate the “clinical integrity of the Ambulatory Payment Classification (APC) groups and their associated weights” and to determine the appropriate supervision level for hospital outpatient services. The Panel is composed of 19 members that are a mix of physicians and healthcare organization administrators. Consultants, lobbyists, professional or industry organizations are not eligible for appointment. The Panel meets twice a year, usually in Baltimore, MD, at CMS headquarters.

The activities of the Panel involve hearing the requests of the public, including healthcare providers (physicians and hospital organizations), industry representatives and professional organizations. CMS describes the Panel as being technical in nature because it principally deals with the valuations and assignments of individual procedures into the APC groups. Data on the frequency that codes are submitted as charges to CMS for outpatient services and the mean cost data for each of the billing codes are provided to the panel in preparation for each meeting.

At the beginning of each meeting the CMS Director for Hospital and Ambulatory Policy Group provides an update on the current state of Medicare payments for hospital outpatient services. This includes a summary of what the CMS staff has observed in the patterns of code submission and charges and future plans that Medicare has for payment. This is followed by a presentation of the upcoming year’s Outpatient Payment System’s final rule and a discussion of proposed changes to the APC’s. Over

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### PAYMENT AND PRACTICE MANAGEMENT

the past few years Medicare's intention has been to move toward a bundled prospective payment system. Expenses that are regularly billed with a particular CPT code or visit code are being incorporated into payment for the parent or principal code. This includes supply and pharmaceutical costs in addition to normal facility expenses.

The hearing component of the meeting constitutes the main activity of the Panel. Consultants, medical industry representatives, medical professional societies and healthcare organization representatives request to be on the agenda to propose changes to the APC's. The Panel's task is to determine which presentations have merit and make recommendations to CMS on how to correct the APC assignment. The recommendations of the committee are non-binding on CMS, but are given consideration for final rule making.

The ASA receives a report of the Panel's activities through the ASA's Committee on Economics. It is important for the society to monitor the changes that CMS plans for all aspects of payment for healthcare services. Any change that CMS makes to the outpatient payment system will directly affect members of the ASA that have a financial interest in outpatient facilities. Facilities may also modify the services and procedures that they provide to adapt to changes in Medicare payments. This could directly affect all aspects of our membership including the practice of Pain Medicine. The changes that Medicare makes to the outpatient payment system are also indicative of the bundling that is occurring in other aspects of Medicare's payment system such as programs like the Comprehensive Care for Joint Replacement program. Through the ASA's involvement on the Panel the COE will continue to monitor developments in Medicare's payments to facilities in order to protect the interests of the membership.