



Medicare Hospital Reimbursement Changes

BY, ANDREW LEVINE, CRYSTAL BLOOM, AND NICOLE SEXTON

On November 2, 2015, President Barack Obama signed into law the Bipartisan Budget Act of 2015. Aimed primarily at lifting the federal debt limit and avoiding default on U.S. debt obligations, the Act also includes language that substantially alters the way Medicare reimburses for outpatient services furnished by hospitals in off-campus outpatient departments. Specifically, Section 603 of the Act prohibits certain types of “new” off-campus, or provider-based, hospital outpatient departments from receiving Medicare reimbursement under the Hospital Outpatient Prospective Payment System (OPPS) for non-emergency services after December 31, 2016. The following is a summary of what this means for established and new off-campus sites going forward.

DEPARTMENTS AFFECTED

- New hospital outpatient departments located more than 250 yards from the main hospital buildings or a remote location of a hospital (i.e. inpatient satellite) that are established and billing Medicare after 11/2/15 through 12/31/16 will only receive reimbursement under the OPPS fee schedule through 12/31/16. On 1/1/17, outpatient departments established between 11/2/15 and 12/31/16 will no longer be reimbursed under OPPS. As of 1/1/17, reimbursement for services provided at these outpatient sites may only be provided under a non-hospital fee schedule (e.g. physician fee schedule, ASC fee schedule, IDTF fee schedule).
- New outpatient departments located more than 250 yards from the main hospital buildings or a remote location of a hospital (i.e. inpatient satellite) that are established and billing on or after 1/1/17 will not be reimbursed under OPPS. Reimbursement for services provided at these outpatient sites may only be provided under a non-hospital fee schedule (e.g. physician fee schedule, ASC fee schedule, IDTF fee schedule).

DEPARTMENTS NOT AFFECTED

- Any existing or new hospital outpatient department located within 250 yards from the main hospital buildings or a remote location of a hospital (i.e. inpatient satellite) that meets the requirements for provider based status.
- Any existing or new hospital inpatient satellite under the control of the main hospital provider.
- Any existing or new hospital outpatient department that provides emergency services that meets the requirements for provider based status.
- Any existing hospital outpatient department that billed Medicare under OPPS prior to 11/2/15 and continues to meet the requirements for provider based status may continue to receive reimbursement under OPPS post 12/31/16.

Donoghue Barrett & Singal
One Beacon Street
Boston, MA 02108
T 617.720.5090
F 617.720.5092
www.dbslawfirm.com

FUTURE GUIDANCE

Hospitals are well advised to remain vigilant for any information provided by CMS related to the Act. Historically, CMS has released proposed OPSS rules in the summer of each year. Therefore, it is anticipated that CMS will issue proposed rules/guidance to implement the Act and detail the scope of its applicability no later than the close of summer 2016. CMS may even engage in rule-making efforts earlier in order to impart a sense of clarity upon hospitals across the United States.

ABOUT THE AUTHORS

Andrew Levine is a partner and head of the firm's regulatory practice. He provides regulatory guidance, business and corporate legal services, as well as strategic advice, to healthcare clients. You can find him on Google+ and LinkedIn.

Crystal Bloom is a Boston attorney providing state and federal regulatory guidance and corporate legal services to healthcare providers. You can find her on LinkedIn.

Nicole Sexton is an attorney in the firm's Health Law practice, where she provides legal counsel to a wide range of healthcare providers. You can find her on LinkedIn.

Amanda Flood is a law clerk at Donoghue Barrett & Singal. She contributed to this report.