

CAPITOL STREET

November 2, 2023

Hospital Outpatient Pay +3.3% In 2024

Rural +4.2% vs Urban +3.2% Bump

Relevant Companies



On November 2, CMS released the final 2024 Hospital Outpatient Payment & Ambulatory Surgery Center (ASC) rule. The final rule can be found [here](#). The policies will affect ~3,500 hospitals and ~6,000 ASCs, along with impacts to some MedTech and Biopharma manufacturers. The proposed rule from July is [here](#), for reference.

»» Our Take & Next Up

Pay is up 30 bps for acute-care hospitals (versus proposed) with mixed updates for some MedTech & Biopharma manufacturers. New payments and policies start Jan 1, 2024. Rural hospital rates (+4.2%) are stronger than urban ones (+3.2%) for CY24. Price transparency requirements are stricter for hospitals starting in 2024. CMS approved 4 out of 6 medical device pass-through coverage applications in the final rule. CMS will not expedite non-opioid coverage into 2024 (No Pain Act, 2025), while lithotripsy pass-through ends June 30, 2024. In person visit rules will remain relaxed for remote mental health services through the end of 2024.

»» Key Points

HOSPITAL OUTPATIENT DEPARTMENTS

Positively for Hospitals, CMS finalizes hospital outpatient department update of +3.3% in 2024 (vs. proposed +3.0%). Urban hospital outpatient departments would see a +3.2% increase (vs. proposed +2.8%), but rural hospital departments will see a higher update of +4.2% (vs. proposed +4.4%).

In a somewhat large improvement from proposed, proprietary hospitals will see a +4.6% increase (vs. proposed +3.4%) in 2024 (UHS, THC, HCA, Others). Voluntary hospitals will see a +3.2% increase (vs. proposed +3.0%) increase, and government hospitals will see a +2.8% increase in 2024 (in line with proposed).

AMBULATORY SURGERY CENTERS (ASC)

+3.0% update for ASCs in 2024. The range of pay updates is -11% to +9% (vs. proposed range of -6% to +7%). On the higher range Gastrointestinal +9% (vs. proposed 7%), Eye +8% (vs. proposed +6%) and Genitourinary +8% (vs. proposed +6%) surgeries and on the much lower end Nervous System surgeries would be -11% (vs. proposed -6%).

Good news for dental (surgical) services in CY 2024, [CMS adds](#) 26 dental surgical procedures to the ASC covered procedures list, and 78 ancillary dental services to the covered ancillary services list.

HOSPITAL PRICE TRANSPARENCY

CMS finalizes hospital price transparency enforcement. CMS will revise enforcement process by updating methods to assess hospital compliance, requiring hospitals to acknowledge receipt of warning notices, working with health system officials to address noncompliance issues in one or more hospitals that are part of a health system, and publicizing more information about CMS enforcement activities related to individual hospital compliance.

CMS will require hospital affirmation of price transparency data to be submitted. CMS finalizes policies to (1) add definitions for “CMS template”, “consumer-friendly expected allowed charges”, “encode”, and “machine-readable file” (MRF); (2) require hospitals to ensure that standard charge info encoded in the MRF is accurate (by Jan 1 2024); (3) require hospitals to affirm the accuracy and completeness of data in their MRF (by July 1 2024); (4) require hospitals to conform to a CMS template layout and other technical specifications for encoding standard charge information in the MRF; (5) require hospitals to establish and maintain a txt file and footer as specified by CMS.

MENTAL HEALTH

CMS finalizes payment for Intensive Outpatient Programs (IOP) under Medicare. An IOP is an organized outpatient program of psychiatric services for individuals with acute mental illness. IOP services can be furnished in hospital outpatient departments, community mental health centers (CMHCs), federally qualified health centers (FQHCs), and rural health clinics (RHCs). CMS also finalizes IOP coverage to Opioid Treatment Programs (OTPs).

More positives for mental health. CMS will delay the periodic in-person visit requirement for patients’ remote mental health services to remain covered, until the end of CY 2024.

INPATIENT ONLY (IPO) LIST & DEVICES FOR PASS THROUGH

CMS received 6 complete applications for device pass-through payments. 4 devices qualified, and 2 did not qualify.

- **Alternative Pathway Device Pass-Through Payment -- 2 FDA breakthrough** (1) CavaClear Inferior Vena Cava (IVC) Filter Removal Laser Sheath (Philips) and (2) CERAMENT G (BONESUPPORT)
- **Traditional Device Pass-Through Applications** (3) Ambu aScope™ 5 Broncho HD (Ambu USA) (4) FLEX Vessel Prep System (VentureMed)
- **Traditional Device Pass-Through Applications that did not qualify** (5) Praxis Medical CytoCore (Praxis Medical Devices) (6) EchoTip (Cook Medical)

Shockwave (lithotripsy) pass-through expiration date is June 30, 2024. Lithotripsy’s HCPCS code is C1761 and CMS says it will cost \$19.6 M in pass through expenditures in CY 2024. For the first group of devices, consisting of device categories that are currently eligible for pass-through payment and will continue to be eligible for pass-through payment in CY 2024 CMS finalizes an estimate for the first group of devices of \$93.7 M.

For 2024, CMS will add 10 services to the IPO list with a status indicator “C” (inpatient only). CMS will not remove any services from the IPO list for 2024.

The added procedures include: (1) 0790T Revision (e.g., augmentation, division of tether), replacement, or removal of thoracolumbar or lumbar vertebral body tethering; (2) 22836 Anterior thoracic vertebral body tethering; (3) 22837 Anterior thoracic vertebral body tethering; (4) 22838 Revision (e.g., augmentation, division of tether), replacement, or removal of thoracic vertebral body tethering; (5) 61889 Insertion of skull-mounted cranial neurostimulator pulse generator or receiver; (6) 76984 Ultrasound, intraoperative thoracic aorta (e.g., epiaortic), diagnostic; (7) 76987 Intraoperative epicardial cardiac (e.g., echocardiography) ultrasound for congenital heart disease, diagnostic; (8) 76988 Intraoperative epicardial cardiac ultrasound (e.g., echocardiography) for congenital heart disease, diagnostic;

(9) 76989 Intraoperative epicardial cardiac ultrasound (e.g., echocardiography) for congenital heart disease, diagnostic; (10) 0646T Transcatheter tricuspid valve implantation (tvi)/replacement with prosthetic valve, percutaneous approach.

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