



Reimbursement Roundup

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Presenters



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Agenda

- ▲ **1** 2024 PPS Final Rules
- ▲ **2** Recap of FY2023 Cost Report Changes in Transmittal 18
- ▲ **3** 2024 Proposed Rules for Outpatient PPS, ASC, and Physician Fee Schedule



Learning objectives



- ▲ Stay abreast of regulatory updates impacting hospital reimbursement from Medicare in FY2024
- ▲ Identify opportunities for new sources of revenue

Polling question #1





Section 1

2024 PPS Final Rules

2024 Inpatient Psych and Rehab Facilities PPS Final Rules

PPS Update Factors	Inpatient Psych Facility (IPF)		Inpatient Rehab Facility (IRF)	
	Final FY23	Final FY24	Final FY23	Final FY24
Market basket update*	4.1%	3.5%	4.2%	3.6%
Economy wide productivity adjustment	(0.3%)	(0.2%)	(0.3%)	(0.2%)
IPF/IRF PPS payment rate	3.8%	3.3%	3.9%	3.4%
Outlier payments	(1.2%)	(0.9%)	(0.6%)	0.6%
IPF/IRF Payments	2.5%	2.3%	3.2%	4.0%

- ▲ Hospitals allowed to open new IPF/IRF Distinct Part Units any time during the year with >30 days notice
- ▲ More payment update details can be found on our website at:
 - <https://www.berrydunn.com/news-detail/medicare-final-rule-for-fy-2024-inpatient-psychiatric-facility-prospective-payment-system>
 - <https://www.berrydunn.com/news-detail/medicare-final-rule-for-fy-2024-inpatient-rehabilitation-facility-prospective-payment-system>



2024 Inpatient Prospective Payment System (IPPS) Final Rule

CMS-1785-F and CMS 1788-F released April 10, 2023, effective October 1, 2023

Inpatient Prospective Payment System (IPPS) Update Factors*	Final FY23	Proposed FY24	Final FY24
Market basket update	4.1%	3.0%	3.3%
Economy-wide productivity adjustment	(0.3%)	(0.2%)	(0.2%)
Documentation and coding	0.5%	0.0%	0.0%
Rate increase factor	4.3%	2.8%	3.1%

**Hospitals may be subject to other payment adjustments under the IPPS, including the Hospital Readmissions Reduction, Hospital-Acquired Condition Reduction, and Hospital Value-Based Purchasing adjustments.*

Payment Description	Estimated Impact (in millions)
Operating and capital payments, net of decreases in outlier payments	\$2,200
Disproportionate share hospital payments	(957)
New technology payments	(364)
Net payment increase (decrease)	\$879



FY24 Inpatient Prospective Payment System (IPPS) Final Rule

Major Provisions

MS-DRGs

MS-DRG changes and relative weights will be the FY22 MedPAR claims and the FY21 HCRIS data set

Changed severity designation of 3 ICD-10-CM dx codes related to Social Determinants of Health (SDOH) describing homelessness to reflect a complication or comorbidity (CC)

Wage Index

Continuation of the temporary low-wage index hospital policy and related budget neutrality adjustment

To include §412.103 rural classified hospitals and geographically rural hospitals to calculate the wage index and to only exclude “dual reclass” hospitals

Value-Based Purchasing

Hospital Value-based Purchasing Program: changing the scoring policy to include a health equity scoring adjustment, expanding the Total Performance Scoring to provide incentives to hospitals that care for high proportions of underserved individuals

Uncompensated Care

Uncompensated Care payments will be \$6.21B, decreasing \$957M, based on assumption that uninsured rate will decline from 9.2% to 8.3%

More details can be found on our website at:

<https://www.berrydunn.com/news-detail/medicare-final-rule-for-fy-2024-hospital-inpatient-prospective-payment-system-ipps-and-long-term-care-hospitals-ltch-pps>



Section 1115 Waiver Days

- ▲ Effective for discharges on or after October 1, 2023
- ▲ Providers in select states will no longer be able to claim certain days associated with §1115 waiver demonstration projects
 - Only count patients eligible for inpatient coverage under a state's §1115 health insurance plan or receive 100% premium assistance for the purchase of inpatient hospital coverage, provided that the patient is not also entitled to Medicare Part A
- ▲ CMS estimates that excluding these days may result in a \$348M annual reduction in Medicare DSH payments
- ▲ Can also have negative 340B implications





▲ Section 2

FY2023 Cost Report
Changes in Transmittal 18

Transmittal 18 FY23 Cost Report Changes: New Exhibits

New detailed exhibits required to support Worksheet S-10 and Medicare Bad Debts



Exhibit 3A Medicaid Eligible Days

- New required fields
- Changes in how newborn days must be reported



Exhibit 3B Charity Care

21 fields; confusion on how to interpret some fields



Exhibit 3C Total Bad Debt

17 fields; more confusion...



Exhibit 2A Medicare Bad Debts

24 required fields instead of 10, some fields now mandatory

Electronic versions of templates can be found on the CMS website at:

<https://www.cms.gov/medicare/audits-compliance/part-cost-report-audit/electronic-cost-report-exhibit-templates>

Transmittal 18 FY23 Cost Report Changes: Worksheet S-10

Split into Part I and Part II

1

Part I

Uncompensated care for the entire hospital complex

2

Part II

Inpatient and outpatient services billable only under the hospital CMS certification number (CCN)



Polling question #2





Section 3

2024 Proposed Rules for
Outpatient PPS, ASC, and
Physician Fee Schedule

CY24 Outpatient PPS and ASC Proposed Rule

CMS-1786-P released July 13, 2023

OPPS/ASC Update Factors	Final 2023	Proposed 2024
Market basket update	3.1%	3.0%
Economy wide productivity adjustment	(0.4%)	(0.2%)
Proposed rate increase factor	2.7%	2.8%

- ▶ Continue to pay 340B-acquired drugs at ASP+6%. Remedy for underpayment in 2018-2022 under separate proposed rule
 - One-time lump sum payments to affected 340B providers totaling \$9 billion, including the beneficiary cost-sharing portion
 - Prospective offset to OPPS rates for budget neutrality to total \$7.8B by reducing OPPS CF by -0.5% beginning in CY2025 for 16 years
 - Anticipated final rule before CY 2024 OPPS/ASC Final Rule in Fall 2023
- ▶ More details can be found on our website at:
<https://www.berrydunn.com/news-detail/opps-updates-of-interest-340b-remedy-proposed-rule>



CY24 OPPTS Proposed Rule: New Intensive Outpatient Program

- ▲ IOP is outpatient psychiatric services for acute mental illness or substance use disorder furnished in hospital outpatient departments (HOPDs), Community Mental Health Centers (CMHCs), Federally Qualified Health Centers (FQHCs), and Rural Health Clinics (RHCs)
- ▲ Require physician certification that patient needs at least nine hours/week with recertification at least every other month
- ▲ Propose payment on per diem basis:
 - HOPDs and CMHCs – two IOP APCs to be established for each provider type: one if three services/day and one if four or more services/day
 - RHCs – would be paid the three services/day per diem for HOPD
 - FQHCs – would be paid lesser of actual charges or the three services/day per diem for HOPD





CY24 OPPS Proposed Rule: Price Transparency

- ▲ Use of a CMS template for the machine-readable display of standard charge data
- ▲ Additional standard charge data elements to be encoded in the machine-readable file
- ▲ Proposed updates to the enforcement provisions
 - Certification by an authorized official as to accuracy and completeness
 - Publicizing CMS's assessment of a hospital's compliance, any action taken against the hospital and the status and outcome of such action, and any notifications sent to hospital leadership

CY2024 Physician Fee Schedule Proposed Rule

CMS-1784-P released July 21, 2023

- ▲ Overall payment rates proposed to be reduced by 1.25%
 - Proposed PFS Conversion Factor (CF) is \$32.75, a decrease of \$1.14 (or 3.34%) from \$33.89 reflecting:
 - Expiration of the 2.5% statutory payment increase for CY 2023
 - 1.25% statutory payment increase for 2024
 - -2.17% budget-neutrality adjustment
 - Proposed Anesthesia CF is \$20.44, a 3.26% reduction from \$21.12 reflecting:
 - Same overall PFS adjustments above
 - Addition of the anesthesia-specific practice expense and malpractice adjustment of 0.11%
 - More details can be found on our website at:
<https://www.berrydunn.com/news-detail/medicare-proposed-rule-for-cy-2024-medicare-physician-fee-schedule>





CY2024 Physician Fee Schedule Proposed Rule

Telehealth

- ▲ Add SDOH Risk Assessments permanently and health and well-being coaching services on a temporary basis.
- ▲ Implement several telehealth-related provisions of the 2023 Consolidated Appropriations Act (CAA 2023)
 - Temporary expansion of the scope of originating sites to include any site where the beneficiary is located, including the patient's home.
 - Expansion of the definition of telehealth practitioners to include qualified therapists and audiologists.
 - Continued payment to RHCs and FQHCs for telehealth services based on the methodology established during the public health emergency (PHE).
 - Delay the requirement for in-person visit within six months prior to initiating mental health telehealth services.
 - Continued coverage and payment telehealth services until December 31, 2024.

CY2024 Physician Fee Schedule Proposed Rule

Potential new sources of reimbursement

Caregiving Training

Payment for Caregiving Training Services to support patients with certain diseases or illnesses (e.g., dementia) when trained by a physician, non-physician practitioner, or therapist under an individualized treatment plan or therapy plan of care.

Community Health

Coding and payment changes to provide separate payment for Community Health Integration, Social Determinants of Health (SDOH) risk assessments, and Principal Illness Navigation services to account for resources when clinicians involve community health workers, care navigators, and peer support specialists in furnishing medically necessary patient-centered care.

Mental Health Providers

Implement the CAA 2023 provision that allows coverage and payment for services of marriage and family therapists (MFTs) and mental health counselors (MHCs), including qualified addiction counselors. If finalized, MFTs and MHCs should enroll in Medicare after the final rule is published to be able to bill Medicare for services starting January 1, 2024.



Questions?

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