



Will Physicians Face Another **DECREASE IN PAYMENTS?**

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PHYSICIANS MAY FACE a significant decrease in Medicare payments for certain services for the second year in a row. The Centers for Medicare & Medicaid Services (CMS) has again proposed to cut Medicare payments for services provided at non-excepted, off-campus provider based departments (PBDs). The proposed rule would slash Medicare payments for non-excepted PBDs by half, reducing them from 50% of the Outpatient Prospective Payment System (OPPS) to 25% for the 2018 calendar year. This may come as a surprise to many physicians, who likely were not expecting such a dramatic cut for the second straight year. However, the proposed rule is in line with CMS's continued goal to limit the expansion of provider-based billing.

CMS drastically changed the rules regarding provider-based billing effective January 1, 2017. Certain items and services furnished by certain off-campus outpatient departments are no longer considered CMS-covered outpatient services for purposes of payment under the OPPS. The payment schedule for these services was reduced to 50% of the OPPS rates for the 2017 calendar year, and is now likely to be reduced to 25% in 2018. However, the proposed rule for the 2018 calendar year still allows an off-campus PBD that provided covered services under the OPPS prior to November 2, 2015 to have "excepted" status and continue to bill for such services under the OPPS. Dedicated emergency departments and PBDs located "on campus" or within 250 yards of a hospital or remote location of a hospital also continue to have excepted status.

CMS's original 2017 proposal stated that services added and billed for after November 2, 2015 would not be eligible for payment under the OPPS. However, in its final 2017 rule, CMS did not finalize this limitation on the expansion of service lines. An excepted off-campus PBD will continue to receive payments under the OPPS for all applicable items and services, regardless of whether it furnished such items and services prior to November 2, 2015. The excepted off-campus PBD must simply retain its excepted status through its location. While physicians will still be able to bill at 100% of the OPPS for facilities with "excepted" status, the 2018 proposed rule will only be a further disincentive for hospitals and physicians to open new PBDs which will not have excepted status.

Physicians may be happy to learn that a reduction from 50% to 25% of OPPS rates is not a certainty. CMS is requesting provider feedback on this payment rate reduction, even suggesting in its proposed rule that a reduction to 40% may be more appropriate as a middle ground between 2017 rates and its proposal. While it would still be a significant reduction, a cut to 40% would not be as detrimental to physicians. However, this will not be the last time these rates change. CMS has indicated that it may change the rates year to year, making it difficult for physicians and hospitals to budget Medicare revenue for their non-excepted PBDs.

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