

Summary of 2008 Hospital Outpatient Prospective Payment System (HOPPS) Interim Final Regulations

Background

On November 1, 2007, the Centers for Medicare & Medicaid Services (CMS) issued its interim final rule with comment period for the Hospital Outpatient Prospective Payment System (HOPPS) payment policies for calendar year 2008.

CMS will accept comments on certain items, including comments on a packaging policy that CMS is considering for future years. Comments are due January 26, 2008.

Packaging Policies

CMS has finalized its proposal to update the packaging threshold for separately paid drugs and biologicals from \$55 to \$60. CMS has also finalized its proposal to package diagnostic radiopharmaceuticals and contrast agents, in keeping with its stated goal of expanding the use of packaging. CMS believes that payments for ambulatory payment classifications (APCs) containing packaged drugs provide payment at average acquisition cost for those drugs.

Although CMS has finalized in this rule separate payment for anti-emetics, CMS has stated that future packaging methodologies under the HOPPS may result in packaging of anti-emetics. CMS has also finalized the treatment of products that are proposed for separate payment, but fall below the packaging threshold as a result of the data used to set the final rule (products that are separately paid in CY 2007 will continue to be separately paid, while products that are currently packaged would be packaged).

Payment for Specified Covered Outpatient Drugs and Other Separately Payable Drugs

CMS will now pay for all non-pass through separately paid drugs and biologicals at ASP plus 5%, which reflects a transition policy. CMS would have applied a payment rate of ASP plus 3%, based on its use of mean cost findings from claims data. However, the agency has decided to transition this policy. Therefore, ASP plus 5% represents a blended rate of the current ASP plus 6% and ASP plus 3% (rounded up from ASP plus 4.5%).

CMS has rejected efforts to establish a separate payment for pharmacy handling costs but states that they will continue to look at the issue of pharmacy overhead.

Pass-Through Payment Policies

CMS has finalized its proposal to continue to pay for pass-through drugs and biologicals at ASP plus 6% or the CAP payment rate, whichever is lower.

Payment for Products with HCPCS Codes but No Claims Data

CMS has finalized its policy to treat non-pass through products with HCPCS codes but that are not present in claims data the same as other separately payable drugs. Previously these products had been treated the same as products with pass-through status, but at that time there was no functional difference between separately payable drugs and biologicals and products with pass-through status.

CMS will continue its policy of using wholesale acquisition cost (WAC) when ASP information is not available and paying at 95% of average wholesale price (AWP) when WAC is not available.

Drug Administration Payments

CMS has finalized its proposal to recognize all active CPT codes for drug administration. CMS will continue to package payment for 90768 (concurrent infusions).

Radiopharmaceuticals

CMS has finalized its proposal to change the packaging status of diagnostic radiopharmaceuticals to package payment for all of these products into payments for diagnostic nuclear medicine. In response to concerns about coding accuracy, the agency finalized a policy to set nuclear medicine costs using only those claims that contain charges for diagnostic radiopharmaceuticals.

For therapeutic radiopharmaceuticals, final payments will be based on the typical charges reduced to cost methodology. CMS has rejected requests to use the current hospital specific cost findings or external data to set payment rates, though it has removed some claims it believed were incorrectly coded.

IVIG

CMS will continue pre-administration payments for IVIG, but will now base these payments on claims data. Payments for pre-administration services will be approximately \$37 in 2008 (reduced from approximately \$75 in 2007).