



# National Medical

Billing Services

Our ASC Expertise. Your Advantage.



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**Vice President of Clinical and  
Regulatory Affairs**

- Registered Nurse of over 11 years with experience in both the hospital and outpatient setting
- **MSN-RN** - Master of Science in Nursing: Leadership and Health Systems Management
- **CASC** - Certified Administrator Surgery Center
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- **ACHE** - American College of Healthcare Executives



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## Regulatory Affairs and the Revenue Cycle: What to watch for in the ASC industry

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**Vice President, Clinical and Regulatory Affairs**

October 19, 2017



# Overview

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- Federal Regulation and State Legislation Impacting Revenue Cycle
- Growth of Narrow Network and Bundled Payments
- CMS 2018 Hospital Outpatient Prospective Payment System (OPPS) and Ambulatory Surgical Center Payment System Proposed Rule
- Migration of Device-Intensive Procedures to ASC
- Quality Measures Impact
- ASC Specific Legislation and Advocacy



# Federal Updates and Impact



# Federal Regulation Overview

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## Affordable Care Act Repeal/Replace

- Key point of focus for the Trump administration that has seen several proposals since his taking office
  - The American Health Care Act
  - The Better Care Reconciliation Act
  - The Obamacare Replacement Act
  - The Health Care Freedom Act
  - The Graham-Cassidy Bill



# The Graham- Cassidy Bill

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## Overview:

- Transitions the Affordable Care Act into a block grant program for states
- Governors and state lawmakers more power in determining health policy
- Consumer protections would be at the discretion of the states
- \$1.2 trillion in ACA subsidies parceled out to states through 2026
- Ends Medicaid expansion in 2020

# The Graham- Cassidy Bill (cont.)

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## Opposition and outcome:

- Disruption of access to care and coverage for ~ 70 million on Medicaid and exchange products
- Loss of consumer protections (pre-existing conditions)
- Improper funding of Medicaid and CHIP programs
- Vote cancelled on September 27, 2017



# Reform efforts

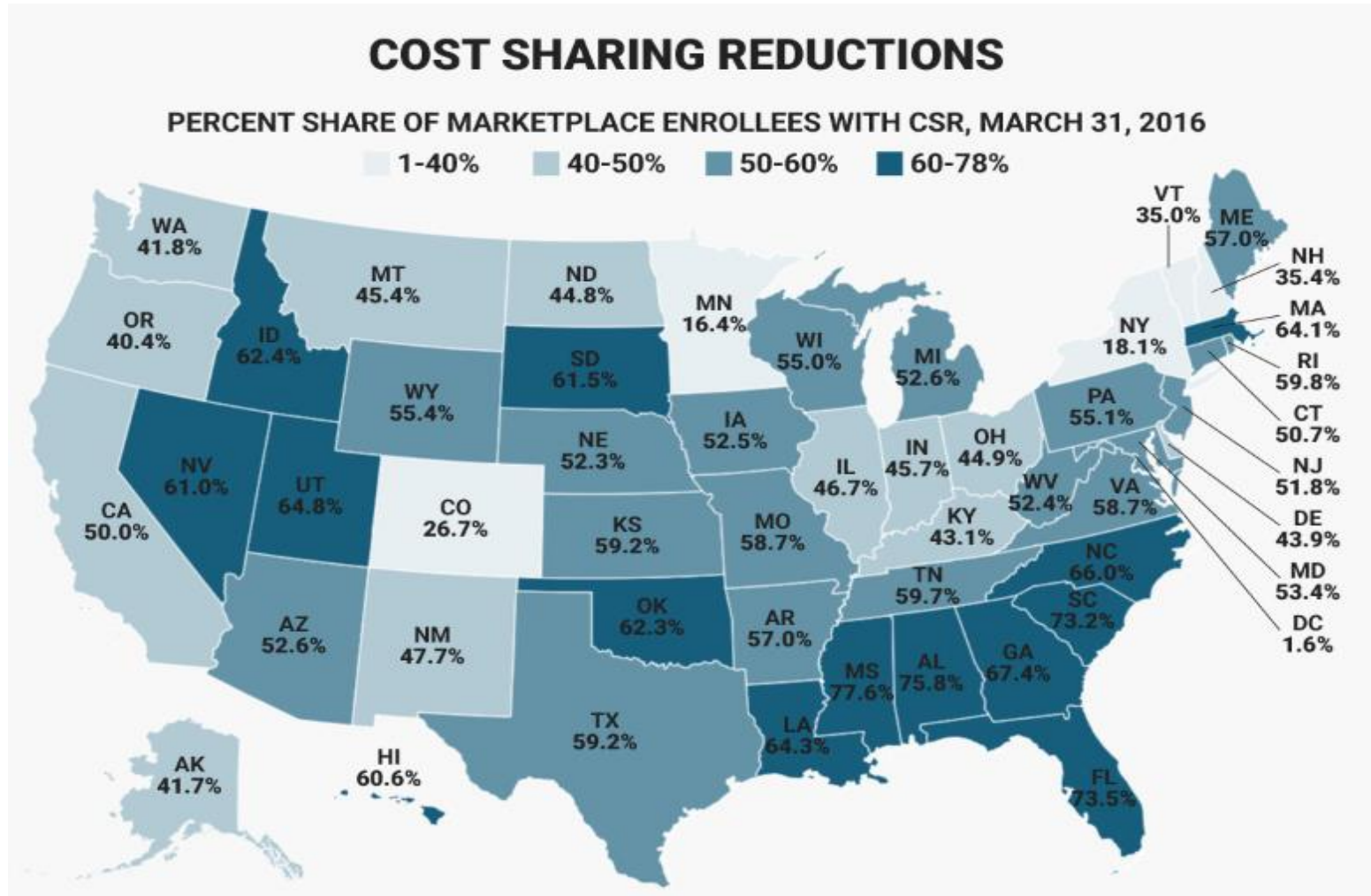
President Trump contacting key members of democratic party for collaboration on healthcare reform

Senate Minority Leader Charles E. Schumer (D-N.Y) commented he'd collaborate to improve healthcare system





# Reform Efforts Cont...





# Impact on Revenue Cycle

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## Cost:

- Affordable Care Act: High premiums/deductibles, tax penalties for non-compliance
- Potential Reform: Loss of coverage

## Patient as a Payer:

- Employee contributions to health coverage have increased 83% over the last 10 years
- Patient responsibility amounts to nearly 25% of total revenue\*
- 68% of patients report financial difficulties in paying medical bills

## Result:

- Growing focus on patient responsibility collections at time of service
- Improving efficiencies
- Eliminating waste in practice
- Complicated managed care contracting and price transparency
- Automate wherever you can

\*According to data from American Medical Association

# Narrow Networks and Bundled Payments



## Narrow networks-

- Cost containment
  - Surgery-related costs represent 30% of the total U.S. healthcare spend
  - More than 82% of employers (500+ employees) choose self-funded plans\*
  - 29 states self-fund all of their health plans and 48 currently self-fund at least one of their state employee health plans

\*According to data from the U.S. Department of Health and Human Services.

# Narrow Networks and Bundled Payments (cont..)

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- Managed care contract areas impacted by cost containment:
  - Specialty products
  - Payment responsibility
  - Restricting ability to participate
  - Credentialing requirements

# Narrow Networks and Bundled Payments (cont..)

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## Bundled payments-

- Cost containment
  - 97% of health plans and hospitals are using a complex mix of value based and fee-for-service reimbursement
  - Bundled payments are the fastest growing value based payment model and will account for 17% of all reimbursement in the next 5 years
  - High cost procedures are being contracted to bundled payment outsourcing companies for management to simplify cost and reimbursement



# Federal Updates

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Department of Health and Human Services-

- Tom Price, MD resignation
- Don Wright, MD, HHS acting assistant secretary immediately after Price resignation.
- Eric Hargan, named Acting Secretary of DHHS on October 10<sup>th</sup>.
- Potential nominees:
  - FDA Commissioner Scott Gottlieb, MD
  - CMS Administrator Seema Verma

# National Quality Forum- Health Equity Program



- Healthcare delivery is improved for all people, communities, and populations
  - High quality and timely data on social risk factors and disparities is available
  - All stakeholders work together to systematically reduce disparities, including through the use of proven interventions
  - Interventions are evaluated to demonstrate progress toward health equity
    - Performance measures are used to ensure rewards or penalties are fairly assessed and based on true differences in performance
    - Payment models reward those reducing disparities.





A conceptual image for a medical or healthcare presentation. It features a blue stethoscope resting on a light blue background. In the center, a small, glowing globe of the Earth is positioned. Below the globe, a white ECG (heart rate) strip is visible, showing several heartbeats. The overall color scheme is light blue and white, with a dark blue horizontal bar at the bottom.

# State Updates and Impact





# State Legislation

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## Price Transparency and Balance Billing Laws

### Trends:

- **Oregon**
  - Law will prevent providers from sending patients to collections if the insurer doesn't pay
  - Tiered provider reimbursement based on emergency care criteria
- **California**
  - Surprise billing law: Non-participating providers will be reimbursed at a rate of 125% of Medicare allowable
  - Provider may advance to collections only the in-network amount that the enrollee has failed to pay
- **Ohio**
  - Stipulated that providers had to give patients a “good faith” estimate of what non-emergency services would cost individuals after insurance before they commenced treatment
- **Florida**
  - Requires licensed, non-state healthcare facilities to provide patients with itemized bills upon request
  - Non-state facilities must post financial information on a website available to the public.



# State Legislation

## Impact on revenue cycle

- Loss of patient volume = loss of revenue
- Additional administrative costs to provide appropriate estimations or itemized billing
- Inability to send patients to collections for reimbursement due to OON providers
- Lower contracted reimbursement rate based on network

A healthcare professional, likely a nurse or doctor, is shown from the chest down, wearing light blue scrubs and a stethoscope. They are holding a tablet computer with both hands, looking at the screen. The background is a brightly lit hospital hallway with glass doors and a clean, modern aesthetic. The overall color palette is dominated by light blues and whites, creating a professional and clinical atmosphere.

# CMS 2018 OPPS Proposal

# 2018 Medicare OPPS Proposal

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Final comments period ended Sept 11<sup>th</sup> with final rule due out October/November

- Proposed 1.9% increase in payment rates for ASCs that meet quality requirements. It is important to note that this increase remains based off of the Consumer Price Index for All Urban Consumers (CPI-U), rather than the Hospital Market Basket
- Proposal to add total knee arthroplasty, partial hip arthroplasty, total hip arthroplasty to the ASC covered procedure list
- An estimated \$155 million dollar increase in total payments to ASCs in 2018 compared to 2017, totaling an estimated \$4.68 billion
- Proposal to delay OAS CAHPS survey implementation through 2018
- Removal and addition of CMS quality measures



# 2018 Medicare OPPS Proposal

Specialty	Codes in Top 100	2016 Volume	2017 Payment (2016 volume)	2018 Payment (2016 volume)	Difference (2018 – 2017)
Cardiovascular	1	5,666	\$ 7,231,799.10	\$ 7,372,259.24	1.9%
Dermatology	10	143,027	\$ 86,488,925.93	\$ 91,726,473.10	6.1%
Gastrointestinal	18	2,086,601	\$ 886,294,052.12	\$ 914,650,542.13	3.2%
Male Genital System	1	19,661	\$ 15,587,044.19	\$ 15,407,539.26	-1.2%
Neurology	18	1,242,024	\$ 737,084,551.19	\$ 756,443,214.95	2.6%
Ophthalmology	22	1,876,035	\$ 1,632,994,974.44	\$ 1,664,676,879.71	1.9%
Orthopedics	17	285,739	\$ 278,528,180.42	\$ 291,010,931.04	4.5%
Radiology	2	30,067	\$ 4,529,724.41	\$ 4,742,057.30	4.7%
Respiratory	3	24,781	\$ 29,421,178.34	\$ 30,020,105.44	2.0%
Urology	8	140,833	\$ 94,220,809.39	\$ 94,908,606.39	0.7%
<b>Grand Total</b>	<b>100</b>	<b>5,854,434</b>	<b>\$ 3,772,381,239.53</b>	<b>\$ 3,870,958,608.56</b>	<b>2.6%</b>

# Migration of Device-Intensive Procedures to ASC Setting



## Orthopedic

- 4.5% increase in payment rate in 2018 OPPS proposed rule
- OPPS proposed adding TKA, partial hip, total hip to ASC covered procedure list
- Reimbursement concern- poor reimbursement could result in an inverse-migration of procedures back to hospital setting.

# Migration of Device-Intensive Procedures to ASC Setting (cont.)



## Spine

- 13 spine codes added to ASC list in 2016 that were associated to over 5000 cases performed in ASCs the previous year.
- 34% increase from 2015 spine procedure volume.
- 2018 OPPS proposed adding 2 HCPCS codes ( 22856- cervical artificial discectomy and 22858- 2<sup>nd</sup> level cervical discectomy) to ASC payable list.
- Reimbursement concern-
  - 2018 proposed national payment rate for 22856 = \$ 11,033.98
  - Average cost of premium implant at full invoice is \$8,000-\$15,000

# Migration of Device-Intensive Procedures to ASC setting

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## Cardiology

- 1.9% increase in payment rate in 2018 OPPS proposed rule
- Interventional procedures have been included among ASC-appropriate services, such as:
  - Pacemaker placements
  - Pacer wire/battery changes
  - PCATH (cardiac and vascular)
  - Cath with stent placements
  - Venous Low-risk ablation cases





# 2018 OPPS Quality Measure Focus

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- Proposed removal of **ASC- 5, ASC-6, and ASC-7** from the CY 2019 payment determination
- Proposed the addition of the following measures:
  - ASC-16:** Toxic Anterior Segment Syndrome
  - ASC-17:** Hospital Visits after Orthopedic Ambulatory Surgical Center Procedures for CY 2022 payment determination and subsequent years
  - ASC-18:** Hospital Visits after Urology Ambulatory Surgical Center Procedures.

# ASC Quality Measure Reporting System

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- **ASC 1-4:** Claims submission CMS 1500
- **ASC 8:** NHSN; CDC requirement December 2017 updated agreement and consent for NHSN users
- **ASC 9-11, 13-14:** Quality Net
- **ASC 12:** Claims submission from Hospital (ASC not required to report)
- **ASC- 15** \*delayed; preferred vendor for OAS CAHPS

## **Proposed Quality Measures:**

- **ASC- 16-** Quality Net
- **ASC 17-18:** Claims submission CMS 1500

# Why Are We Collecting Quality Data? How is it Being Shared?



- <https://www.medicare.gov/hospitalcompare/asc-ambulatory-surgical-measures.html>

Data.Medicare.gov ▼ MENU

Ambulatory Surgical Measures - State

	State	Year	ASC1_Measure_State_Rate	ASC2_Measure_State_Rate	ASC3_Measure_State_Rate	ASC4_Measure_State_Rate	AS
1	AK	2015	0.258	0.387	0.129	1.42	
2	AL	2015	0.022	0.146	0.022	0.472	
3	AR	2015	0.108	0.585	0	0.277	
4	AZ	2015	0.148	0.096	0.066	0.428	
5	CA	2015	0.183	0.079	0.011	0.247	
6	CO	2015	0.075	0.075	0.021	0.428	
7	CT	2015	0.123	0.123	0	0.614	
8	DC	2015	0	0.722	0	0	
9	DE	2015	0.22	0.138	0.083	0.55	
10	FL	2015	0.176	0.092	0.055	0.395	
11	GA	2015	0.221	0.084	0.005	0.321	
12	GU	2015	3.636	0	0	1.212	
13	HI	2015	0	0	0	0.11	
14	IA	2015	0.059	0.06	0.03	0.687	
15	ID	2015	0.179	0.144	0	0.538	
16	IL	2015	0.2	0.104	0.048	0.287	

A composite image featuring a red stethoscope and a wooden gavel with a brass band, both resting on a white computer keyboard. The stethoscope is positioned in the upper left, and the gavel is in the lower right. A semi-transparent white banner with a red gradient border is overlaid across the center, containing the text "ASC Legislation and Advocacy".

# ASC Legislation and Advocacy



# ASC Legislation

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## **Ambulatory Surgery Center Quality and Access Act (H.R. 1838; S.B. 1001)**

- ASC reimbursement rate from CPI-U to hospital market basket or similar
- Requires CMS to post comparable metrics between ASCs and HOPD and report publicly
- Adds ASC representative to advisory panel on hospital outpatient payment
- Transparency - CMS to disclose criteria used to deny procedures in ASC



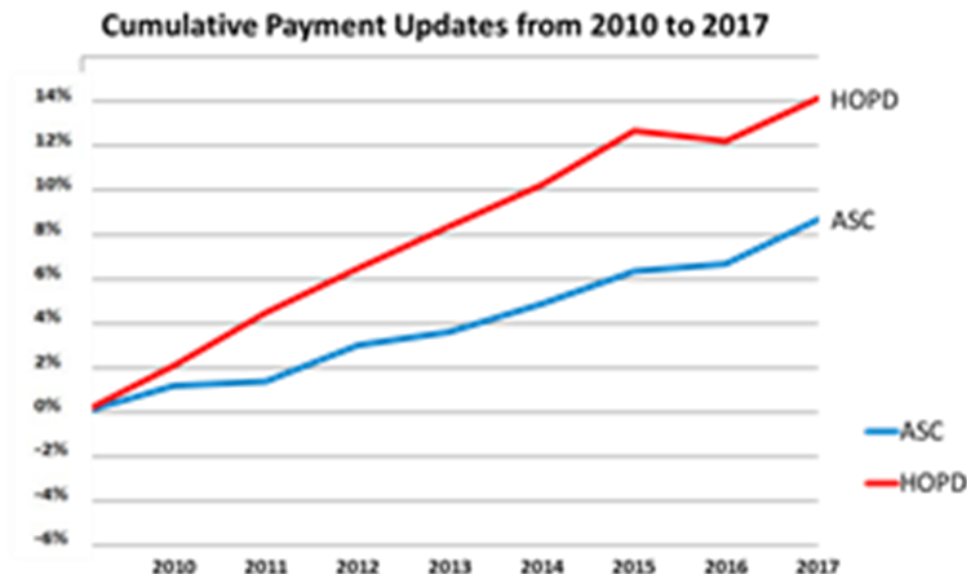
# ASC Legislation (cont..)

## ASCs are updated on the CPI-U

- Consumer price index for all urban consumers
- Measures the rise of goods and services across the country, such as food, energy, and transportation

## HOPDs are updated on the hospital market basket

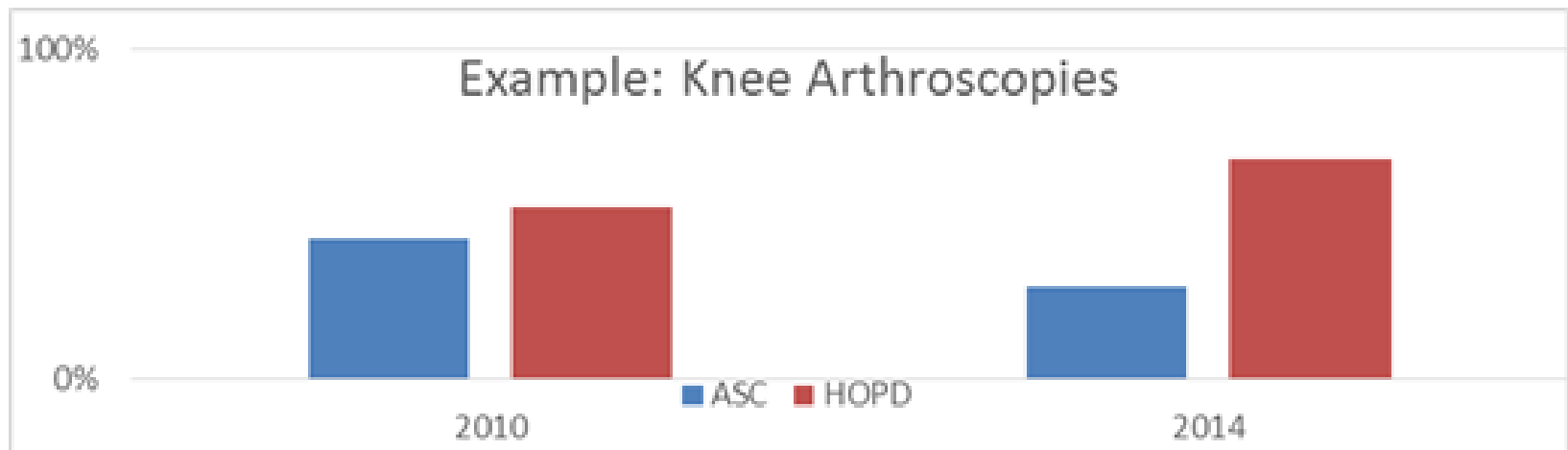
- Measures the rise in the costs of providing care, such as nursing, prescription drugs, and medical instruments





# ASC Legislation (cont..)

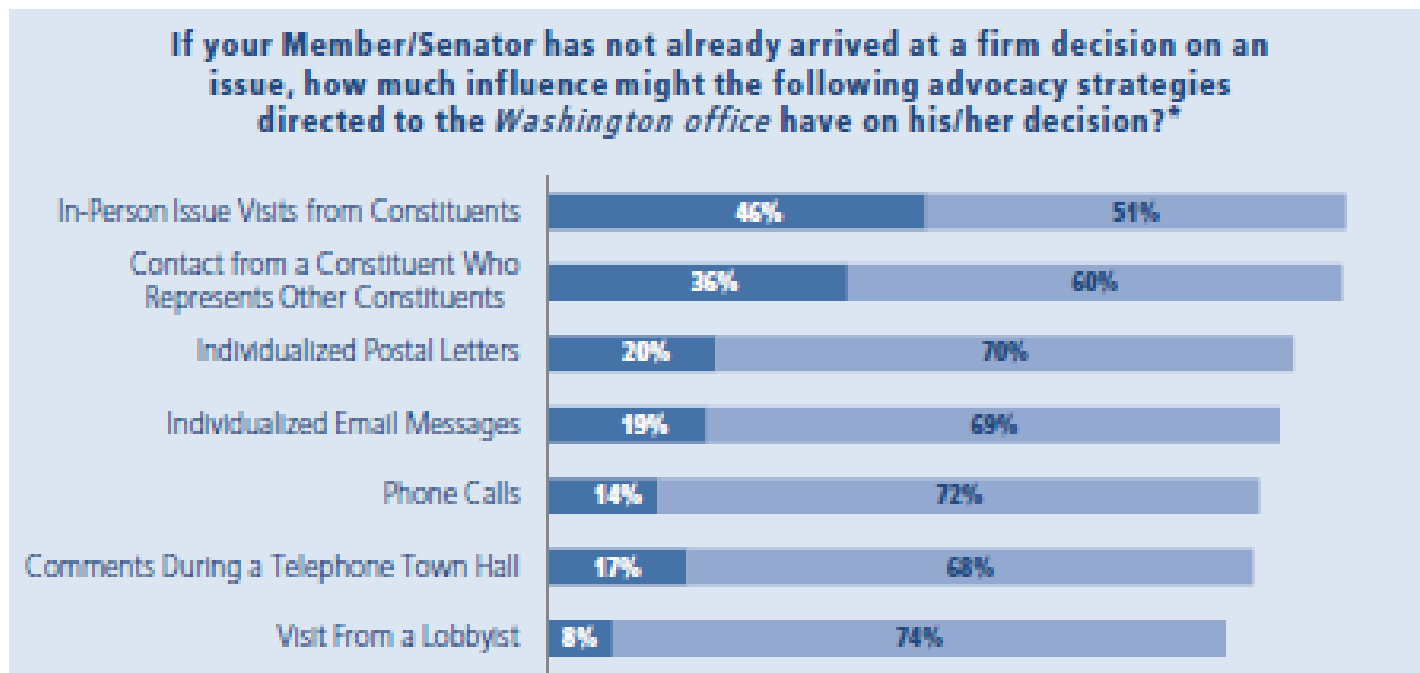
- Problem: services moving out of the ASC
- Solution: stabilize payments by moving ASCs from the CPI-U to the hospital market basket





# Advocacy

- Impact of advocacy efforts



\*Congressional Management Foundation





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## Discussion

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