



September 24, 2018

Submitted via www.regulations.gov

Mrs. Seema Verma
Administrator
Center for Medicare & Medicaid Services
7500 Security Boulevard
Baltimore, MD ZIP

RE: CMS–1695–P; Medicare Program: Proposed Changes to Hospital Outpatient Prospective Payment and Ambulatory Surgical Center Payment Systems and Quality Reporting Programs; Requests for Information on Promoting Interoperability and Electronic Health Care Information, Price Transparency, and Leveraging Authority for the Competitive Acquisition Program for Part B Drugs and Biologicals for a Potential CMS Innovation Center Model

Dear Administrator Verma:

Thank you for the opportunity to provide input into the proposed CY 2019 Hospital Outpatient Prospective Payment System (OPPS) rule. We appreciate your continued focus on addressing rising health care costs, especially the emphasis on addressing increases caused by provider market consolidation.

The Partnership to Empower Physician-Led Care (PEPC) is a membership organization dedicated to supporting value-based care to reduce costs, improve quality, empower patients and physicians, and increase access to care for millions of Americans through a competitive health care provider market. We believe that it is impossible to achieve truly value-based care without a robust independent practice community. Our members include Aledade, American Academy of Family Physicians (AAFP), California Medical Association (CMA), Florida Medical Association, Medical Group Management Association (MGMA), and Texas Medical Association. We also have individual and small medical group supporters across the country, many of whom are independent physicians or practices and wish to remain so.

As an organization, we are dedicated to value-based care as a path to sustainability for independent practice. This includes ensuring that the underlying fee-for-service infrastructure currently serving as the foundation for many value-based care models provides a level playing field for independent physicians. A key part of this is creating an equitable payment structure that reimburses physicians based on the value of the service provided, not the site at which the service is provided.

We offer the following comments on the site neutral payment policy included in the proposed rule, which we strongly support.

Proposal and Comment Solicitation on Method to Control for Unnecessary Increases In The Volume of Outpatient Services

CMS proposes to use its authority under section 1833(t)(2)(F) of the Social Security Act (the Act) to apply an amount equal to the site-specific Physician Fee Schedule (PFS) payment rate for nonexcepted items and services furnished by a nonexcepted off-campus provider-based department (PBD) (the PFS payment rate) for the clinic visit service, as described by HCPCS code G0463, when provided at an off-campus PBD



excepted from section 1833(t)(21) of the Act (departments that bill the modifier “PO” on claims lines). Under this approach, an excepted off-campus PBD would continue to bill HCPCS code G0463 with the “PO” modifier in CY 2019, but the payment rate for services described by HCPCS code G0463 when billed with modifier “PO” would be equivalent to the payment rate for services described by HCPCS code G0463 when billed with modified “PN.” CMS estimates that implementation of this proposal will result in \$760 million in savings, with \$610 million in savings accruing to Medicare and \$150 million accruing to Medicare beneficiaries through reduced copayments.

The Partnership to Empower Physician-Led Care strongly supports CMS’s proposal to establish a single reimbursement rate for clinic visits regardless of whether they are conducted in a physician’s office or a facility designated as a hospital outpatient department. Our anecdotal experience in health care markets across the country validates CMS’s concern that the rate of growth in hospital-based E&M visits can be attributed to payment incentives, rather than patient acuity or medical necessity. We agree that beneficiaries and the physicians treating them should have their choice of lower-cost sites of service and not be encouraged to receive or provide care in higher paid settings solely for financial reasons.

In addition to the negative impact on beneficiaries through increased cost sharing and reduced choice, we note that payment disparities between sites of service make it difficult for independent practices to recruit and retain new physicians. It also negatively impacts the ability of independent practices to negotiate with payers, as physician practices purchased by hospitals can get higher payment rates from payers, both from facility fees and from the greater leverage that hospitals have with private payers in negotiating payment rates for their employed physicians. The confluence of these impacts makes it difficult for independent practices to thrive, let alone invest the time and resources needed to successfully transition away from fee-for-service.

In addition to implementing its existing proposal, we further encourage CMS to over time implement site-neutral policies and remove payment disparities for additional services. Following the same approach taken in the current proposed rule with respect to clinic visits, CMS should prioritize other services, such as procedures, radiology, etc., for site neutral payment if there is a demonstrated and unnecessary shift and/or spike in volume from physician office to the hospital outpatient department.

Finally, we encourage CMS to enforce use of the existing place-of-service modifier for off-campus hospital outpatient departments. To date, there has been minimal uptake of this modifier. In the most recent year of available Medicare FFS claims data, less than 1% of claims were billed as off-campus hospital outpatient departments. CMS’s proposed policy is predicated on appropriate use of the site of service modifier, so CMS must enforce use of these codes before it will see a measurable reduction in unnecessary use of outpatient services.

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Please do not hesitate to reach out to me if the Partnership to Empower Physician-Led Care can be a resource to you. I can be reached at kristen@physiciansforvalue.org or 202-640-5942.

Sincerely,

Kristen McGovern



Executive Director