OMFS Update for Hospital Outpatient

and Ambulatory Surgical Center (ASC) Services

(Effective March 1, 2022)

1. Data Sources

The Medicare 2022 update to the hospital outpatient prospective payment system was published on November 16, 2021 in the Federal Register (Vol. 86 FR 63458) and is entitled "Medicare Program: Hospital Outpatient Prospective Payment and Ambulatory Surgical Center Payment Systems and Quality Reporting Programs; Price Transparency of Hospital Standard Charges; Radiation Oncology Model” (CMS-1753-FC; Final rule with comment period). A correction to the final rule was published on January 13, 2022, in the Federal Register (Vol. 87 FR 2058; CMS-1753-CN; Final rule; correction). The wage index values were published on August 13, 2021 in the Federal Register (Vol. 86 FR 44774) in the Final Rule entitled “Medicare Program; Hospital Inpatient Prospective Payment Systems for Acute Care Hospitals and the Long-Term Care Hospital Prospective Payment System and Policy Changes and Fiscal Year 2022 Rates; Quality Programs and Medicare Promoting Interoperability Program Requirements for Eligible Hospitals and Critical Access Hospitals; Changes to Medicaid Provider Enrollment; and Changes to the Medicare Shared Savings Program.” (CMS-1752-F; Final rule). A correction and correcting amendment to the final rule was published on October 20, 2021, in the Federal Register (Vol. 86 FR 58019, CMS-1752-F2 and CMS-1762-F2 (Final rule; correction and correcting amendment)).

The [CY 2022 Hospital Outpatient Prospective Payment Final Rule, CMS-1753-FC](https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/HospitalOutpatientPPS/Hospital-Outpatient-Regulations-and-Notices), [FY 2021 IPPS Final Rule](https://www.cms.gov/medicare/acute-inpatient-pps/fy-2022-ipps-final-rule-home-page), and correction notices are available on the CMS’ web pages.

1. Title 8 CCR §9789.30:
   1. For services rendered on or after March 1, 2022, the unadjusted conversion factor means the OMFS conversion factor for 2021 of $87.483. The “Adjusted Conversion Factor” is calculated as follows: $87.483 x the market basket inflation factor 1.027 x (0.4 + (0.6 x wage index). See section 9789.39 for the conversion factor adjusted for market basket inflation factor and labor-related share by date of service.
   2. For services rendered on or after March 1, 2022, "APC Payment Rate" means CMS' hospital outpatient prospective payment system rate for Calendar Year 2022 as set forth in the Federal Register on November 16, 2021 (CMS-1753-FC) and correction to the final rule set forth in the Federal Register on January 13, 2022 (CMS-1753-CN), [Addendum B](https://www.cms.gov/medicaremedicare-fee-service-paymenthospitaloutpatientppsaddendum-and-addendum-b-updates/january-2022-0)-Correction, which document is found on the CMS web site at: [Addendum A and Addendum B Updates | CMS](https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/HospitalOutpatientPPS/Addendum-A-and-Addendum-B-Updates). See subdivision (b) of section 9789.39 for the APC payment rate referenced in Addendum B-Correction by date of service.
   3. For services rendered on or after March 1, 2022, "APC Relative Weight" means CMS' APC relative weight as set forth in the Federal Register on November 16, 2021 (CMS-1753-FC), and correction to the final rule set forth in the Federal Register on January 13, 2022 (CMS-1753-CN), [Addendum B](https://www.cms.gov/medicaremedicare-fee-service-paymenthospitaloutpatientppsaddendum-and-addendum-b-updates/january-2022-0)-Correction, which document is found on the CMS web site at: [Addendum A and Addendum B Updates | CMS](https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/HospitalOutpatientPPS/Addendum-A-and-Addendum-B-Updates). See subdivision (b) of section 9789.39 for the APC relative weight referenced in Addendum B-Correction by date of service.
   4. For services rendered on or after March 1, 2022, "Market Basket Inflation Factor" means 2.7%, the market basket percentage increase determined by CMS for FY 2022. See subdivision (b) of section 9789.39 for the Federal Register reference to the market basket inflation factor by date of service. (FY 2022 Final Rule, 86 Federal Register 44774, 45214)
   5. For services rendered on or after March 1, 2022, "Wage Index" means CMS' wage index for urban, rural and hospitals that are reclassified as described in CMS' 2022 Hospital Outpatient Prospective Payment System (OPPS) final rule of November 16, 2021 (CMS-1753-FC) and correction to final rule (CMS-1753-CN). The wage index values are specified in the Hospital Inpatient Prospective Payment Systems final rule of August 13, 2021 (CMS-1752-F) and correction and correcting amendment to the final rule of October 20, 2021 (CMS-1752-F2), [Table 2](https://support.microsoft.com/en-us/office/this-website-doesn-t-work-in-internet-explorer-8f5fc675-cd47-414c-9535-12821ddfc554?ui=en-us&rs=en-us&ad=ushttps://www.cms.gov/medicare/acute-inpatient-pps/fy-2022-ipps-final-rule-home-page#Data), which documents are found on the CMS web site at: [FY 2022 IPPS Final Rule Home Page | CMS](https://www.cms.gov/medicare/acute-inpatient-pps/fy-2022-ipps-final-rule-home-page#Data) See section 9789.39 for the reference that contains description of the wage index and wage index values by date of service.

3. Title 8 CCR §9789.31:

For services rendered on or after March 1, 2022, the following are incorporated by reference:

a. The Centers for Medicare and Medicaid Services (CMS) 2022 Hospital Outpatient Prospective Payment and Ambulatory Surgical Center Payment Systems adopted for the Calendar Year 2022, published in the Federal Register on November 16, 2021 (CMS-1753-FC), and correction to the final rule set forth in the Federal Register on January 13, 2022 (CMS-1753-CN). See [CMS-1753-FC | CMS](https://www.cms.gov/medicaremedicare-fee-service-paymenthospitaloutpatientpps/cms-1753-fc) and [FY 2022 IPPS Final Rule Home Page | CMS](https://www.cms.gov/medicare/acute-inpatient-pps/fy-2022-ipps-final-rule-home-page#Data). The payment system includes:

1. CMS OPPS [Addendum A -CORRECTION](https://www.cms.gov/medicaremedicare-fee-service-paymenthospitaloutpatientppsaddendum-and-addendum-b-updates/january-2022)— OPPS APCs for CY 2022 (January\_2022\_Web\_Addendum.A.01.10.22.xlsx)

2. CMS Correction Notice [Addendum AA –Updated 01/14/2022](https://www.cms.gov/medicaremedicare-fee-service-paymentascpaymentasc-regulations-and-notices/cms-1753-cn) (2022 CN ASC Addenda.01142022.xlsx), Column A (entitled “HCPCS Code”)

3. CMS OPPS [Addendum B - CORRECTION](https://www.cms.gov/medicaremedicare-fee-service-paymenthospitaloutpatientppsaddendum-and-addendum-b-updates/january-2022-0)— OPPS Payment by HCPCS Codes for CY 2022 (January\_2022\_Web\_Addendum.B.01.10.22.xlsx)

4. CMS OPPS [Addendum D1](https://www.cms.gov/medicaremedicare-fee-service-paymenthospitaloutpatientpps/cms-1753-fc) –OPPS Payment Status Indicators for CY 2022 (2022 NFRM Addendum D1.11012021.xlsx)

5. CMS OPPS [Addendum D2](https://www.cms.gov/medicaremedicare-fee-service-paymenthospitaloutpatientpps/cms-1753-fc) — OPPS Comment Indicators for CY 2022 (2022 NFRM Addendum D2.11012021.xlsm)

6. CMS OPPS [Addendum E](https://www.cms.gov/medicaremedicare-fee-service-paymenthospitaloutpatientpps/cms-1753-fc) — HCPCS Codes that Would Be Paid Only as Inpatient Procedure for CY2022 (2022 NFRM Addendum E.11012021.xlsx)

7. CMS ASC Correction Notice [Addendum EE- Updated 01/014/2022](https://www.cms.gov/medicaremedicare-fee-service-paymentascpaymentasc-regulations-and-notices/cms-1753-cn) (2022 CN ASC Addenda.01142022.xlsx), Column A (entitled “HCPCS Code”)

8. CMS OPPS Addendum J — Comprehensive APCs (2022 NFRM Addendum J.11012021b.xlsx)

9. CMS OPPS Addendum L — Out-Migration Adjustment for CY 2022 (2022 NFRM Addendum L.11012021.xlsx)

10. CMS OPPS Addendum M — HCPCS Codes for Assignment to OPPS Composite APCs for CY 2022 (2022 NFRM Addendum M.11012021.xlsx)

11. CMS OPPS Addendum P — Device-Intensive Procedures for CY 2022 (2022 CN Addendum P.01142022.xlsx)

b. The American Medical Associations’ Physician “*Current Procedural Terminology,*” 4th edition, revised 2022

c. The CMS’ 2022 Alphanumeric *“Healthcare Common Procedure Coding System* (HCPCS).”

d. The Centers for Medicare and Medicaid Services’ (CMS) Hospital Inpatient Prospective Payment Systems final rule of August 13, 2021 (CMS-1752-F) and correction and correcting amendment to the final rule of October 20, 2021 (CMS-1752-F2), which are found on the CMS web site at: [FY 2022 IPPS Final Rule Home Page | CMS](https://www.cms.gov/medicare/acute-inpatient-pps/fy-2022-ipps-final-rule-home-page#Data).

f. The Centers for Medicare and Medicaid Services’ (CMS[) Claims Processing Manual](https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Internet-Only-Manuals-IOMs-Items/CMS018912), Chapter 4, sections 10.2.1-10.2.4, 10.4, 10.4.1, 20.6.14, 20.6.15, 290.5.2, and 290.5.3. These sections provide payment rules for codes assigned status indicator “Q1,” “Q2,” “Q3,” “Q4,” “J1,” or “J2” and payment reduction rules for film X-ray services and X-rays taken using computed radiography technology/cassette-based imaging.

g. The Centers for Medicare and Medicaid Services’ (CMS) [Integrated Outpatient Code Editor (I/OCE)](https://www.cms.gov/Medicare/Coding/OutpatientCodeEdit/OCEQtrReleaseSpecs) CMS Specifications V23.R0 (effective 01/01/2022), sections 5.4.1, 5.4.3, 5.4.5, 5.5, 5.6.1, 5.6.1.1, 5.6.2, 5.6.3, 5.6.4, 5.6.4.1, and 5.6.4.2. These sections provide payment rules for codes assigned status indicator “Q1,” “Q2,” “Q3,” “Q4,” “J1,” or “J2.”

4. Conversion Factor Calculation

* 1. L.C. 5307.1(g)(1)(A)(i) provides that the annual inflation adjustment for outpatient hospital facility fees shall be determined solely by the estimated increase in the hospital market basket. Thus, the Medicare 2022 hospital market basket rate of 2.7% is utilized in calculating the updated OMFS amounts. See [Medicare Hospital Outpatient Prospective Payment System Final Rule (CMS-1753-FC; 86 FR 63458 at 63500.)](https://www.cms.gov/medicaremedicare-fee-service-paymenthospitaloutpatientpps/cms-1753-fc)
  2. OMFS conversion factor for hospital outpatient services

1. The 2021 unadjusted conversion factor was $87.483. The estimated increase in the market basket is 2.7%. The revised conversion factor under the OMFS, updated for inflation, but prior to application of wage index, is $89.845 ($87.483 x 1.027).

5. Wage Index and Adjusted Conversion Factors:

The Division made the following revisions:

a. Section 9789.34 Table A sets forth the wage index values and adjusted conversion factors that are applicable to ASCs and non-listed hospitals. These conversion factors would be applicable to any hospitals that are not in Table B (section 9789.35).

b. Section 9789.35 Table B sets forth hospital-specific wage index values and adjusted conversion factors for listed hospitals. Table B reflects the additional 7.1% payment adjustment for services rendered by rural sole community hospitals and EACHs. See [Medicare Hospital Outpatient Prospective Payment System Final Rule (CMS-1753-FC; 86 FR 63458 at 63505.)](https://www.cms.gov/medicaremedicare-fee-service-paymenthospitaloutpatientpps/cms-1753-fc)