

Reimbursement Bulletin

Summary of 2018 Final Medicare Payment Rules

For the Hospital Outpatient Prospective Payment System & Medicare Physician Fee Schedule

On November 1 and 2, 2017, the Centers for Medicare and Medicaid Services (CMS) issued the final payment rules for both the Hospital Outpatient Prospective Payment System (OPPS) and the Medicare Physician Fee Schedule (MPFS). Below is a preliminary analysis of the key provisions of the final rules and estimated payment changes for specific radiation therapy codes and typical courses of treatment.

2018 MEDICARE HOSPITAL OUTPATIENT PAYMENT SYSTEM FINAL RULE

CMS did not change any significant policies in the hospital outpatient setting this year for radiotherapy in general. CMS approved an increase of +1.35 percent for hospital payment rates overall.

Medicare 340B Drug Pricing Program

To address increasing drug prices, CMS is changing to the payment rate for certain Medicare Part B drugs purchased by hospitals through the 340B Program in order to lower the cost of drugs for Medicare beneficiaries. Under 340B, hospitals and outpatient clinics that serve a disproportionate share of low-income and uninsured patients currently purchase outpatient drugs at the heavily discounted rates. CMS is changing the reimbursement for 340B drugs from Average Sales Price (ASP)+6% to ASP-22.5%.

SRS Single-Session Cranial Comprehensive Ambulatory Payment Classification (APC)

CMS did not make changes to the SRS C-APC which seeks to package payment of all services adjunctive to the primary treatment delivery for both Cobalt-based and linac-based single fraction cranial stereotactic radiosurgery (SRS). In the CY 2016 Rule, CMS was concerned that ancillary services involving SRS delivered by a cobalt-based device were most often done on the same day and reported on the same claim. Ancillary services involving SRS on a linac-based device were most often done on different dates of service and reported on separate claims from the actual delivery of SRS treatment. To allow CMS to review the claims data, CMS unbundled 10 planning and preparation services to be paid separately for both CY 2016 and 2017. For CY 2018, CMS will continue to make separate payments for these services as they work to complete their analysis of the claims data. This data will be used to evaluate whether the services should remain separate or be repackaged into the cranial single session C-ACP. This does not change the fact that cobalt-based SRS and linac-based SRS treatment delivery must still be paid equally and will have no change in the current payment of these services..

Brachytherapy Comprehensive APC

CMS has implemented brachytherapy C-APCs. When a brachytherapy device insertion code is submitted as the primary service on a claim form, all adjunctive services will be bundled, apart from the source payment, with the insertion code and a single payment will be issued. Implementation of the new C-APC is causing a slight reduction in some brachy course payments.

Proton Therapy

CMS approved a slight increase in payment rates for proton therapy. Hospital outpatient department payment rates are set based on cost report data reported by hospitals billing from prior years.

CPT®	CPT Code Descriptor	2017 Final Medicare Rate	2018 Final Medicare Rate	% Change 2017-2018 Final
77520	Proton treatment simple without compensation	\$494	\$522	+5.7%
77522	Proton treatment simple without compensation	\$994	\$1,053	+5.9%
77523	Proton treatment intermediate	\$994	\$1,053	+5.9%
77525	Proton treatment complex	\$994	\$1,053	+5.9%

Below are total estimated reimbursement payments by the typical course of care based on our preliminary analysis.

OPPS ESTIMATED PER COURSE NATIONAL AVERAGE MEDICARE REIMBURSEMENT			
Modality	2017 Final Payment	2018 Final Payment	% Change 2017-2018 Final Payment
2D (10 fractions)	\$4,061	\$4,303	6%
3D (With or without image-guided radiation therapy (IGRT), 35 fractions)	\$11,800	\$12,634	7%
Intensity-modulated radiation therapy (IMRT) (Simple or complex, 35 fractions)	\$20,040	\$21,229	6%
SRS (Comprehensive APC)	\$8,948	\$9,200	3%
Stereotactic body radiation therapy (SBRT) (3 fractions)	\$8,075	\$8,376	4%
SBRT (5 fractions)	\$11,376	\$11,730	3%
Proton (25 fractions)	\$27,654	\$29,358	6%
Prostate HDR (3 fractions)	\$13,026	\$12,001	-8%
GYN tandem and ovoid HDR (3 fractions)	\$7,098	\$6,565	-8%
Skin HDR (10 fractions)	\$7,192	\$7,606	6%

Number of fractions assumed for 3D, IMRT, SRS, SBRT and proton courses of care are in line with assumptions made by the Advisory Board in years past. 2D and HDR courses codes as per education from billing and coding seminars.

2018 MEDICARE PHYSICIAN FEE SCHEDULE (PHYSICIANS AND FREESTANDING CENTERS) FINAL RULE

CMS did not make significant reimbursement changes to freestanding radiation therapy centers or radiation oncology physicians for CY 2018. Two years ago, Congress passed, and the President signed into law the Patient Access and Medicare Protection Act (PAMPA). It contained a provision to freeze the Medicare Physician Fee Schedule rates for conventional and IMRT treatment delivery payments for freestanding centers at 2016 levels through 2018. As a result, CMS did not make policy changes that would directly affect radiation oncology. For CY 2018, overall rates will be updated by +0.41 percent. **The overall impact to radiation oncology and radiation therapy centers is +1%.**

Site Neutral Payments Provision

Last year, CMS introduced a policy to implement the new site neutral payment law. This provision requires that certain items and services, including radiotherapy services, furnished in new or expanded off-campus provider-based departments (PBD), more than 250 yards from the hospital, shall not be considered covered outpatient department services for purposes of OPPS payment. Those items and services were paid at 50% of the hospital outpatient rates beginning January 1, 2017. For CY 2018, CMS is further reducing the payment rates for items and services in these new off-campus provider-based departments from 50 percent to 40 percent of hospital outpatient rates. While still a reduction in payment, CMS had proposed reducing payments to 25% of hospital outpatient rates. For new off-campus provider-based radiation oncology departments billing under this new payment structure, radiation treatment delivery and image guidance codes whose payment rates are currently frozen as result of the above-mentioned PAMPA law will continue to bill the frozen payment rates for CY2018.

Below are total estimated reimbursement payments by the typical course of care based on our preliminary analysis.

MPFS Per Course National Average Medicare Reimbursement									
Modality	2017 Final Professional Medicare Payment	2017 Final Technical Medicare Payment	2017 Final Global Medicare Payment	2018 Final Professional Medicare Payment	2018 Final Technical Medicare Payment	2018 Final Global Medicare Payment	Professional % Change 2017 Final - 2018 Final Rule	Technical % Change 2017 Final - 2018 Final Rule	Global % Change 2017 Final - 2018 Final Rule
2D (10 fractions)	\$1,077	\$3,890	\$4,967	\$1,089	\$3,988	\$5,077	1%	3%	2%
3D with IGRT (35 fractions)	\$3,218	\$13,186	\$16,404	\$3,247	\$13,517	\$16,765	1%	3%	2%
3D without IGRT (35 fractions)	\$2,564	\$11,753	\$14,316	\$2,591	\$12,059	\$14,650	1%	3%	2%
IMRT (35 fractions)	\$3,296	\$16,885	\$20,181	\$3,327	\$17,295	\$20,622	1%	2%	2%
SRS	\$1,417	\$2,282	\$3,698	\$1,431	\$2,329	\$3,759	1%	2%	2%
SBRT (3 fractions)	\$1,633	\$5,474	\$7,107	\$1,649	\$5,606	\$7,255	1%	2%	2%
SBRT (5 fractions)	\$1,633	\$8,124	\$9,757	\$1,649	\$8,324	\$9,973	1%	2%	2%
APBI HDR	\$2,979	\$7,136	\$10,115	\$3,014	\$7,340	\$10,354	1%	3%	2%
Prostate HDR	\$3,914	\$2,602	\$6,516	\$3,950	\$2,659	\$6,608	1%	2%	1%
GYN tandem and ovoid HDR	\$2,230	\$3,311	\$5,542	\$2,254	\$3,386	\$5,640	1%	2%	2%
Skin HDR (2 cm lesion)	\$668	\$1,246	\$1,913	\$674	\$1,277	\$1,951	1%	3%	2%

Conversion Factor (CF) used to calculate payment rates is \$35.8887 for CY 2017 and \$35.9996 for CY 2018 final rates.

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[Intended Use Summary](#)

Varian Medical Systems' linear accelerators are intended to provide stereotactic radiosurgery and precision radiotherapy for lesions, tumors, and conditions anywhere in the body where radiation treatment is indicated.

Safety

[Safety Statement](#)

Radiation treatments may cause side effects that can vary depending on the part of the body being treated. The most frequent ones are typically temporary and may include, but are not limited to, irritation to the respiratory, digestive, urinary or reproductive systems, fatigue, nausea, skin irritation, and hair loss. In some patients, they can be severe. Treatment sessions may vary in complexity and time. Radiation treatment is not appropriate for all cancers.

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