

**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

**Centers for Medicare & Medicaid Services**

**42 CFR Parts 411, 412, 416, 419, 422, 423, and 424**

[CMS-1613-CN]

RIN 0938-AS15

**Medicare and Medicaid Programs: Hospital Outpatient Prospective Payment and Ambulatory Surgical Center Payment Systems and Quality Reporting Programs; Physician-Owned Hospitals: Data Sources for Expansion Exception; Physician Certification of Inpatient Hospital Services; Medicare Advantage Organizations and Part D Sponsors: CMS-Identified Overpayments Associated With Submitted Payment Data; Corrections**

**AGENCY:** Centers for Medicare & Medicaid Services (CMS), HHS.

**ACTION:** Correction of final rule.

**SUMMARY:** This document corrects technical errors that appeared in the final rule with comment period published in the *Federal Register* on November 10, 2014, entitled “Medicare and Medicaid Programs: Hospital Outpatient Prospective Payment and Ambulatory Surgical Center Payment Systems and Quality Reporting Programs; Physician-Owned Hospitals: Data Sources for Expansion Exception; Physician Certification of Inpatient Hospital Services; Medicare Advantage Organizations and Part D Sponsors: CMS-Identified Overpayments Associated with Submitted Payment Data.”

**DATES:** *Effective Date:* This document is effective February 24, 2015.

*Applicability Date:* The corrections noted in this document and posted on the CMS Web site are applicable to payments for services furnished on or after January 1, 2015.

**FOR FURTHER INFORMATION CONTACT:** David Rice, (410) 786-6004, hospital outpatient prospective payment system (OPPS) issues.

Esther Markowitz, (410) 786-4595, ambulatory surgical center (ASC) payment issues.

Marjorie Baldo, (410) 786-4617, OPPS issues related to status indicators (SI) and ambulatory payment classification (APC) changes.

**SUPPLEMENTARY INFORMATION:**

**I. Background**

In FR Doc. 2014-26146 of November 10, 2014 (79 FR 66770) (hereinafter

referred to as the CY 2015 OPPS/ASC final rule with comment period), there were a number of technical errors that are discussed in the Summary of Errors, and further identified and corrected in the Correction of Errors section below. The provisions in this correction notice are applicable to payments for services furnished on or after January 1, 2015, and, therefore, are treated as if they had been included in the CY 2015 OPPS/ASC final rule with comment period (79 FR 66770) appearing in the November 10, 2014 *Federal Register*.

**II. Summary of Errors and Corrections Posted on the CMS Web site**

*A. Hospital Outpatient Prospective Payment System (OPPS) Corrections*

In the CY 2015 OPPS/ASC final rule with comment period, for the OPPS cancer hospital payment adjustment (79 FR 66831 through 66832), we finalized a target payment-to-cost ratio (PCR) of 0.89. This target PCR is equal to the weighted average PCR for the other OPPS hospitals included in this dataset (see 79 FR 66832 for more details on the hospitals included in this dataset). Under our longstanding policy, outlier payments are included in the calculation of the weighted average PCR (or “target PCR”) for these hospitals. We have since determined that some outlier payments were not included in the cost report data we used to calculate the target PCR. We have corrected this error and included these outlier payments in the target PCR calculation, which results in a target PCR equal to 0.90 for each cancer hospital.

In addition to identifying the error in calculating the target PCR because of missing outlier payments, we determined that certain outlier payments were similarly not included in our calculations for estimated cancer hospital PCRs. We have now corrected this error and included these outlier payments in determining the estimated cancer hospital PCRs. As a result of correcting these two technical errors, the estimated total cancer hospital payment adjustments, which are based on the difference between estimated cancer hospital PCRs and the target PCR is also being corrected in this notice. The revisions to the target PCR and estimated cancer hospital PCRs have decreased our estimate of total cancer hospital payment adjustments by \$18.6 million.

OPPS cancer hospital payment adjustment payments are budget neutral; therefore, we are updating the budget neutrality adjustment to the OPPS conversion factor for the differential in estimated total cancer

hospital payment adjustments of \$18.6 million. This additional \$18.6 million increases the conversion factor from \$74.144 to \$74.173, which will slightly increase payment rates for most ambulatory payment classifications (APCs). These revised APC payment rates are reflected in the attached Addenda.

We are also making technical corrections to certain healthcare common procedure coding system (HCPCS) codes that appeared in Table 36—HCPCS Codes to Which the CY 2015 Drug-Specific Packaging Determination Methodology Applies (79 FR 66889). Specifically, we are correcting the CY 2015 OPPS status indicators (SI) for HCPCS codes J1070, J1080, J2271, J3120, and J3130 from “N” to “D” to accurately indicate that these codes were deleted on December 31, 2014, and should not have appeared in Table 36. These codes were correctly assigned to OPPS SI “D” in the OPPS Addendum B that was released with the CY 2015 OPPS/ASC final rule. In addition, HCPCS codes J1440 and J1441 were deleted on December 31, 2013, and should not have appeared in Table 36. HCPCS codes J1440 and J1441 were not listed in the OPPS Addendum B that was released with the CY 2015 OPPS/ASC final rule.

Also, in Addendum B of the CY 2015 OPPS/ASC final rule with comment period, HCPCS code J7180 (Factor xiii anti-hem factor) was incorrectly assigned a status indicator “N”. Because HCPCS code J7180 is a separately payable drug, we have corrected this error and assigned status indicator “K” and APC 1416. This correction is included in the revised OPPS Addendum B which is posted to the CMS Web site at <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/HospitalOutpatientPPS/Hospital-Outpatient-Regulations-and-Notices.html>.

*B. Ambulatory Surgical Center (ASC) Payment System Corrections*

ASC payment rates are based on the OPPS relative payment weights for the majority of covered surgical procedures and covered ancillary services. For some items, such as device-intensive procedures, the ASC payment rates also take into account the OPPS conversion factor and payment rates. Therefore, corrections to the CY 2015 OPPS conversion factor and payment rates affect the CY 2015 ASC payment rates.

To account for geographic wage variation, individual ASC payments are adjusted by applying the pre-floor and pre-reclassified inpatient prospective payment system (IPPS) hospital wage

indexes to the labor-related share, which is 50 percent of the ASC payment amount. In other words, the wage index for an ASC is the pre-floor and pre-reclassified IPPS hospital wage index of the CBSA that maps to the CBSA where the ASC is located. The FY 2015 IPPS hospital wage indexes reflect new Office of Management and Budget (OMB) labor market area delineations; therefore, the CY 2015 final ASC wage indexes reflect the new OMB delineations. However, as described in the CY 2015 OPPS/ASC final rule (79 FR 66935 through 66937), we finalized a policy to apply a one-year blended wage index for all ASCs that will experience any decrease in their actual wage index exclusively due to the implementation of the new OMB delineations. Specifically, for ASCs where the CY 2015 ASC wage index with the CY 2015 Core-Based Statistical Areas (CBSAs) is lower than with the CY 2014 CBSAs, the CY 2015 ASC wage index is 50 percent of the ASC wage index based on the CY 2014 CBSA and 50 percent of the ASC wage index based on the new CY 2015 CBSA. We have since determined that the transitional wage index for CY 2015 was calculated incorrectly. We have now recalculated the CY 2015 ASC wage index per the policy finalized in the CY 2015 OPPS/ASC final rule with comment period.

Due to these corrections, the final CY 2015 ASC wage index budget neutrality adjustment changes from 0.9998, as originally published (79 FR 66939 and 67023), to 0.9995. Using the final corrected wage index budget neutrality adjustment, the final CY 2015 ASC conversion factor changes from \$44.071, as originally published (79 FR 66939,

66940, and 67023), to \$44.058. The final CY 2015 ASC conversion factor for ASCs that do not meet the requirements of the ASC Quality Reporting Program changes from \$43.202, as originally published (79 FR 66939), to \$43.189.

The final CY 2015 ASC rates and indicators for certain office-based covered surgical procedures and certain covered ancillary services were impacted due to corrections to the final CY 2015 Medicare Physician Fee Schedule (MPFS) rates. We note that we expect to issue the CY 2015 MPFS corrections in a separate **Federal Register** document in the near future. For covered office-based surgical procedures, covered ancillary radiology services (except certain nuclear medicine procedures and radiology procedures that use contrast agents), and certain covered ancillary diagnostic tests, the payment rate is the lower of the amount calculated using the ASC standard ratesetting methodology and the MPFS nonfacility practice expense relative value unit-based amount effective January 1, 2015. The corrections discussed in the MPFS correcting document affected some of the final payment indicators and rates for these covered surgical procedures and covered ancillary services. As such, we have corrected these payment indicators and rates based upon the MPFS corrections discussed in the MPFS correcting document. As stated in the preamble and addenda to the CY 2015 OPPS/ASC final rule with comment period (79 FR 66922, 66923, 66931, 66934, and 66939), the ASC payment indicators and rates do not include the effect of the negative update

to the MPFS payment rates effective April 1, 2015 under current law. Updates to the ASC rates and payment indicators effective April 1, 2015 will be included in the April 2015 quarterly ASC addenda posted on the CMS Web site.

*C. Summary of Errors and Corrections to the OPPS and ASC Addenda Posted on the CMS Web site*

1. OPPS Addenda Posted on the CMS Web site

We are making several minor technical corrections to the OPPS addenda. First, as a result of the cancer hospital payment adjustment correction and subsequent budget neutrality adjustment corrections, we have updated Addenda A, B, and C to reflect corrected APC payment rates.

Secondly, CPT codes 88342, 88344, and 88366, were incorrectly assigned to OPPS SI “E” and “N”. Because these services may be separately payable in certain instances, we have corrected this error. Specifically, we are correcting the OPPS SI and APC assignments for CPT code 88342 to “Q1” and APC 0433; for CPT code 88344 to “Q1” and APC 0433; and for CPT code 88366 to “Q1” and APC 0342. We have updated OPPS Addendum B to reflect these corrected SIs.

Further, the 24 codes listed below were assigned to incorrect OPPS SIs. The correct OPPS SIs are listed in the table below. Because these changes were too late to include in the January 2015 Integrated Outpatient Code Editor (IOCE), they will be included in the April 2015 IOCE update retroactive to January 1, 2015.

HCPCS code	Short descriptor	CY 2015 OPPS SI	CY 2015 OPPS APC
0356T	Insrt drug device for iop	Q1	0698
86592	Syphilis test non-trep qual	A	
86593	Syphilis test non-trep quant	A	
86631	Chlamydia antibody	A	
86632	Chlamydia igm antibody	A	
86780	Treponema pallidum	A	
87110	Chlamydia culture	A	
87270	Chlamydia trachomatis ag if	A	
87320	Chylmd trach ag eia	A	
87341	Hepatitis b surface ag eia	A	
87490	Chylmd trach dna dir probe	A	
87491	Chylmd trach dna amp probe	A	
87590	N.gonorrhoeae dna dir prob	A	
87591	N.gonorrhoeae dna amp prob	A	
87800	Detect agnt mult dna direc	A	
87810	Chylmd trach assay w/optic	A	
87850	N. gonorrhoeae assay w/optic	A	
88380	Microdissection laser	N	
88381	Microdissection manual	N	
88387	Tiss exam molecular study	N	
93895	Carotid intima atheroma eval	E	
G0461	Immunohisto/cyto chem 1st st	D	
G0462	Immunohisto/cyto chem add	D	
V2760	Scratch resistant coating	E	

HCPCS code	Short descriptor	CY 2015 OPPS SI	CY 2015 OPPS APC
V2762 .....	Polarization, any lens .....	E	.....
V2786 .....	Occupational multifocal lens .....	E	.....
V2797 .....	Vis item/svc in other code .....	E	.....

We are correcting the OPPS SI for CPT code 0356T to “Q1” since this is the SI assigned to APC 0698. In addition, we are correcting the OPPS SI for CPT codes 86592 through 87850 to “A” to indicate that these preventive services are paid separately in another Medicare payment system other than the OPPS. Further, we are correcting the OPPS SI for CPT codes 88380, 88381, and 88387 to “N” to indicate that these services are packaged. We are also correcting the OPPS SI for CPT code 93895 to “E” to indicate that this service is non-covered. We are correcting the OPPS SI for HCPCS codes G0461 and G0462 to “D” to indicate that these codes were deleted on December 31, 2014. Also, we are correcting the OPPS SI for HCPCS codes V2760, V2762, V2786, and V2797 to “E” to indicate that these items are non-covered under the OPPS.

To view the corrected CY 2015 OPPS payment rates that result from these technical corrections, we refer readers to the Addenda and supporting files that are posted on the CMS Web site at: <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/HospitalOutpatientPPS/index.html>. Select “CMS–1613–CN” from the list of regulations. All corrected Addenda for this correcting document are contained in the zipped folder titled “2015 OPPS Final Rule Addenda” at the bottom of the page for CMS–1613–CN.

**2. Ambulatory Surgical Center (ASC) Payment System Addenda Posted on the CMS Web site**

As a result of the technical corrections described in Section II.B. and IV. of this correction notice, we have updated Addenda AA and BB to reflect the final corrected payment rates and indicators for CY 2015 for ASC covered surgical procedures and covered ancillary services. To view the corrected final CY 2015 ASC payment rates and indicators that result from these technical corrections, we refer readers to the Addenda and supporting files that are posted on the CMS Web site at: <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/ASCPayment/ASC-Regulations-and-Notices.html>. Select “CMS–1613–CN” from the list of regulations. All corrected ASC addenda for this correcting document are contained in the zipped folder entitled “Addendum AA, BB, DD1, DD2, and

EE” at the bottom of the page for CMS–1613–CN. The corrected final CY 2015 ASC wage index file and updated public use files are also posted on this Web page.

**III. Waiver of Proposed Rulemaking, 60-Day Comment Period, and Delay of Effective Date**

Under 5 U.S.C. 553(b) of the Administrative Procedure Act (APA), the agency is required to publish a notice of the proposed rule in the **Federal Register** before the provisions of a rule take effect. Similarly, section 1871(b)(1) of the Act requires the Secretary to provide for notice of the proposed rule in the **Federal Register** and provide a period of not less than 60 days for public comment. In addition, section 553(d) of the APA, and section 1871(e)(1)(B)(i) of the Act mandate a 30-day delay in effective date after issuance or publication of a rule. Sections 553(b)(B) and 553(d)(3) of the APA provide for exceptions from the notice and comment and delay in effective date APA requirements; in cases in which these exceptions apply, sections 1871(b)(2)(C) and 1871(e)(1)(B)(ii) of the Act provide exceptions from the notice and 60-day comment period and delay in effective date requirements of the Act as well. Section 553(b)(B) of the APA and section 1871(b)(2)(C) of the Act authorize an agency to dispense with normal rulemaking requirements for good cause if the agency makes a finding that the notice and comment process are impracticable, unnecessary, or contrary to the public interest. In addition, both section 553(d)(3) of the APA and section 1871(e)(1)(B)(ii) of the Act allow the agency to avoid the 30-day delay in effective date where such delay is contrary to the public interest and an agency includes a statement of support.

In our view, this correcting document does not constitute a rulemaking that would be subject to these requirements. This correcting document corrects technical errors in the preamble, addenda, payment rates, and tables included or referenced in the CY 2015 OPPS/ASC final rule with comment period. The corrections contained in this document are consistent with, and do not make substantive changes to, the policies and payment methodologies that were adopted subjected to notice

and comment procedures in the CY 2015 OPPS/ASC final rule with comment period. As a result, the corrections made through this correcting document are intended to ensure that the CY 2015 OPPS/ASC final rule with comment period accurately reflects the policies adopted in that rule.

Even if this were a rulemaking to which the notice and comment and delayed effective date requirements applied, we find that there is good cause to waive such requirements.

Undertaking further notice and comment procedures to incorporate the corrections in this document into the CY 2015 OPPS/ASC final rule with comment period or delaying the effective date would be contrary to the public interest because it is in the public’s interest for providers and suppliers to receive appropriate payments in as timely a manner as possible, and to ensure that the CY 2015 OPPS/ASC final rule with comment period accurately reflects our policies as of the date they take effect and are applicable. Further, such procedures would be unnecessary, because we are not altering the payment methodologies or policies, but rather, we are simply correctly implementing the policies that we previously proposed, received comment on, and subsequently finalized. This correcting document is intended solely to ensure that the CY 2015 OPPS/ASC final rule with comment period accurately reflects these payment methodologies and policies. For these reasons, we believe we have good cause to waive the notice and comment and effective date requirements.

**IV. Correction of Errors**

In FR Doc. 2014–26146 of November 10, 2014 (79 FR 66770), make the following corrections:

*Correction of Errors in the Preamble*

1. On page 66776, second column, second bullet, lines 11 and 17, the figure “0.89” is corrected to read “0.90”.

2. On page 66777, third column, first paragraph under column heading (4), line 11, the figure “2.3” is corrected to read “2.4”.

3. On page 66825,  
a. Second column,

(1) First partial paragraph, lines 6 through 14, remove the last two

sentences of the paragraph and add the following sentence in its place: “The CY 2015 estimated cancer hospital payment adjustments result in a budget neutral adjustment factor of 1.0004 to the conversion factor for the cancer hospital payment adjustment.”

(2) Second full paragraph,

(a) Line 17, the figure “\$72.692” is corrected to read “\$72.690”.

(b) Line 19, the figure “– \$1.484” is corrected to read “– \$1.483”.

b. Third column,

(1) First full paragraph, line 13, the figure “\$72.661” is corrected to read “\$72.690”.

(2) Last paragraph, line 10, the figure “\$74.144” is corrected to read “\$74.173”.

4. On page 66826, first column, first partial paragraph,

(a) Line 2, the figure “1.0000” is corrected to read “1.0004”.

(b) Line 7, the figure “\$74.144” is corrected to read “\$74.173”.

5. On page 66832,

a. First column, first partial paragraph,

(1) Line 3, the figure “89” is corrected to read “90”.

(2) Lines 5 and 11, the figure “0.89” is corrected to read “0.90”.

b. Second column,

(1) First partial paragraph, line 4, the figure “0.89” is corrected to read “0.90”.

(2) First full paragraph, lines 4 and 9, the figure “0.89 is corrected to read “0.90”.

c. Third column, first partial paragraph,

(1) Line 3, the figure “89” is corrected to read “90”.

(2) Lines 5 and 11, the figure “0.89” is corrected to read “0.90”.

d. Table 14—Estimated CY 2015 Hospital-Specific Payment Adjustment For Cancer Hospitals To Be Provided At Cost Report Settlement, the table is corrected to read as follows:

TABLE 14—ESTIMATED CY 2015 HOSPITAL-SPECIFIC PAYMENT ADJUSTMENT FOR CANCER HOSPITALS TO BE PROVIDED AT COST REPORT SETTLEMENT

Provider No.	Hospital name	Estimated percentage increase in OPPS Payments for CY 2015
050146 .....	City of Hope Comprehensive Cancer Center .....	16.1
050660 .....	USC Norris Cancer Hospital .....	23.2
100079 .....	Sylvester Comprehensive Cancer Center .....	12.7
100271 .....	H. Lee Moffitt Cancer Center & Research Institute .....	20.5
220162 .....	Dana-Farber Cancer Institute .....	47.3
330154 .....	Memorial Sloan-Kettering Cancer Center .....	42.4
330354 .....	Roswell Park Cancer Institute .....	19.2
360242 .....	James Cancer Hospital & Solove Research Institute .....	32.7
390196 .....	Fox Chase Cancer Center .....	19.7
450076 .....	M.D. Anderson Cancer Center .....	49.4
500138 .....	Seattle Cancer Care Alliance .....	43.6

6. On page 66889, Table 36—HCPCS Codes To Which The CY 2015 Drug-Specific Packaging Determination

Methodology Applies, the table is corrected to read as follows:

TABLE 36—HCPCS CODES TO WHICH THE CY 2015 DRUG-SPECIFIC PACKAGING DETERMINATION METHODOLOGY APPLIES

CY 2015 HCPCS code	CY 2015 long descriptor	CY 2015 SI
C9257 .....	Injection, bevacizumab, 0.25 mg .....	K
J9035 .....	Injection, bevacizumab, 10 mg .....	K
J1020 .....	Injection, methylprednisolone acetate, 20 mg .....	N
J1030 .....	Injection, methylprednisolone acetate, 40 mg .....	N
J1040 .....	Injection, methylprednisolone acetate, 80 mg .....	N
J1460 .....	Injection, gamma globulin, intramuscular, 1 cc .....	N
J1560 .....	Injection, gamma globulin, intramuscular over 10 cc .....	N
J1642 .....	Injection, heparin sodium, (heparin lock flush), per 10 units .....	N
J1644 .....	Injection, heparin sodium, per 1000 units .....	N
J1840 .....	Injection, kanamycin sulfate, up to 500 mg .....	N
J1850 .....	Injection, kanamycin sulfate, up to 75 mg .....	N
J2270 .....	Injection, morphine sulfate, up to 10 mg .....	N
J2788 .....	Injection, rho d immune globulin, human, minidose, 50 micrograms (250 i.u.) .....	N
J2790 .....	Injection, rho d immune globulin, human, full dose, 300 micrograms (1500 i.u.) .....	N
J2920 .....	Injection, methylprednisolone sodium succinate, up to 40 mg .....	N
J2930 .....	Injection, methylprednisolone sodium succinate, up to 125 mg .....	N
J3471 .....	Injection, hyaluronidase, ovine, preservative free, per 1 usp unit (up to 999 usp units) .....	N
J3472 .....	Injection, hyaluronidase, ovine, preservative free, per 1000 usp units .....	N
J7030 .....	Infusion, normal saline solution , 1000 cc .....	N
J7040 .....	Infusion, normal saline solution, sterile (500 ml = 1 unit) .....	N
J7050 .....	Infusion, normal saline solution , 250 cc .....	N
J7502 .....	Cyclosporine, oral, 100 mg .....	N
J7515 .....	Cyclosporine, oral, 25 mg .....	N
J8520 .....	Capecitabine, oral, 150 mg .....	K

TABLE 36—HCPCS CODES TO WHICH THE CY 2015 DRUG-SPECIFIC PACKAGING DETERMINATION METHODOLOGY APPLIES—Continued

CY 2015 HCPCS code	CY 2015 long descriptor	CY 2015 SI
J8521 .....	Capecitabine, oral, 500 mg .....	K
J9250 .....	Methotrexate sodium, 5 mg .....	N
J9260 .....	Methotrexate sodium, 50 mg .....	N

7. On page 66917, third column, remove the first full paragraph and add the following paragraph in its place: “For the new Category III CPT codes implemented in July 2014 through the quarterly update CR, as shown below in Table 43, we are not finalizing the “Z2” payment indicator that we proposed for CPT codes 0348T, 0349T, and 0350T or the “R2” payment indicator that we proposed for CPT code 0356T. For CY

2015, these codes will be conditionally packaged under the OPPS when provided with a significant procedure (status indicator “Q1”). With the exception of device removal procedures (as discussed in section XII.D.1.b. of this final rule with comment period), HCPCS codes that are conditionally packaged under the OPPS are always packaged (payment indicator “N1”) under the ASC payment system. Therefore, the

final CY 2015 ASC payment indicator for CPT codes 0348T, 0349T, 0350T, and 0356T is “N1” for CY 2015.

8. On page 66918, Table 43—New Category III CPT Codes for Covered Surgical Procedures or Covered Ancillary Services Implemented in July 2014, the table is corrected to read as follows:

TABLE 43—NEW CATEGORY III CPT CODES FOR COVERED SURGICAL PROCEDURES OR COVERED ANCILLARY SERVICES IMPLEMENTED IN JULY 2014

CY 2014 CPT code	CY 2015 CPT code	CY 2015 long descriptor	Final CY 2015 ASC payment indicator
0348T	0348T	Radiologic examination, radiostereometric analysis (RSA); spine, (includes, cervical, thoracic and lumbosacral, when performed) .....	N1
0349T	0349T	Radiologic examination, radiostereometric analysis (RSA); upper extremity(ies), (includes shoulder, elbow and wrist, when performed) .....	N1
0350T	0350T	Radiologic examination, radiostereometric analysis (RSA); lower extremity(ies), (includes hip, proximal femur, knee and ankle, when performed) .....	N1
0356T	0356T	Insertion of drug-eluting implant (including punctal dilation and implant removal when performed) into lacrimal canaliculus, each .....	N1

N1 = Packaged service/item; no separate payment made.

9. On page 66939, a. Second column, last paragraph, line 10, the figure “0.9998” is corrected to read “0.9995”.

b. Third column, first partial paragraph, (1) Line 6, the figure “\$44.071” is corrected to read “\$44.058”.

(2) Line 11, the figure “0.9998” is corrected to read “0.9995”.

(3) Line 21, the figure “\$43.202” is corrected to read “\$43.189”.

(4) Line 26, the figure “0.9998” is corrected to read “0.9995”.

10. On page 66940, first column, second full paragraph, line 6, the figure “\$44.071” is corrected to read “\$44.058”.

11. On page 66962, second column, first full paragraph,

a. Line 12, the figure “\$72.661” is corrected to read “\$72.690”.

b. Line 14, the figure “\$74.144” is corrected to read “\$74.173”.

12. On page 67019,

a. Second column, first paragraph, (1) Line 3, the figure “(4,006)” is corrected to read “(4,007)”.

(2) Line 31, the figure “(3,871)” is corrected to read “(3,782)”.

b. Third column, remove the entire fourth paragraph, which begins with “There is no difference in impact” and add the following paragraph in its place: “The impacts reflect slightly smaller total cancer hospital payment adjustments as a result of the updated target PCR and updated estimated cancer hospital PCRs for 2015.”

13. On page 67020,

a. First column, first full paragraph under column 5 heading,

(1) Line 10, the figures “3.4 and 4.2” are corrected to read “3.5 and 4.3” respectively.

(2) Line 14, the figure “3.2” is corrected to read “3.3”.

b. Second column, first partial paragraph, line 9, the figure “\$74.144” is corrected to read “\$74.173”.

c. Third column,

(1) First partial paragraph, last line, the figure “2.3” is corrected to read “2.4”.

(2) First full paragraph, line 11, the figures “0.9 to 2.1” are corrected to read “1.0 to 2.2” respectively.

(3) Second full paragraph, line 4, the figure “3.1” is corrected to read “3.2”.

(4) Last paragraph,

(a) Line 7, the figure “1.7” is corrected to read “1.8”.

(b) Line 9, the figure “2.1” is corrected to read “2.2”.

14. On pages 67020 through 67022, Table 49—Estimated Impact of the CY 2015 Changes for the Hospital Outpatient Prospective Payment System, the table is corrected to read as follows:

TABLE 49—ESTIMATED IMPACT OF THE PROPOSED CY 2015 CHANGES FOR THE HOSPITAL OUTPATIENT PROSPECTIVE PAYMENT SYSTEM

	Number of hospitals	APC recalibration (all changes)	New wage index and provider adjustments	All budget neutral changes (combined cols 2, 3) with market basket update	All budget neutral changes and update (column 4) with frontier wage index adjustment	All changes
	(1)	(2)	(3)	(4)	(5)	(6)
ALL FACILITIES * .....	4,007	0.0	0.0	2.2	2.3	2.3
ALL HOSPITALS .....	3,872	0.0	0.0	2.3	2.4	2.3
(excludes hospitals permanently held harmless and CMHCs).						
URBAN HOSPITALS .....	3,008	0.0	0.0	2.3	2.4	2.4
LARGE URBAN (GT 1 MILL.) .....	1,646	0.1	0.2	2.5	2.5	2.6
OTHER URBAN (LE 1 MILL.) .....	1,362	0.0	-0.1	2.1	2.3	2.1
RURAL HOSPITALS .....	863	0.0	-0.3	1.9	2.2	1.9
SOLE COMMUNITY .....	376	0.1	-0.2	2.2	2.6	2.2
OTHER RURAL .....	487	-0.2	-0.3	1.7	1.7	1.6
BEDS (URBAN):						
0-99 BEDS .....	1,067	0.0	0.0	2.3	2.5	2.3
100-199 BEDS .....	856	0.0	0.0	2.2	2.3	2.3
200-299 BEDS .....	458	-0.1	0.1	2.3	2.4	2.3
300-499 BEDS .....	410	-0.1	0.1	2.3	2.4	2.3
500 + BEDS .....	217	0.3	-0.1	2.5	2.4	2.5
BEDS (RURAL):						
0-49 BEDS .....	345	0.1	-0.2	2.2	2.4	2.2
50-100 BEDS .....	315	0.3	-0.3	2.3	2.5	2.2
101-149 BEDS .....	116	-0.3	-0.1	1.9	2.1	1.8
150-199 BEDS .....	46	-0.4	-0.4	1.4	2.2	1.5
200 + BEDS .....	41	-0.3	-0.4	1.6	1.5	1.5
VOLUME (URBAN):						
LT 5,000 Lines .....	544	-1.7	-0.3	0.3	0.5	0.5
5,000-10,999 Lines .....	135	-0.8	-0.2	1.3	1.4	1.4
11,000-20,999 Lines .....	117	-1.5	0.0	0.7	1.2	0.9
21,000-42,999 Lines .....	228	-0.7	0.0	1.6	1.5	1.6
42,999-89,999 Lines .....	526	-0.3	0.0	1.9	2.0	2.0
GT 89,999 Lines .....	1,458	0.1	0.0	2.4	2.5	2.4
VOLUME (RURAL):						
LT 5,000 Lines .....	34	-3.8	-0.3	-1.8	1.1	-2.0
5,000-10,999 Lines .....	27	-1.8	-0.5	-0.1	1.1	0.0
11,000-20,999 Lines .....	42	-1.1	-0.3	0.9	0.9	1.0
21,000-42,999 Lines .....	161	0.2	-0.3	2.2	2.8	2.2
GT 42,999 Lines .....	599	0.0	-0.3	2.0	2.2	1.9
REGION (URBAN):						
NEW ENGLAND .....	152	1.1	0.2	3.5	3.5	3.5
MIDDLE ATLANTIC .....	361	0.5	0.5	3.2	3.2	3.3
SOUTH ATLANTIC .....	482	-0.2	-0.3	1.8	1.7	1.8
EAST NORTH CENT. ....	473	0.1	-0.1	2.2	2.2	2.2
EAST SOUTH CENT. ....	179	-0.9	-0.5	0.9	0.9	0.9
WEST NORTH CENT. ....	194	0.0	-0.2	2.0	3.3	2.1
WEST SOUTH CENT. ....	527	-0.7	-0.5	1.1	1.0	1.1
MOUNTAIN .....	203	0.0	-0.1	2.2	2.5	2.2
PACIFIC .....	389	0.3	1.1	3.7	3.6	3.7
PUERTO RICO .....	48	-0.4	0.3	2.1	2.1	2.0
REGION (RURAL):						
NEW ENGLAND .....	23	1.6	-0.1	3.7	3.6	3.7
MIDDLE ATLANTIC .....	58	0.8	0.2	3.3	3.3	3.2
SOUTH ATLANTIC .....	130	-0.6	-0.5	1.1	1.1	1.0
EAST NORTH CENT. ....	120	0.0	0.0	2.2	2.2	2.2
EAST SOUTH CENT. ....	165	-0.8	-0.5	1.0	1.0	0.9
WEST NORTH CENT. ....	101	0.2	-0.2	2.2	3.5	2.2
WEST SOUTH CENT. ....	181	-0.7	-0.8	0.8	0.7	0.7
MOUNTAIN .....	61	0.7	-0.4	2.5	4.3	2.7
PACIFIC .....	24	0.8	0.9	4.0	4.0	3.9
TEACHING STATUS:						
NON-TEACHING .....	2,839	-0.2	0.0	2.0	2.1	2.0
MINOR .....	706	-0.2	-0.1	2.0	2.2	2.0
MAJOR .....	326	0.7	0.1	3.1	3.1	3.2
DSH PATIENT PERCENT:						
0 .....	21	0.0	0.3	2.6	2.6	2.6
GT 0-0.10 .....	328	0.3	0.2	2.7	2.8	2.7

TABLE 49—ESTIMATED IMPACT OF THE PROPOSED CY 2015 CHANGES FOR THE HOSPITAL OUTPATIENT PROSPECTIVE PAYMENT SYSTEM—Continued

	Number of hospitals	APC recalibration (all changes)	New wage index and provider adjustments	All budget neutral changes (combined cols 2, 3) with market basket update	All budget neutral changes and update (column 4) with frontier wage index adjustment	All changes
	(1)	(2)	(3)	(4)	(5)	(6)
0.10–0.16 .....	334	0.1	0.0	2.4	2.5	2.4
0.16–0.23 .....	680	0.1	0.0	2.3	2.4	2.3
0.23–0.35 .....	1,076	0.0	0.0	2.2	2.4	2.2
GE 0.35 .....	824	0.1	0.1	2.3	2.3	2.5
DSH NOT AVAILABLE** .....	608	-3.6	0.0	-1.4	-1.3	-1.4
URBAN TEACHING/DSH:						
TEACHING & DSH .....	938	0.2	0.0	2.5	2.6	2.5
NO TEACHING/DSH .....	1,477	-0.2	0.1	2.1	2.2	2.1
NO TEACHING/NO DSH .....	18	-0.1	0.4	2.5	2.5	2.5
DSH NOT AVAILABLE** .....	575	-3.3	0.1	-0.9	-0.9	-1.0
TYPE OF OWNERSHIP:						
VOLUNTARY .....	2,006	0.1	0.0	2.4	2.5	2.4
PROPRIETARY .....	1,322	-0.4	-0.1	1.7	1.9	1.8
GOVERNMENT .....	543	-0.1	-0.1	2.1	2.1	2.2
CMHCs .....	72	0.0	-0.5	1.8	1.8	1.3

Column (1) shows the total number of hospitals and/or CMHCs.

Column (2) shows the impact of all final CY 2015 OPPS APC policies and compares those to the CY 2014 OPPS.

Column (3) shows the budget neutral impact of updating the wage index by applying the final FY 2015 hospital inpatient wage index, including all hold harmless policies and transitional wages. The final rural adjustment continues our current policy of 7.1 percent so the budget neutrality factor is 1. The budget neutrality adjustment for the cancer hospital adjustment is 1.004.

Column (4) shows the impact of all budget neutrality adjustments and the addition of the proposed 2.2 percent OPD fee schedule update factor (2.9 percent reduced by 0.5 percentage points for the final productivity adjustment and further reduced by 0.2 percentage point in order to satisfy statutory requirements set forth in the Affordable Care Act).

Column (5) shows the impact of all budget neutral changes and the non-budget neutral impact of applying the frontier State wage adjustment in CY 2015.

Column (6) shows the additional adjustments to the conversion factor resulting from a change in the pass-through estimate, adding estimated outlier payments, and applying payment wage indexes.

\* These 4,007 providers include children and cancer hospitals, which are held harmless to pre-BBA amounts, and CMHCs.

\*\* Complete DSH numbers are not available for providers that are not paid under IPPS, including rehabilitation, psychiatric, and long-term care hospitals.

15. On page 67022, second column, first full paragraph,

a. Line 13, the figure “1.7” is corrected to read “1.8”.

b. Line 16, the figure “1.7” is corrected to read “1.8”.

c. Line 19, the figure “-0.4” is corrected to read “-0.5”.

16. On page 67023, second column, first partial paragraph,

a. Line 12, the figure “0.9998” is corrected to read “0.9995”.

b. Last line, the figure “\$44.071” is corrected to read “\$44.058”.

17. On page 67024, third column (top third of the page above Table 50), first

partial paragraph, line 1, replace “9” with “11”.

18. On pages 67024 through 67025, Table 51—Estimated Impact of the CY 2015 Update to the ASC Payment System on Aggregate Payments for Selected Procedures, the table is corrected to read as follows:

TABLE 51—ESTIMATED IMPACT OF THE CY 2015 UPDATE TO THE ASC PAYMENT SYSTEM ON AGGREGATE PAYMENTS FOR SELECTED PROCEDURES

CPT/HCPCS code	Short descriptor	Estimated CY 2014 ASC payments (in millions)	Estimated CY 2015 percent change
(1)	(2)	(3)	(4)
66984 .....	Cataract surg w/iol, 1 stage .....	\$1,131	-1
43239 .....	Upper GI endoscopy, biopsy .....	170	11
45380 .....	Colonoscopy and biopsy .....	167	7
45385 .....	Lesion removal colonoscopy .....	107	7
66982 .....	Cataract surgery, complex .....	93	-1
64483 .....	Inj foramen epidural l/s .....	90	0
62311 .....	Inject spine l/s (cd) .....	79	0
45378 .....	Diagnostic colonoscopy .....	72	7
66821 .....	After cataract laser surgery .....	63	3
64493 .....	Inj paravert f jnt l/s 1 lev .....	47	0
G0105 .....	Colorectal scrn; hi risk ind .....	45	1

TABLE 51—ESTIMATED IMPACT OF THE CY 2015 UPDATE TO THE ASC PAYMENT SYSTEM ON AGGREGATE PAYMENTS FOR SELECTED PROCEDURES—Continued

CPT/HCPCS code	Short descriptor	Estimated CY 2014 ASC payments (in millions)	Estimated CY 2015 percent change
(1)	(2)	(3)	(4)
64635	Destroy lumb/sac facet jnt	45	-5
63650	Implant neuroelectrodes	41	4
G0121	Colon ca scrn not hi rsk ind	41	1
64590	Insrt/redo pn/gastr stimul	38	-1
15823	Revision of upper eyelid	35	2
63685	Insrt/redo spine n generator	34	29
29827	Arthroscop rotator cuff repr	34	1
64721	Carpal tunnel surgery	32	-1
29881	Knee arthroscopy/surgery	30	-1
29824	Shoulder arthroscopy/surgery	27	1
29880	Knee arthroscopy/surgery	25	-1
43235	Uppr gi endoscopy diagnosis	23	10
62310	Inject spine c/t	23	0
29823	Shoulder arthroscopy/surgery	22	1
52000	Cystoscopy	22	1
G0260	Inj for sacroiliac jt anesth	21	0
45384	Lesion remove colonoscopy	21	7
67042	Vit for macular hole	21	1
26055	Incise finger tendon sheath	19	-2

Dated: February 18, 2015.

C'Reda Weeden,

Executive Secretary to the Department, Department of Health and Human Services.

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**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

**Centers for Medicare & Medicaid Services**

**42 CFR Part 600**

[CMS-2391-FN]

RIN 0938-ZB18

**Basic Health Program; Federal Funding Methodology for Program Year 2016**

**AGENCY:** Centers for Medicare & Medicaid Services (CMS), HHS.

**ACTION:** Final methodology.

**SUMMARY:** This document provides the methodology and data sources necessary to determine federal payment amounts made in program year 2016 to states that elect to establish a Basic Health Program under the Affordable Care Act to offer health benefits coverage to low-income individuals otherwise eligible to purchase coverage through Affordable Insurance Exchanges.

**DATES:** These regulations are effective on January 1, 2016.

**FOR FURTHER INFORMATION CONTACT:**

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**SUPPLEMENTARY INFORMATION:**

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**Acronyms**

- To assist the reader, the following acronyms are used in this document.
- ΔAV Change in Actuarial Value
  - APTC Advance payment of the premium tax credit
  - ARP Adjusted reference premium
  - AV Actuarial value
  - BHP Basic Health Program
  - CCIO CMS' Center for Consumer Information and Insurance Oversight
  - CDC Centers for Disease Control and Prevention
  - CHIP Children's Health Insurance Program
  - CPI-U Consumer price index for all urban consumers
  - CSR Cost-sharing reduction
  - EHB Essential Health Benefit
  - FPL Federal poverty line
  - FRAC Factor for removing administrative costs
  - IRF Income reconciliation factor
  - IRS Internal Revenue Service
  - IUF Induced utilization factor
  - QHP Qualified health plan
  - OTA Office of Tax Analysis [of the U.S. Department of Treasury]
  - PHF Population health factor
  - PTC Premium tax credit
  - PTCF Premium tax credit formula
  - PTF Premium trend factor
  - RP Reference premium
  - SBM State Based Marketplace
  - TRAF Tobacco rating adjustment factor

**I. Background**

The Patient Protection and Affordable Care Act (Pub. L. 111-148, enacted on March 23, 2010), together with the Health Care and Education Reconciliation Act of 2010 (Pub. L. 111-152, enacted on March 30, 2010) (collectively referred as the Affordable