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AAHKS AMERICAN ASSOCIATION OF HIP AND KNEE SURGEONS

**MEMORANDUM**

**To:** AAHKS **From:** Epstein Becker & Green, P.C.

**Date:** July 30, 2022

**Re:** Summary of the Proposed 2023 Medicare Outpatient Prospective Payment System

On July 15, 2022, the Centers for Medicare & Medicaid Services (CMS) released the CY 2023 Medicare Outpatient Prospective Payment System (OPPS) proposed rule including the Ambulatory Surgical Center (ASC) Payment System. Comments on the proposed rule are due September 13, 2022. This memorandum summarizes key provisions that are relevant to AAHKS.

## I. 2023 Payment Rates

- *OPPS:* CMS proposes to increase overall OPPS payment rates by approximately 2.7%. This update is based on the projected hospital market basket percentage increase of 3.1%, reduced by 0.4% productivity adjustment. THA and TKA payment is projected to increase approximately 5.4% in 2023, attributable to a 2.2% increase in the relative weight assigned to the procedures.

| OPPS | | | | |
|---|---|---|---|---|
| **CPT** | **2021** | **2022** | **2023 (proposed)** | **% change from 2022** |
| **27130** | $12,314.76 | $12,593.29 | $13,274.06 | **+5.4%** |
| **27447** | $12,314.76 | $12,593.29 | $13,274.06 | **+5.4%** |

- ASC Rates: CMS proposes to increase overall payment rates under the ASC payment system by 2.7%. This update is based on a hospital market basket percentage increase of 3.1% reduced by a productivity adjustment of 0.4%.

| ASC | | | | |
|---|---|---|---|---|
| **CPT** | **2021** | **2022** | **2023 (proposed)** | **% change from 2022** |
| **27130** | $8,833.04 | $9,027.63 | $9,553.84 | **+5.4%** |
| **27447** | $8,774.20 | $8,967.37 | $9,351.90 | **+4.5%** |

## II. Changes to the Medicare Inpatient Only (IPO) Procedure List and ASC Covered Procedure List (CPL)

- CMS proposes to remove the following procedures from the IPO list in 2023:

| | |
|---|---|
| **16036 -** Escharotomy; each additional incision (list separately in addition to code for primary procedure) | **21194 -** Reconstruction of mandibular rami, horizontal, vertical, c, or 1 osteotomy; with bone graft (includes obtaining graft) |
| **22632 -** Arthrodesis, posterior interbody technique, including laminectomy and/or discectomy to prepare interspace ( other than for decompression), single interspace; each additional interspace (list separately in addition to code for primary procedure) | **21196 -** Reconstruction of mandibular rami and/or body, sagittal split; with internal rigid fixation |
| **21141 -** Reconstruction midface, lefort i; single piece, segment movement in any direction (eg, for long face syndrome), without bone graft | **21366 -** Open treatment of complicated (eg,comminuted or involving cranial nerve foramina) fracture(s) of malar area, including zygomatic arch and malar |
| **21142 -** Reconstruction midface, lefort i; 2 pieces, segment movement in any direction without bone graft | **21347 -** Open treatment of nasomaxillary complex fracture (lefort ii type); requiring multiple open approaches |
| **21143 -** Reconstruction midface, lefort i; 3 or more pieces, segment movement in any direction, without bone graft | **21422 -** Open treatment of palatal or maxillary fracture (lefort i type); |

- CMS proposes to add the following new procedures CPT codes to the IPO list in 2023:

| | |
|---|---|
| **157X1** - Implantation of absorbable mesh or other prosthesis for delayed closure of defect(s) (ie, external genitalia, perineum, abdominal wall) due to soft tissue infection or trauma | **228XX** - Total disc arthroplasty (artificial disc), anterior approach, including discectomy to prepare interspace (other than for decompression); second inter-space, lumbar (List separately in addition to code for primary procedure) |
| **49X06** - Repair of anterior abdominal hernia(s) (ie, epigastric, incisional, ventral, umbilical, spigelian), any approach (ie, open, laparoscopic, robot-ic), initial, including placement of mesh or other prosthesis when performed, total length of defect(s); greater than 10 cm, incarcerated or strangulated | **49X10** - Repair of anterior abdominal hernia(s) (ie, epigastric, incisional, ventral, umbilical, spigelian), any approach (ie,open, laparoscopic, robotic), recurrent, including placement of mesh or other prosthesis when performed, total length of defect(s); 3 cm to 10 cm, incarcerated or strangulated |
| **49X11**- Repair of anterior abdominal hernia(s) (ie, epigastric, incisional, ventral, umbilical, spigelian), any approach (ie,open, laparoscopic, robotic), recurrent, including placement of mesh or other prosthesis when performed, total length of defect(s); greater than 10 cm, reducible | **49X12** - Repair of anterior abdominal hernia(s) (ie, epigastric, incisional, ventral, umbilical, spigelian), any approach (ie, open, laparoscopic, robotic), recurrent, including placement of mesh or other prosthesis when performed, total length of defect(s); greater than 10 cm, incarcerated or strangulated |
| **49X13** - Repair of parastomal hernia, any approach (ie, open, laparoscopic, robotic), initial or recurrent, including placement of mesh or other prosthesis, when performed; reducible | **49X14** - Repair of parastomal hernia, any approach (ie, open, laparoscopic, robotic), initial or recurrent, including placement of mesh or other prosthesis, when performed; incarcerated or strangulated |

- CMS proposes to add the following procedure to the ASC Covered Procedure List in 2023:
  - **CPT 38531 – lymph node biopsy or excision**

## III. Pass-Through Payment for Devices

- The intent of transitional device pass-through payment under Medicare is to facilitate access for beneficiaries to the advantages of new and truly innovative devices by allowing for adequate payment for these new devices while the necessary cost data is collected to incorporate into OPPS procedure rates in the future. Pass-through status is granted for at least 2 years but typically no longer than 3 years. For products

with pass-through status that are used in a hospital setting, CMS bases payments on each hospital's costs, determined by charges adjusted to costs using a cost-to-charge ratio. No copayment applies to the patient.

- No arthroplasty or orthopedic-related devices have applied for pass-through status for 2023. However, pass-through status for one such device (***C1734*** - *Orthopedic/ device/drug matrix for opposing bone-to-bone or soft tissue-to bone (implantable)*) is scheduled to expire at the end of 2022.

## IV. Addition of a New Service Category for Hospital Outpatient Department (OPD) Prior Authorization Process

- Beginning in 2020, CMS established a Medicare prior authorization process for certain hospital outpatient services as ''a method for controlling unnecessary increases in the volume of covered OPD services." CMS now proposes to add facet joint interventions as a category of services to the prior authorization process for hospital outpatient departments beginning for dates of service on or after March 1, 2023.

- Outpatient department services for which CMS has previously added a prior authorization requirement include: Blepharoplasty; Botulinum toxin injections; Panniculectomy; Rhinoplasty; Vein ablation; Cervical Fusion with Disc Removal; and Implanted Spinal Neurostimulators.

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