

Outpatient Prospective Payment System (OPPS) Analysis of Proposed Change in Clinic and Emergency Department Visit APCs

In its OPSS proposed rule for calendar year 2007, the Centers for Medicare and Medicaid Services (CMS) would establish new codes for ED and clinic services; increase the number of APCs for ED services from three to five; and increase the number of APCs for clinic visits from three to five. This analysis is intended to help hospitals understand the major shifts in severity weights and payments for the Clinic and Emergency Department APCs that are described in the OPSS proposed rule for 2007. The following discusses the data sources used in this analysis and describes the impact analysis report.

Data Sources: Procedure volumes are taken from the 2004 CMS OPSS Claims file and reflect total paid units. The 2006 weights are as provided by CMS in its July 2006 update to Appendix B, the 2007 weights are as provided in the *Federal Register* for the proposed rule. The proposed 2007 payment rate is a Conversion Factor of \$61.55 as provided in the *Federal Register*.

Report: The report compares ED and Clinic weights for the proposed 2007 APCs vs. the 2006 APCs. The top section of the report summarizes the impact of the changes in these APCs. The 2006 and 2007 Case Mix Indexes are hospital-specific weighted averages based upon the volume in each procedure code. Volume is held constant at the 2004 level. The dollar and percentage impacts represent the impact of the proposed change to APC classifications and weights only. They do not include any impact for the update to the Conversion Factor. The Conversion Factor is held constant at the 2007 rate and is not adjusted for Wage Index.

The bottom section of the report shows 2004 volume by procedure code, with the APC assignments and weights for 2006 and as proposed for 2007.