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# Hospital Outpatient Prospective Payment System: January 2025 Update

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| **Related CR Release Date:** January 3, 2025 | **MLN Matters Number:** MM13933 |
| **Effective Date:** January 1, 2025 | **Related Change Request (CR) Number:** CR 13933 |
| **Implementation Date:** January 6, 2025 | **Related CR Transmittal Number:** R13032CP |
| **Related CR Title:** January 2025 Update of the Hospital Outpatient Prospective Payment System (OPPS) | |

## Affected Providers

- Hospitals
- Physicians
- Home health agencies
- Hospices
- Other providers billing Medicare Administrative Contractors (MACs) for outpatient hospital services they provide to Medicare patients

## Action Needed

Make sure your billing staff knows about these updates effective January 1, 2025:

- Coding updates
- Device pass-through status updates
- Comprehensive Ambulatory Payment Classification changes
- Updates related to drugs, biologicals, and pharmaceuticals
- Changes to Outpatient Prospective Payment System (OPPS) Pricer logic





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# Background

CR 13933 implements changes to and billing instructions for various payment policies in the January 2025 OPPS update. This CR also instructs you about coding changes and policy updates effective January 1, 2025, for the Hospital OPPS.

## 1. CPT Proprietary Laboratory Analyses (PLA) Coding Changes Effective January 1, 2025

The American Medical Association CPT Editorial Panel established 10 new PLA codes (CPT codes 0521U–0530U), effective January 1, 2025. Table 1 lists the long descriptors and status indicators for these codes. CMS lists the short descriptors and status indicators for these codes in the January 2025 OPPS Addendum B on our website.

**Note:** Learn more about OPPS status indicators and the latest definitions in Addendum D1 of the CY 2025 OPPS/Ambulatory Surgical Center (ASC) final rule.

## 2. OPPS Device Pass-Through

### a. New Device Pass-Through Category Effective January 1, 2025

Section 1833(t)(6)(B) of the Social Security Act requires under the OPPS that device categories be eligible for transitional pass-through payments for at least 2, but not more than 3 years. Also, section 1833(t)(6)(B)(ii)(IV) of the Social Security Act requires that we create additional categories for transitional pass-through payment of new medical devices not described by existing or previously existing device categories.

The January 2025 update includes 5 new pass-through HCPCS codes:

- C1735
- C1736
- C1737
- C1738
- C9610

We preliminarily approved C1739 effective January 1, 2025. More information will be included in the CY 2025 OPPS/ASC final rules. Table 2A contains the long descriptor, status indicator, and offset amount for these 6 codes.

We're adding these 6 new device category codes and their pass-through expiration dates to Table 3, where you can find a complete list of device category HCPCS codes and definitions used for present and previous transitional pass-through payment.

### b. Device Offset from Payment for the Following HCPCS Codes

Section 1833(t)(6)(D)(ii) of the Social Security Act requires that we deduct from pass-through payments for devices an amount reflecting the device portion of the Ambulatory Payment Classification (APC) payment amount. This deduction, known as the device offset, is the portion of the APC amount associated with the pass-through device cost. The device offset from payment represents a deduction from pass-through payments for the applicable pass-through device.

### c. Transitional Pass-Through Payments & Offsets for Designated Devices

We assign certain designated new devices to APCs and the Integrated Outpatient Code Editor (I/OCE) identifies them as eligible for payment based on the reasonable cost of the new device, reduced by the amount included in the APC for the procedure that reflects the packaged payment for devices used in the procedure. The I/OCE determines the proper payment amount for these APCs as well as the coinsurance and applicable deductible. We'll return all related payment calculations on the same APC line and identify it as a designated new device.

Review the current publication of OPPS HCPCS device offset amounts (Addendum P) associated with the CY 2025 OPPS payment system. Addendum P contains a separate device intensive tab that includes HCPCS with "device offset" amounts. Refer to the HCPCS Offsets tab in Addendum P for device offset amounts of HCPCS codes that aren't device intensive.

OPPS rulemaking is available on our website.

### d. Alternative Pathway for Devices that Have an FDA Breakthrough Designation

We provide an alternative pathway to device pass-through status for devices that have received FDA marketing authorization and a Breakthrough Device designation. We don't use current substantial clinical improvement criteria to determine pass-through payment status. Such devices would still need to meet other criteria for pass-through status. This applies to devices that receive pass-through payment status effective on or after January 1, 2020.

Device criteria information is available on our website.

### e. Expiring Pass-Through Status for 2 Device Category HCPCS Codes Effective January 1, 2025

Section 1833(t)(6)(B) of the Social Security Act specifies that device categories remain eligible for transitional pass-through payments for 2, but not more than 3 years. Two device categories, described by HCPCS codes C1832 and C1833, will expire on December 31, 2024. We'll include payment in the primary service since these device categories will remain active. Tables 2B and 3 contain the long descriptors for these 2 codes.

Things to remember for OPPS billing:

- Report device category HCPCS codes on claims whenever they're provided in the Hospital Outpatient Department (HOPD) setting
- Report all HCPCS codes consistent with their descriptors, CPT, our instructions, and correct coding principles
- Charge for all services provided even if we make payment separately or packaged

Current and historical device category codes created since the hospital OPPS was implemented on August 1, 2000, are in Table 3. The list is also available in Medicare Claims Processing Manual, Chapter 4, section 60.4.2.

## 3. APC & Status Indicator Assignments for CPT Codes 0660T & 0661T, iDose TR (travoprost intracameral implant) for the Treatment of Glaucoma Retroactive to January 1, 2024

In the July 2021 update, the CPT Editorial Panel established CPT codes 0660T and 0661T to describe the service associated with implantation, removal, and reimplantation of the iDose TR, which is a prostaglandin analog used to reduce intraocular pressure (IOP) in patients with open-angle glaucoma (OAG) or ocular hypertension (OHT).

On December 13, 2023, the FDA issued New Drug Application approval for the iDose TR. Based on that approval, 0660T and 0661T are separately payable under the OPPS effective retroactive to January 1, 2024. Table 4 lists the long descriptors and OPPS status indicator and APC assignments for 0660T and 0661T. Their short descriptors, status indicators, and payment rates are available in the January 2025 OPPS Addendum B on our website.

## 4. New HCPCS Code Describing the 3D Anatomical Segmentation Imaging Software Service

We're establishing HCPCS code C8001 to describe the 3D anatomical segmentation imaging intended as software for preoperative surgical planning and as software for the intraoperative display of multi-dimensional digital images. Table 5 lists the short descriptor, official long descriptor, status indicator, and APC assignment for C8001. You'll find the short descriptor, status indicator, and payment rate for C8001 in the January 2025 OPPS Addendum B update.

## 5. New HCPCS Code Describing the Automated Preparation of a Skin Cell Suspension Autograft

We're establishing HCPCS code C8002 to describe the automated preparation of a skin cell suspension autograft. Table 6 lists the short descriptor, official long descriptor, status indicator, and APC assignment for C8002. You'll find C8002 in the January 2025 OPPS Addendum B update with its correct status indicator and APC assignment.

**Note:** In the January 2025 I/OCE, we inadvertently assigned C8002 to an incorrect status indicator and APC assignment. We'll correct the status indicator and APC assignment for C8002 in the April 2025 I/OCE, retroactive to January 1, 2025.

## 6. New HCPCS Code Describing the Implantation Procedure of a Medial Knee Shock Absorber

We're establishing HCPCS code C8003 to describe the implantation procedure of a medial knee extraarticular shock absorber. Table 7 lists the short descriptor, official long descriptor, status indicator, and APC assignment for C8003. You'll find the short descriptor, status indicator, and payment rate for C8002 in the January 2025 OPPS Addendum B update.

## 7. Changes to the Inpatient-Only List (IPO) for CY 2025

We list procedures typically provided in the inpatient setting and not paid under the OPPS in the Medicare IPO. For CY 2025, we're removing 1 procedure and adding 3 procedures to the IPO list. Table 8 contains the IPO list changes for CY 2025.

## 8. Inadvertent Deletion of HCPCS Code C9734 & Correct Status Indicator & APC Assignment

In the January 2025 I/OCE, we inadvertently deleted HCPCS code C9734 (U/s trtmt, not leiomyomata).

We'll reactivate C9734 in the April 2025 I/OCE, retroactive to January 1, 2025. You'll find the correct status indicator and APC assignment for C9734 in Table 9. C9734's correct status indicator and APC assignment are also in the January 2025 OPPS Addendum B update.

## 9. Correct Status Indicator and APC Assignment for CPT Code 15013

We inadvertently assigned CPT code 15013 to an incorrect status indicator and APC assignment in the January 2025 I/OCE. Find the correct status indicator and APC assignment in Table 10. We'll correct 15013's status indicator and APC assignment in the April I/OCE, retroactive to January 1, 2025. You'll also find 15013 listed in the January 2025 OPPS Addendum B update with the correct status indicator and APC assignment.

## 10. Comprehensive APC Changes

### a. Additions to the Comprehensive APC (C-APC) Payment Policy Exclusions List

We added cellular and gene therapies and non-opioid products qualifying under section 4135 of the Consolidated Appropriations Act, 2023 to the list of services excluded from packaging when present with C-APC procedures as of January 1, 2025. As such, effective January 1, 2025, we won't package non-opioid treatments for pain relief reported with new status indicators H1 (Non-opioid Medical Devices for Post-Surgical Pain Relief) and K1 (Non-Opioid Drugs and Biologicals for Post-Surgical Pain Relief), as well as services reported for cellular and gene therapy products, when they appear on the same claim as C-APC procedures. Addendum J of the CY 2025 OPPS/ASC Final Rule contains the full list of C-APC payment policy exclusions.

## 11. Updates to the Partial Hospitalization Program (PHP) & Intensive Outpatient Program (IOP) Code Lists Effective January 1, 2025

We add codes with similar descriptors to the PHP and IOP services described in 42 CFR 410.43(a)(4) and 410.44(a)(4) to the list of HCPCS codes recognized for PHP and IOP payment through sub-regulatory guidance (88 FR 81822). We identified codes G0539 and G0540 for caregiver training, a service added to the list of those applicable for PHP and IOP in the CY 2024 OPPS/ASC final rule with comment period. We added both HCPCS codes to the list of those recognized for PHP and IOP payment, effective January 1, 2025. You'll find these codes and their short descriptors in the January 2025 OPPS Addendum B update on our website.

**Note:** When you report these codes, they don't count toward payment for a 3-service or 4-service PHP or IOP day. However, we'll include the costs associated with providing such services when calculating the PHP and IOP payment rates in future years.

## 12. Payment Adjustment for Certain Cancer Hospitals Beginning in CY 2025

For certain cancer hospitals receiving interim monthly payments associated with the cancer hospital adjustment at 42 CFR 419.43(i), section 16002(b) of the 21st Century Cures Act requires that for CY 2018 and subsequent CYs, the target payment-to-cost ratio (PCR) that should be used in calculating the interim monthly payment and at final cost report settlement is reduced by 0.01. For CY 2025, the target PCR, after including the required reduction, is 0.87.

We're updating Medicare Claims Processing Manual, Chapter 4, section 10.6.3 to better describe the previous cancer hospital target PCRs, as well as the CY 2025 target PCR.

## 13. Drugs, Biologicals & Radiopharmaceuticals

### a. New CY 2025 HCPCS Codes and Dosage Descriptors for Certain Drugs, Biologicals & Radiopharmaceuticals Receiving Pass-Through Status

Two new HCPCS codes report drugs and biologicals in the hospital outpatient setting, where there haven't previously been specific codes, starting on January 1, 2025. These drugs and biologicals will receive drug pass-through status starting January 1, 2025. You'll find these codes in Table 11.

### b. Existing HCPCS Codes for Certain Drugs, Biologicals & Radiopharmaceuticals Starting Pass-Through Status as of January 1, 2025

Five existing HCPCS codes for certain drugs, biologicals, and radiopharmaceuticals in the outpatient setting will have their pass-through status start on January 1, 2025. You'll find these codes in Table 12. Effective January 1, 2025, the status indicator for these codes is changing to G.

### c. Existing HCPCS Codes for Certain Drugs, Biologicals & Radiopharmaceuticals with Pass-Through Status Ending on December 31, 2024

Five HCPCS codes for certain drugs, biologicals, and radiopharmaceuticals in the outpatient setting will have their pass-through status end on December 31, 2024. You'll find these codes in Table 13. Effective January 1, 2025, the status indicator for these codes is changing from G to K or N. We list these codes, along with their short descriptors and status indicators, in the January 2025 OPPS Addendum B update.

### d. Newly Established HCPCS Codes for Drugs, Biologicals & Radiopharmaceuticals as of January 1, 2025

We'll establish 50 new drug, biological, and radiopharmaceutical HCPCS codes on January 1, 2025. You'll find these codes in Table 14.

### e. HCPCS Codes for Drugs, Biologicals & Radiopharmaceuticals Deleted as of December 31, 2024

We'll delete 16 drug, biological, and radiopharmaceutical HCPCS codes on December 31, 2024. You'll find these codes in Table 15.

**Note:** HCPCS code J9036 will replace both J9058 and J9059 to report therapeutically equivalent bendamustine codes. We'll delete J9058 and J9059 on December 31, 2024.

### f. HCPCS Code for Drug, Biological & Radiopharmaceutical Changing Status Indicator as of January 1, 2025

One drug, biological, and radiopharmaceutical HCPCS code will have its status indicator change to E1, effective January 1, 2025. You'll find the code in Table 16.

### g. HCPCS Code for Drug, Biological & Radiopharmaceutical Changing Status Retroactive to October 1, 2024

Four drug, biological, and radiopharmaceutical HCPCS codes are changing payment status indicators retroactive to October 1, 2024. You'll find these codes in Table 17.

**Note:** We previously changed the status indicator for HCPCS code J9059 from E1 to K via Technical Direction Letter-250010. Subsequently, we're restoring the status indicator for J9059 to K for dates of service effective October 1, 2024, through December 31, 2024. We incorrectly listed the status indicator for J9329 listed as E2 in the January 2025 I/OCE for dates of service October 1, 2024, through December 31, 2024. The correct status indicator is K. It was too late operationally to make retroactive changes to payable status indicators for J9059 and J9329 effective October 1, 2024, through December 31, 2024, in the January 2025 I/OCE. We'll publish those changes in the April 2025 I/OCE.

### h. HCPCS Codes for Drugs, Biologicals & Radiopharmaceuticals with Descriptor Changes as of January 1, 2025

Four drug, biological, and radiopharmaceutical HCPCS codes will have a substantial descriptor change as of January 1, 2025. You'll find these codes in Table 18.

### i. HCPCS Codes for Drugs, Biologicals & Radiopharmaceuticals with Descriptor Changes as of January 1, 2025

Twenty-three previously packaged diagnostic radiopharmaceuticals packaged will be separately payable as of January 1, 2025. Their status indicators will change from N to K. In addition, 1 diagnostic radiopharmaceutical (HCPCS code A9595 – Piflufolastat f-18, diagnostic, 1 millicurie), which has its pass-through status ending on December 31, 2024, will be separately payable as of January 1, 2025, with a status indicator of K. You'll find these codes in Table 19.

We inadvertently assigned radiopharmaceutical APC offsets to the Nuclear Medicine and Related Services APCs associated with these 23 diagnostic radiopharmaceuticals in the January 2025 I/OCE. We'll remove the radiopharmaceutical APC offsets for these 23 diagnostic radiopharmaceuticals in the April 2025 I/OCE, retroactive to January 1, 2025.

### j. Drugs & Biologicals with Payments Based on Average Sales Price (ASP)

In CY 2025, we'll pay for most nonpass-through drugs, biologicals, and therapeutic radiopharmaceuticals at a single rate of ASP + 6% (or ASP + 6% or 8% of the reference product for biosimilars). In CY 2025, we'll pay a single payment of ASP + 6% for pass-through drugs, biologicals, and radio pharmaceuticals to provide payment for both the acquisition cost and pharmacy overhead costs of these pass-through items (or ASP + 6% or 8% of the reference product for biosimilars).

We pay for drugs and biologicals based on ASPs. We update ASPs quarterly as later-quarter ASP submissions become available. Effective January 1, 2025, payment rates for many drugs and biologicals have changed from the values published in the CY 2025 OPPS/ASC final rule with comment period due to the new ASP calculations based on sales price submissions from the third quarter of CY 2024.

Where necessary, we'll incorporate payment rate changes in the January 2025 Fiscal Intermediary Standard System (FISS) release. We're not publishing the updated payment rates in this CR. However, the updated payment rates effective January 1, 2025, can be found in the January 2025 OPPS Addendum A and B updates on the CMS website.

### k. Drugs & Biologicals Based on ASP Methodology with Restated Payment Rates

We pay some drugs and biologicals based on ASP methodology. Some drugs and biologicals will have payment rates corrected retroactively, which typically occur quarterly. The list of drugs and biologicals with corrected payment rates will appear on our website on the first day of the quarter.

Resubmit claims affected by adjustments to a previous quarter's payment files.

### l. Drug Billing Modifiers Deleted as of December 31, 2024

We'll delete 1 billing modifier on December 31, 2024. You'll find this billing modifier in Table 20.

### m. Drug Billing Modifiers Descriptor Revised as of January 1, 2025

We'll revise 1 billing modifier's descriptor effective January 1, 2025. You'll find this billing modifier in Table 21.

### n. Not Otherwise Classified (NOC) FDA-Approved Prescription Drugs for Pre-Exposure Prophylaxis (PrEP) for HIV Reported Under HCPCS Code J0799

For CY 2025, we're revising the definition of status indicator A to include NOC FDA-approved prescription drugs for HIV PrEP reported under HCPCS code J0799. Like HCPCS code C9399, when J0799 appears on a claim, the OCE suspends the claim for manual pricing by the MAC. The MAC prices the claim at 95% of the drug or biological's average wholesale price (AWP) using the Red Book or an equivalent recognized compendium for payment processing of the claim.

### o. HCPCS Codes for Pharmacy Dispensing/Supplying Fees Changing Payment Status Indicators Starting January 1, 2025

Eleven HCPCS codes describing pharmacy dispensing/supplying fees will have their payment status indicators changed starting January 1, 2025. You'll find these codes in Table 22.

## 14. Skin Substitutes

We'll package payment for skin substitute products that don't qualify for pass-through status into the payment for the associated skin substitute application procedure. We divide skin substitute groups into 2 groups for payment packaging purposes:

- High-cost skin substitute products
- Low-cost skin substitute products

We assign new skin substitute HCPCS codes into the low-cost skin substitute group unless we have pricing data that demonstrates that the cost of the product is above either the mean unit cost of $50 or the per-day cost of $833 for CY 2025.

### a. New Skin Substitute Products as of January 1, 2025

Eight new skin substitute HCPCS codes will be active as of January 1, 2025. You'll find these codes in Table 23.

### b. Skin Substitute Assignments to High-Cost and Low-Cost Groups for CY 2025

Table 24 lists the skin substitute products and their assignment as either a high-cost or low-cost skin substitute product, when applicable.

## 15. HCPCS Code for PrEP for HIV Counseling Covered as Additional Preventive Services Changing APC Effective January 1, 2025

One HCPCS code describing PrEP for HIV counseling will have its APC updated starting January 1, 2025. You'll find this code in Table 25.

## 16. HCPCS Code for PrEP for HIV Counseling Covered as Additional Preventive Services Changing Status Indicator Effective January 1, 2025

We'll change the status indicator for 1 HCPCS code describing PrEP for HIV counseling, effective January 1, 2025. You'll find this code in Table 26. We incorrectly listed the effective date of the status indicator change in the January 2025 I/OCE as October 1, 2024. We'll correct it in the April 2025 I/OCE, retroactive to January 1, 2025.

## 17. HCPCS Code for PrEP for HIV Administration APC Assignment Change Retroactive to October 1, 2024

In the January 2025 I/OCE, we changed the APC assignment of HCPCS code G0012 (Injection of hiv prep drug) from APC 5691 (Level 1 Drug Administration) to APC 5692 (Level 2 Drug Administration) effective January 1, 2025, instead of October 1, 2024. Therefore, we'll correct the effective date of the APC change in the April 2025 I/OCE, retroactive to October 1, 2024. Table 27 lists the correct APC assignment for G0012, effective October 1, 2024.

## 18. HCPCS Codes, Status Indicators, APC Assignments & Payment Limitations for Qualifying Non-Opioid Treatments for Pain Relief Starting January 1, 2025

Section 4135 of the Consolidated Appropriations Act, 2023 established eligibility criteria for temporary additional payments for certain non-opioid treatments for pain relief. The CY 2025 OPPS/ASC final rule with comment period finalized the criteria. We fully evaluated applicable non-opioid treatments against the statutory eligibility criteria, and we determined the products in Table 28 meet the statutory definition of a non-opioid treatment for pain relief and should be paid according to the finalized policy starting in January 2024.

Section 1833(t)(16)(G)(iii) of the Social Security Act states that the separate payment amount specified in clause (ii) must not exceed the estimated average of 18% of the HOPD fee schedule amount for the HOPD service (or group of services) with which the non-opioid treatment for pain relief is provided, as determined by the HHS Secretary. Updated annually, Table 29 contains the finalized payment limitation amount for each product. Table 30 provides an additional qualifying non-opioid treatment for pain relief effective April 1, 2025.

## 19. Changes to OPPS Pricer Logic

- Rural Sole Community Hospitals (SCHs) and Essential Access Community Hospitals (EACHs) continue to receive a 7.1% payment increase for most services in CY 2025. The rural SCH and EACH payment adjustment excludes:
  - Drugs
  - Biologicals
  - Items and services paid at charges reduced to cost
  - Items paid under the pass-through payment policy per section 1833(t)(13)(B) of the Social Security Act, as added by section 411 of the Medicare Prescription Drug, Improvement, and Modernization Act
- New OPPS payment rates and copayment amounts will be effective January 1, 2025. We limit copayment amounts to a maximum of 40% of the APC payment rate. Copayment amounts for each service can't exceed the CY 2025 inpatient deductible of $1,676. For most OPPS services, copayments are set at 20% of the APC payment rate.
- There's no change in the 1.75 multiple threshold for hospital outlier payments under OPPS for 2025. We multiply 1.75 by the total line-item APC payment to determine eligibility for outlier payments. We also use this factor to determine the outlier payment, which is 50% of estimated cost minus 1.75 times the APC payment amount. The payment formula is (cost – (APC payment x 1.75))/2.
- The fixed-dollar threshold for OPPS outlier payments decreases in CY 2025 compared to CY 2024. The estimated cost of a service must be greater than the APC amount plus $7,175 to qualify for outlier payments.
- There's no change in the 3.4 multiple threshold for outliers for Community Mental Health Centers (CMHCs) (bill type 76x). We multiply 3.4 by the total line-item APC payment for the assigned PHP or IOP APC (5851 through 5854) to determine eligibility for outlier payments. We also use this multiple amount to determine the outlier payment, which is 50% of estimated costs minus 3.4 times the APC payment amount. The payment formula is (cost – (APDC payment x 3.4)/2.
- Continuing current policy, the OPPS Pricer will apply a reduced update ratio of 0.9806 to payment and copayment for hospitals that fail to meet their hospital outpatient quality data reporting requirements or fail to meet our validation edits. We'll use the reduced payment amount to calculate outlier payments.

Effective January 1, 2025, we're adopting the FY 2025 Inpatient Prospective Payment System (IPPS) post-reclassification wage index values, as published in the FY 2025 IPPS final rule (with subsequent correction notice), with applying the CY 2025 out-commuting adjustment authorized by section 505 of the Medicare Prescription Drug, Improvement, and Modernization Act to non-IPPS hospitals as implemented through Pricer logic.

**Note:** We're implementing new status indicators K1 and H1 for non-opioid policy, effective January 1, 2025. We cap rates accordingly as listed in Table 29. Certain codes will have caps that apply effective April 1, 2025 (listed in Table 30).

See Medicare Claims Processing Manual, Chapter 4, section 62 for more information.

## 20. Update to the Outpatient Provider Specific File (OPSF)

Effective January 1, 2025, MACs will maintain the accuracy of the provider records in the OPSF as changes occur in data element values.

As discussed in the CY 2025 OPPS/ASC final rule, the CY 2025 OPPS wage index will include the low wage index hospital policy. Therefore, the FY 2025 IPPS wage index and associated data referred to in this section will be in the FY 2025 IPPS final rule (and subsequent correction notice), which includes the policy described in section 4 and not the wages described in the Interim Final Rule titled, "Changes to the Fiscal Year 2025 Hospital Inpatient Prospective Payment System (IPPS) Rates Due to Court Decision."

### a. Updating the OPSF for the Supplemental Wage Index and Supplemental Wage Index Flag Fields

In CY 2025, we'll use the Supplemental Wage Index and Supplemental Wage Index Flag fields to implement a cap on the wage index decrease policy. The Pricer requires the hospital's applicable CY 2024 OPPS wage index in the Supplemental Wage Index field to apply all wage index policies and determine the hospital's CY 2025 OPPS wage index. To accurately pay claims for providers paid through the OPPS for whom we expect the capped wage index policy to apply, the Supplemental Wage Index Flag must be 1 and have a wage index in the Supplemental Wage Index field.

MACs will ensure no OPPS providers have a 1 or 2 in the Special Payment Indicator field and no wage index value in the Special Wage Index field with an effective date of January 1, 2025. Unless we instruct otherwise, MACs must seek approval from the CMS Central Office to use a 1 or 2 in the Special Payment Indicator field and a wage index value in the Special Wage Index field.

Several types of assignments for the supplemental wage index field would apply under the OPPS. In all cases below, the Supplemental Wage Index field would be 1 and the effective date of such changes included for the steps outlined below would be January 1, 2025.

If the MAC receives approval from our Central Office to assign an OPPS provider a special wage index in CY 2024 and the MACs use 1 or 2 in the Special Payment Indicator field, MACs will:

- Enter the value from the Special Wage Index for CY 2024 into the Supplemental Wage Index field
- Enter a 1 in the Supplemental Wage Index Flag field
- Ensure the Special Wage Index and Special Payment Indicator fields are blank
- Establish the record with an effective date of January 1, 2025

If the MAC didn't email us during CY 2024 for a provider's CY 2024 wage index and the claim concerns IPPS hospitals also paid under the OPPS, MACs should obtain the 2024 wage index from Table 2 associated with the FY 2025 IPPS final rule (or Correction Notice, if applicable), per instructions in MAC Implementation File 5.

In other instances where MACs derive an IPPS value through the steps outlined in the MAC Implementation File 5 document, that same FY 2024 wage index value is entered into the Supplemental Wage Index for the Inpatient Provider Specific File and into the Supplemental Wage Index field and would apply into the OPPS on a CY basis.

In these cases, MACs should:

- Enter the value from the Special Wage Index for CY 2024 (from Table 2 or through the steps outlined in MAC Implementation File 5) into the Supplemental Wage Index field
- Enter a 1 in the Supplemental Wage Index Flag field
- Ensure the Special Wage Index and Special Payment Indicator fields are blank
- Establish the record with an effective date of January 1, 2025

For non-IPPS hospitals, CMHCs, and other OPPS providers, we made the Supplemental Wage Index assignments (based on the CY 2024 OPPS wage index) available on our website under Annual Policy Files.

In these cases, MACs should:

- Enter the CY 2024 Wage Index from the Excel file available online into the Supplemental Wage Index field
- Enter a 1 in the Supplemental Wage Index Flag field
- Ensure the Special Wage Index and Special Payment Indicator fields are blank
- Establish the record with an effective date of January 1, 2025

### b. Updating the OPSF for Expiration of Transitional Outpatient Payments (TOPs)

We hold cancer and children's hospitals harmless under section 1833(t)(7)(D)(ii) of the Social Security Act. Both entities will continue to receive hold harmless TOPs permanently. For CY 2025, cancer hospitals will continue to receive an additional payment adjustment.

### c. Updating the OPSF for the Hospital Outpatient Quality Reporting (HOQR) Program Requirements

Effective for OPPS services provided on or after January 1, 2009, subsection (d) hospitals that haven't submitted timely hospital outpatient quarterly data as required in section 1833(t)(17)(A) of the Social Security Act will receive payment under the OPPS that reflects a 2% reduction from the annual OPPS update for failure to meet the HOQR program requirements. This reduction won't apply to hospitals not required to submit quality data or hospitals not paid under the OPPS.

For January 1, 2025, MACs will maintain the accuracy of the provider records in the OPSF by updating the Hospital Quality Indicator filed. We'll release a Technical Direction Letter that lists subsection (d) hospitals subject to and that fail to meet the HOQR program requirements. Once we release this list, MACs will:

- Update the OPSF by removing the 1
- Leave the Hospital Quality Indicator field blank for all hospitals identified on the list
- Ensure the OPSF Hospital Quality Indicator field contains a 1 for all hospitals that aren't on the list

**Note:** If hospitals subsequently meet HOQR program requirements, MACs will update the OPSF. See CR 6072 for more information.

### d. Updating the OPSF for Cost-to-Charge Ratios (CCRs)

MACs must maintain the accuracy of the data and update the OPSF as changes occur in data element values, including changes to provider CCRs and, when applicable, device department CCRs. The Annual Policy Files have the OPPS hospital upper limit CCRs and statewide CCRs files.

### e. Updating the County Code Field

Prior to CY 2018, to include the outmigration in a hospitals' wage index, we provided a separate table that assigned wage indexes for hospitals that received the outmigration adjustment. For the CY 2025 OPPS, the Pricer will continue to assign the outmigration adjustment using the County Code field in the OPSF. MACs will ensure every hospital has its Federal Information Processing Standards (FIPS) county code where the hospital is located listed in the County Code field to maintain accuracy of the OPSF data fields.

### f. Updating the Wage Index Location Core-Based Statistical Area (CBSA) Field

Under historical and current OPPS wage index policy, hospitals that have wage index reclassifications for wage adjustment purposes under the IPPS would also have those wage index reclassifications applied under the OPPS on a CY basis. Under the FY 2025 IPPS, MACs will apply wage index reclassifications and make sure they're also reflected in the OPSF for CY 2025.

### g. Updating the Payment CBSA Field

In the prior OPSF layout, there were only 2 CBSA-related fields:

1. Actual Geographic Location CBSA
2. Wage Index Location CBSA

If there's not an assigned Special Wage Index, we use these fields to wage adjust OPPS payment through the Pricer. Historically, we've used these fields to assign the wage index for hospitals receiving the outmigration adjustment.

In CR 9926, we created an additional field for the Payment CBSA, similar to the IPPS, to allow for consistency between the data in the 2 systems and identify when hospitals receive dual reclassifications. In such cases, the Payment CBSA field will be used to note the Urban to Rural reclassification under section 1886(d)(8)(E) of the Social Security Act. This Payment CBSA field isn't used for wage adjustment purposes, but to identify when the 42 CFR 412.103 reclassification applies, because rural status is considered for rural SCH adjustment eligibility. The IPPS Pricer allows the Payment CBSA, even when applied as the sole CBSA field (without a Wage Index CBSA), for wage adjusting payment. The OPPS, however, doesn't use that field used for wage adjustment.

### h. Wage Index Policies in the CY 2025 OPPS Final Rule

In the FY 2025 IPPS and OPPS final rules, we finalized the following changes to the wage index:

- Increased the wage index values for hospitals with a wage index value below the 25th percentile wage index value of 0.9009 across all hospitals
- Applied a 5% cap for CY 2025 on any wage index values that decreased relative to CY 2024

**Note:** The CY 2025 OPPS will include the low wage index hospital policy, even though the FY 2025 IPPS wage index won't.

## 21. OPPS Payment for Drugs Covered as Additional Preventive Services (DCAPS)

Under section 1861(ddd)(1) of the Social Security Act, we're authorized to add coverage of additional preventive services through the Medicare National Coverage Determination process if you meet certain statutory requirements:

1. It's reasonable and necessary for the prevention or early detection of illness or disability
2. It's recommended with a grade of A or B by the U.S. Preventive Services Task Force
3. It's appropriate for people entitled to benefits under Part A or enrolled under Part B

We established an OPPS payment methodology for DCAPS effective for dates of service on or after January 1, 2025. Medicare waives coinsurance and deductibles for these preventive services.

See Medicare Claims Processing Manual, Chapter 4, section 232, for more information on calculating DCAPS pricing in CY 2025.

## 22. Coverage Information

Remember, even though we assign a HCPCS code and payment rate to a drug, device, procedure, or service under the OPPS doesn't imply Medicare coverage. It only indicates how we pay for the product, procedure, or service if covered. MACs decide whether a drug, device, procedure, or other service meets all program requirements for coverage. For example, MACs decide that it's reasonable and necessary to treat the patient's condition and whether it's excluded from payment.

# More Information

We issued CR 13933 to your MAC as the official instruction for this change. For more information, find your MAC's website.

## Document History

| Date of Change | Description |
|---|---|
| January 15, 2025 | Initial article released. |