



Some Relief Coming from APCs

Christian G. Downs

To cite this article: Christian G. Downs (2000) Some Relief Coming from APCs, *Oncology Issues*, 15:5, 7-7, DOI: [10.1080/10463356.2000.11905151](https://doi.org/10.1080/10463356.2000.11905151)

To link to this article: <https://doi.org/10.1080/10463356.2000.11905151>



Published online: 17 Oct 2017.



Submit your article to this journal [↗](#)



Article views: 2



View related articles [↗](#)

Some Relief Coming from APCs

by Christian G. Downs

The Health Care Financing Administration began its implementation of the ambulatory payment classification (APC) system on August 1. Hospitals need to be aware of several new developments.

First and most ominous, HCFA has released a contingency plan in case problems arise in the first few weeks of implementation. This new contingency plan appears to be better than the plans floated earlier in the year. For example, under the new contingency plan, payments would increase from 70 percent of past payments to 85 percent. Past payments are calculated by taking Medicare bills from May 1, 1999, to April 30, 2000, dividing by 26, and then reimbursing the hospital 85 percent of that amount. Remember, this will only go into effect if intermediaries and providers cannot process claims by August 18. Otherwise, it is business as usual. Providers can download the entire contingency plan by going to the HCFA web site (www.hcfa.gov) and retrieving Program Memorandum A-00-44.

Second, it appears from the interim final rule (42 CFR Parts 413 and 419) issued on August 3, 2000, that there may be some relief for the billing of new drugs and therapies. Under provisions of the old proposed regulation, when a new drug is marketed, hospitals were expected to purchase and provide the drug without any reimbursement for at least six months. This delay was built into the system so the manufacturer could provide HCFA with data on the actual acquisition cost of

the drug. ACCC and other organizations commented vigorously that this provision was wholly unfair to hospitals and patients. It seems from initial analysis of the August 3 interim final regulation that the six-month waiting policy has been dropped. Unfortunately, drug payment under APCs remains incredibly complex and potentially economically devastating. Providers should closely monitor the ACCC web site for updates on the latest in hospital outpatient drug reimbursement.

Third, given the complexity of the new payment system, many hospitals and cancer program administrators have raised concerns about fraud and abuse investigations. On June 23 the Office of Inspector General (OIG) for the Department of Health and Human Services released a letter indicating that "providers will face challenges in implementing the new payment system, and it is during such challenging times that providers need to be especially vigilant in identifying erroneous claims. We (HHS) believe an effective voluntary compliance program can help hospitals identify erroneous claims, correct

the underlying problems causing the errors claims, and ensure that any overpayments caused by such erroneous claims are promptly returned to the government. But again, it should be emphasized that civil or criminal penalty action will not be initiated for billing errors due to inadvertence or negligence."

This statement by the OIG provides some reassurance about wanton and capricious investigations based on coding and billing errors under the new system. At the same time though, cancer programs would be well advised for both legal and economic reasons to be fully up to speed with the new payment system.

As noted before, it is crucial that cancer program administrators and physicians prepare for APCs to protect the cancer service line at the hospital. With questions about such issues as drug payment and series billing still unresolved, administrators should make sure their supervisors understand the unique situation faced by the cancer service line under APCs and that the cancer program may take longer to show positive results under this new system. ☐

Join HCFA's Medicare Learning Network

There are two ways to subscribe to HCFA's Medicare Learning Network, which provides information updates on the outpatient prospective payment system (OPPS).

First, hospitals can sign up for OP-PPS-L by going to the NIH web site (<http://list.nih.gov/archives/op-pps-l.html>).

Second, via e-mail: listserv@list.nih.gov. Please leave the "Subject" line blank and enter the following on the first line of the body of the message: SUBSCRIBE OP-PPS-L "YOUR NAME" ("YOUR NAME" should be your first and last name. Do not include middle initials. You may replace your first name with a nickname or any other name that you would like to be addressed by in the list.)

Christian G. Downs is ACCC director of provider economics and public policy.