

2024 Outpatient Reimbursement Update

Key Reimbursement Changes for Orthopedic Services Performed in Outpatient Settings

Calendar Year (CY) 2024 Outpatient Payment Changes Released

On November 2, 2023, the Centers for Medicare and Medicaid Services (CMS) released the Calendar Year (CY) 2024 Outpatient Prospective Payment System (OPPS) Final Rule.¹ CMS states that the changes promote health equity, expand access to behavioral health care, improve transparency in the health system, and promote safe, effective, and patient-centered care. The policy changes, quality provisions and payment rates announced in the final rule will become effective for services provided on or after January 1, 2024.

Payments for hospital outpatient services are to increase 3.1% overall, the result of a 3.3% hospital market basket increase minus a 0.2% productivity adjustment. Hospitals that fail to meet the hospital outpatient quality reporting requirements will be subject to a statutory 2.0% reduction in payments.

Individual procedure payment changes will differ and increase more or less than this percentage. One of the biggest changes for 2024 is the Ambulatory Payment Classification (APC) reassignment of total shoulder arthroplasty (CPT® code 23472) from APC 5115 to APC

5116, resulting in a 36.2% payment increase (\$17,775; +\$4,727) compared to CY 2023. Zimmer Biomet has advocated for this APC reassignment for a number of years based on the higher costs associated with total shoulder arthroplasty in comparison to the other procedures in APC 5115 and is very appreciative that CMS has ultimately agreed with our position.

CMS has maintained a list of services since 2000 that it believes require the availability of care and services provided in the hospital inpatient setting, titled the Inpatient Only (IPO) List. Services on this list are only covered and paid when performed in the hospital inpatient setting and are not eligible to be performed on a Medicare beneficiary in the hospital outpatient or ASC setting. For 2024, CMS is not removing any services from the IPO List.

The table below shows 5 years of hospital outpatient payment changes for several common orthopedic procedures. In addition to the APC reassignment for total shoulder arthroplasty mentioned above, total ankle arthroplasty (CPT code 27702) experienced a similar change for CY 2023.

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CY 2024 Outpatient Prospective Payment System (OPPS)

(Rates are effective for hospital outpatient services occurring on or after January 1, 2024)

CPT	Description	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024	5 Yr Growth %
23470	Partial Shoulder Arthroplasty (hemiarthroplasty)	\$11,901	\$12,315	\$12,593	\$13,048	\$12,553	5.5%
23472	Total Shoulder Arthroplasty	IPO	\$12,315	\$12,593	\$13,048	\$17,775	44.3%
24363	Total Elbow Arthroplasty	\$15,946	\$15,868	\$16,513	\$21,898	\$17,775	11.5%
27130	Total Hip Arthroplasty	\$11,901	\$12,315	\$12,593	\$13,048	\$12,553	5.5%
27446	Partial Knee Arthroplasty	\$11,901	\$12,315	\$12,593	\$13,048	\$12,553	5.5%
27447	Total Knee Arthroplasty	\$11,901	\$12,315	\$12,593	\$13,048	\$12,553	5.5%
27702	Total Ankle Arthroplasty	IPO	\$12,315	\$12,593	\$21,898	\$17,775	44.3%
29827	Arthroscopically-assisted Rotator Cuff Repair	\$5,982	\$6,265	\$6,397	\$6,615	\$6,823	14.1%
29888	Arthroscopically-assisted Anterior Cruciate Ligament (ACL) Repair	\$5,982	\$6,265	\$6,397	\$6,615	\$6,823	14.1%
0707T	Injection(s), bone substitute material (eg, calcium phosphate) into subchondral bone defect	N/A	N/A	\$2,892	\$2,977	\$3,087	6.7%

IPO: Procedure is on Medicare's Inpatient Only List and not covered in an outpatient setting.

Medicare Final Rule Adds Seven Orthopedic Procedures to ASC CPL

The OPPS Final Rule¹ issued by CMS also included significant changes for services performed in Ambulatory Surgery Centers (ASCs). First, CMS' 5-year policy of updating the ASC payment system using the hospital market basket update was set to expire at the end of 2023. CMS decided instead to extend the use of the productivity-adjusted hospital market basket update for an additional two years to allow it to review a larger, non-COVID impacted data set to determine whether the hospital market basket update should be used permanently to adjust ASC payment system rates. For CY 2024, this means that CMS is increasing payment rates under the ASC payment system by 3.1% (hospital market percentage increase of 3.3 percent reduced by a productivity adjustment of 0.2 percentage points) for ASCs that meet quality reporting requirements. ASCs that fail to meet the quality reporting requirements will be subject to a statutory 2.0% reduction in payments.

Additionally, CMS is adding 37 surgical procedures to the ASC Covered Procedures List (ASC CPL) for CY 2024, twenty-six of which are dental services. Of the remaining 11 procedures added, seven are orthopedic-related, including shoulder arthroplasty and total ankle arthroplasty.

- 21194 (Reconstruction of mandibular rami, horizontal, vertical, C, or L osteotomy; with bone graft (includes obtaining graft))
- 21195 (Reconstruction of mandibular rami and/or body, sagittal split; without internal rigid fixation)
- 23470 (Arthroplasty, glenohumeral joint; hemiarthroplasty)
- 23472 (Arthroplasty, glenohumeral joint; total shoulder (glenoid and proximal humeral replacement (eg, total shoulder))
- 27006 (Tenotomy, abductors and/or extensor(s) of hip, open (separate procedure))
- 27702 (Arthroplasty, ankle; with implant (total ankle))
- 29868 (Arthroscopy, knee, surgical; meniscal transplantation (includes arthrotomy for meniscal insertion), medial or lateral)

CY 2024 ASC Payment System

(Rates are effective for ASC services occurring on or after January 1, 2024)

CPT	Description	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024	5 Yr Growth %
23470	Partial Shoulder Arthroplasty (hemiarthroplasty)	N/A	\$8,932	N/A	N/A	\$9,307	4.2%
23472	Total Shoulder Arthroplasty	N/A	N/A	N/A	N/A	\$14,003	
24363	Total Elbow Arthroplasty	\$12,205	\$12,066	\$12,599	\$16,092	\$13,664	12.0%
27130	Total Hip Arthroplasty	N/A	\$8,833	\$9,028	\$9,509	\$9,244	4.7%
27446	Partial Knee Arthroplasty	\$8,411	\$8,655	\$8,845	\$9,199	\$8,911	5.9%
27447	Total Knee Arthroplasty	\$8,610	\$8,774	\$8,967	\$9,323	\$9,055	5.2%
27702	Total Ankle Arthroplasty	N/A	N/A	N/A	N/A	\$14,467	
29827	Arthroscopically-assisted Rotator Cuff Repair	\$2,803	\$2,944	\$3,001	\$3,138	\$3,393	14.4%
29888	Arthroscopically-assisted Anterior Cruciate Ligament (ACL) Repair	\$3,873	\$4,045	\$4,127	\$4,242	\$4,500	21.0%
0707T	Injection(s), bone substitute material (eg, calcium phosphate) into subchondral bone defect	--	--	\$1,772	\$1,819	\$2,224	25.5%

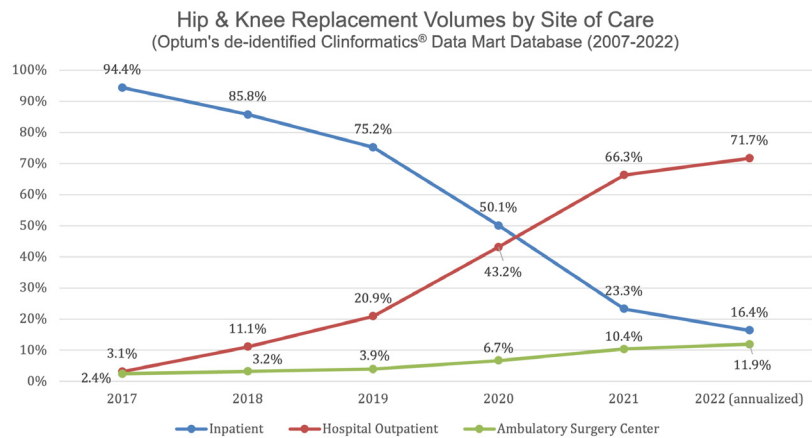
N/A: Procedure is not on Medicare's ASC Covered Procedures List (CPL).

CY 2024 Arthroplasty Payments by Place of Service

Medicare has made significant changes to place-of-service coverage over the last several years, allowing patients to be treated in the most clinically appropriate and cost-efficient site of care.

CPT	Description	Medicare Inpatient (MS-DRG)	Medicare HOPD(APC)	Medicare ASC
23470	Partial Shoulder Arthroplasty (hemiarthroplasty)	\$17,393 (483)	\$12,553 (5115)	\$9,307
23472	Total Shoulder Arthroplasty	\$17,393 (483)	\$17,775 (5116)	\$14,003
24363	Total Elbow Arthroplasty	\$17,393 (483)	\$17,775 (5116)	\$13,664
27130	Total Hip Arthroplasty	\$13,798 (469/470)	\$12,553 (5115)	\$9,244
27446	Partial Knee Arthroplasty	\$13,798 (469/470)	\$12,553 (5115)	\$8,911
27447	Total Knee Arthroplasty	\$13,798 (469/470)	\$12,553 (5115)	\$9,055
27702	Total Ankle Arthroplasty	\$23,314 (469)	\$17,775 (5116)	\$14,467

Since Medicare took total knee arthroplasty (TKA) off of the Inpatient Only (IPO) List in 2018, and subsequently total hip arthroplasty (THA) in 2020, there has been a significant shift in the site-of-care for these procedures. The graph below shows this shift for the hospital inpatient, hospital outpatient and ASC settings over the years 2017 - 2022.



Source: Beckman, S. What's Happening with Joint Replacement Volumes? Advisory Board (Advisory.com). Updated August 14, 2023. Sourced August 16, 2023.

References

1. Calendar Year 2024 Medicare Outpatient Prospective Payment System, Final Rule. Federal Register, November 22, 2023.
2. Fiscal Year 2024 Medicare Inpatient Prospective Payment System, Final Rule. Federal Register, August 28, 2023.

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