AAOS commends CMS on efforts to improve care quality and access.

**Removal of Total Knee Arthroplasty (TKA) from the Inpatient-Only List (IPO)**

Total knee arthroplasty (TKA) or total knee replacement has traditionally been an inpatient surgical procedure. The Medicare inpatient-only (IPO) list includes procedures that are typically only provided in the inpatient setting and therefore are not paid under the Outpatient Prospective Payment System (OPPS). Annually, CMS uses established criteria to review the IPO list and determine whether any procedures should be removed from the list.

Two important aspects of the IPO:

1. First, just because a procedure is not on the IPO list does not mean that the procedure cannot be performed on an inpatient basis. IPO list procedures must be performed on an inpatient basis (regardless of the expected length of the hospital stay) to qualify for Medicare payment, but procedures that are not on the IPO list can be and very often are performed on individuals who are inpatients (as well as individuals who are hospital outpatients and Ambulatory Surgery Centers (ASC) patients).

2. Second, the IPO list status of a procedure has no effect on the MPFS (Medicare Physician Fee Schedule) professional payment for the procedure.

In the OPPS final rule, CMS is finalizing removal of the TKA procedure described by CPT code 27447 from the IPO list beginning in CY 2018 and to assign the TKA procedure to comprehensive APC C-APC 5115 (Level 5 Musculoskeletal Procedures) with status indicator “J1” (hospital Part B services paid through a C-APC).

- **AAOS supported removal of TKA from IPO list contingent upon several issues:**
  - **Surgeon as final arbiter:** CMS rightly defers to providers for developing patient selection/exclusion criteria for identifying appropriate patients for an outpatient TKA. AAOS asks that this be explicitly stated in the final rule.
  - **Clear criteria for surgical site selection.**
    - Patient selection and risk stratification protocols that will harmonize differing criteria of hospital outpatient departments and ASCs.
  - **Develop criteria for patient selection:** AAOS is developing outcomes measures to assist selection of ideal candidates. The medical specialty societies engaged in such activities are best positioned to develop evidence-based patient selection and exclusionary criteria for determining the clinical acceptability of performing TKA as outpatient procedure.
  - **Coordinate w/ CMMI**

- This rule acknowledges AAOS request to establish in rulemaking the primacy of the physician-patient relationship in this decision: “The decision regarding the most appropriate care setting for a given surgical procedure is a complex medical judgment made by the physician based on the beneficiary’s individual clinical needs
and preferences and on the general coverage rules requiring that any procedure be reasonable and necessary.”

- The RAC will not begin to audit these cases for site of service until 2020 and it will not be retroactive. Site of service will not be reviewed for TKAs for the first two years: “We would also prohibit RAC review of patient status for TKA procedures performed in the inpatient setting for a period of 2 years to allow providers time to gain experience with these procedures in the outpatient setting.”

- “The “2-midnight” rule continues to be in effect and was established to provide guidance on when an inpatient admission would be appropriate for payment under Medicare Part A (inpatient hospital services). In general, this guidance provides that if the physician expects the beneficiary to require hospital care that spans at least 2 midnights and admits the beneficiary based upon that expectation, the case is appropriate for payment under the IPPS (Inpatient Prospective Payment System). For stays for which the physician expects the patient to need less than 2 midnights of hospital care, an inpatient admission is payable under Medicare Part A on a case-by-case basis if the documentation in the medical record supports the admitting physician’s determination that the patient requires inpatient hospital care.”

- A prior inpatient hospital stay of at least 3 consecutive days is required by law under Medicare FFS as a prerequisite for skilled nursing facility (SNF) coverage. However, Medicare Advantage plans may elect, to provide SNF coverage without imposing the SNF 3-day qualifying stay requirement and CMS has issued conditional waivers of the 3-day qualifying stay requirement as necessary to carry out the Medicare Shared Savings Program and to test certain Innovation Center payment models, including the Next Generation ACO Model.

- Impact on the BPCI/CJR models: CMS believes that less medically complex TKA cases could be appropriately and safely performed on an outpatient basis. However, CMS does not expect a significant volume of TKA cases currently being performed in the hospital inpatient setting to shift to the hospital outpatient setting as a result of removing this procedure from the IPO list between January 1, 2018 (the effective date for the removal of TKA from the IPO list) and the current end dates of the performance periods for the BPCI and CJR models, September 30, 2018 and December 31, 2020, respectively. Accordingly, CMS does not expect a substantial impact on the patient-mix for the BPCI and CJR models.

  o [Note: AAOS will continue to engage with CMS to monitor whether any future refinements to these models are warranted.

Removal of Total Hip Arthroplasty and Other Procedures from IPO List

Most outpatient departments are equipped to provide THA to some Medicare beneficiaries. In comments on the proposed rule, AAOS stated it believes it is appropriate to remove THA (CPT code 27130) from the IPO, as well as add it to the ASC list, with the same caveats as TKA. In
fact, all of our previous comments on TKA would apply to THA. While technically dissimilar, these procedures would have parallel perioperative requirements.

In comments on the proposed rule, the AAOS also requested that CMS consider removing several additional procedures from the IPO, as well as add them to the ASC list. AAOS believes these procedures satisfy most, if not all, of the criteria for consideration of removal:

- CPT 27702 Total Ankle Arthroplasty (TAA) or Total Ankle Replacement (TAR)
- CPT 27703 Revision Total Ankle Arthroplasty
- CPT 23472 Total Shoulder Arthroplasty
- CPT 23470 Shoulder Hemiarthroplasty

**While the AAOS suggested these be removed from the IPO list, CMS in the final rule chose NOT to remove these procedures from the IPO list now to allow for further discussion.** They acknowledged, however, that they will take these requests into consideration.

**List of procedures CMS decided NOT to remove from the IPO at this time:**

- CPT 23470 Arthroplasty, glenohumeral joint; hemiarthroplasty
- CPT 23472 Arthroplasty, glenohumeral joint; total shoulder (glenoid and proximal humeral replacement (e.g., total shoulder))
- CPT 27125 Hemiarthroplasty, hip, partial (e.g., femoral stem prosthesis, bipolar arthroplasty)
- CPT 27130 Arthroplasty, acetabular and proximal femoral prosthetic replacement (total hip arthroplasty), with or without autograft or allograft
- CPT 27702 Arthroplasty, ankle; with implant (total ankle)
- CPT 27703 Arthroplasty, ankle; revision, total ankle

Further, while CMS is not adding TKA to the ASC covered surgical procedures list for CY 2018, AAOS is encouraged by the progress announced in the final rule and will work closely with CMS to ensure this important next step happens as soon as possible. AAOS looks forward to continuing to work with CMS on this and other outpatient and ambulatory surgery center issues.