Letters

RESEARCH LETTER

Financial Implications of Site-Neutral Payments for Clinic Visits in Otolaryngology

In January 2020, the Centers for Medicare & Medicaid Services (CMS) will implement site-neutral payments for outpatient clinic visits occurring in the off-campus hospital outpatient department (HOPD-OFF) setting.\(^1\) Following the establishment of the Hospital Outpatient Prospective Payment System (OPPS) in April 2000, hospitals have received separate Medicare payments for HOPD-OFF clinic visits under the OPPS and the Physician Fee Schedule. Under this reform, hospitals will receive a single payment under the OPPS equivalent to the Physician Fee Schedule rate, thereby reducing Medicare reimbursement by 60% per visit. The CMS estimates that this payment reduction will save Medicare $610 million in 2020.\(^1\)

This reform may have important financial implications for otolaryngologists, who provide a substantial number of outpatient clinic visits compared with other physicians.\(^2\) Therefore, we sought to characterize the extent to which otolaryngologists practice in the HOPD-OFF setting and the potential financial implications with the field of otolaryngology.

Methods \(\text{We conducted a retrospective cross-sectional analysis of outpatient clinic visits furnished by otolaryngologic clinicians in 2017 using Medicare Physician/Supplier Procedure summary data.}\(^3\) This study was exempt from institutional review board review by the Partners Human Research Committee because it analyzed publicly available data. Our sample included all new (Current Procedural Terminology [CPT] codes 99201–99205) and established (CPT codes 99211–99215) patient visits performed by otolaryngologists. We calculated the total number of allowed visits and the proportion of visits occurring in each place of service (physician office/HOPD-OFF/hospital outpatient department on-campus/other).

Results \(\text{In 2017, otolaryngologists furnished 5.1 million clinic visits to Medicare beneficiaries. Most (4.7 million [91.9%]) occurred in physician offices. Among otolaryngologic visits occurring in hospital outpatient departments (411,371 [8.0%]), nearly three-quarters (297,282 [72.6%]) occurred on campus and the remainder (114,089 [27.7%]) occurred off campus. Exploratory analysis suggested that the total Medicare payment reduction for otolaryngologic clinic visits would have been $12.2 million in 2017.}

The proportion of clinic visits occurring in the HOPD-OFF setting was low across surgical specialties (range, 2.22% [otolaryngology] to 3.94% [general surgery]; Figure 1). However, the estimated Medicare payment reduction varied widely across specialties ($1.3 million [thoracic surgery] to $33.2 million [orthopedic surgery]; Figure 2).

Discussion \(\text{This study suggests that the impending site-neutral payment reform may have a substantial negative financial implications for the small subset of otolaryngologists practicing in the HOPD-OFF setting. These otolaryngologists may be more susceptible to payment reductions than other surgeons for 2 reasons. First, otolaryngologists provide a higher proportion of services in the outpatient setting compared with other surgical specialists (eg, thoracic surgeons). Second, the practice of otolaryngology is typically more clinic-based compared with care in other...}

To investigate the potential financial effect of the impending reform, we conducted an exploratory analysis to estimate what the payment reduction would have been in 2017. We estimated the total payment reduction by multiplying the total number of HOPD-OFF–allowed clinic visits in 2017 by the OPPS payment rate ($105.56 USD).\(^1\) We replicated these methods to benchmark otolaryngology against 8 surgical specialties: general surgery, neurosurgery, ophthalmology, orthopedic surgery, plastic surgery, thoracic surgery, urology, and vascular surgery.

Figure 1. Outpatient Evaluation and Management (EM) Visits Furnished by Surgical Clinicians to Medicare Beneficiaries in 2017, Stratified by Surgical Specialty and Place of Service

Figure 2. Exploratory Analysis of Estimated Medicare Payment Reduction for Surgical Specialties in 2017.
outpatient-oriented surgical specialties (eg, orthopedics). Revenue reductions sustained by otolaryngologists practicing in the HOPD-OFF setting will be even greater if commercial insurers follow CMS in reducing payment rates.

Site-neutral payments may additionally have repercussions for otolaryngology practices seeking to merge with or be acquired by hospital-based health systems. These practices may experience devaluations as a result of reductions in forecasted clinic visit revenue or earnings. These practices may accordingly preferentially seek improved market positions, capital access, and economies of scale by merging with other otolaryngology/multispecialty practices or through sales to private equity firms.

This study has limitations. First, we likely underestimate the 2020 financial effect because of the annual growth rate in Medicare expenditures. Second, we were unable to estimate payment reductions per clinician because of an insufficient granularity in the place of service within publicly available Medicare data. Further research is necessary to understand how site-neutral payments will affect the practice and workforce of otolaryngology.

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Conflict of Interest Disclosures: Dr Rathi reports employment by Partners HealthCare to implement outpatient growth strategy. No other disclosures were reported.


OBSERVATION

Intractable Cough After Bilateral Tympanostomy Tube Placement

Mechanical stimulation of the auricular branch of the vagus nerve (Arnold nerve) in the posterior medial external auditory canal and tympanic membrane can elicit a cough via the ear-cough reflex (Figure). We present a unique case of intractable cough after bilateral tympanostomy tube placement, which resolved after tube removal.