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Alphabetical List of Acronyms Appearing in the Proposed Rule

- ACEP—American College of Emergency Physicians
- AHA—American Hospital Association
- AHIMA—American Health Information Management Association
- AMA—American Medical Association
- APC—Ambulatory payment classification
- ASC—Ambulatory surgical center
- AWP—Average wholesale price
- BBA—Balanced Budget Act of 1997
- BIPA—Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act of 2000
- BBRA—Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act of 1999
- CAH—Critical access hospital
- CCR—Cost center specific cost-to-charge ratio
- CMHC—Community mental health center
- CMS—Centers for Medicare & Medicaid Services (Formerly known as the Health Care Financing Administration)
- CPT—[Physicians'] Current Procedural Terminology, Fourth Edition, 2002, copyrighted by the American Medical Association
- CY—Calendar year
- DMEPOS—Durable medical equipment, prosthetics, orthotics, and supplies
- DRG—Diagnosis-related group
- DSH—Disproportionate Share Hospital
- EACH—Essential Access Community Hospital
- E/M—Evaluation and management
- ESRD—End-stage renal disease

- FACA—Federal Advisory Committee Act
- FDA—Food and Drug Administration
- FI—Fiscal intermediary
- FSS—Federal Supply Schedule
- FY—Federal fiscal year
- HCPCS—Healthcare Common Procedure Coding System
- HCRIS—Hospital Cost Report Information System
- HHA—Home health agency
- HIPAA—Health Insurance Portability and Accountability Act of 1996
- ICD-9-CM—International Classification of Diseases, Ninth Edition, Clinical Modification
- IME—Indirect Medical Education
- IPPS—(Hospital) inpatient prospective payment system
- IVIg—Intravenous Immune Globulin
- LTC—Long Term Care
- MedPAC—Medicare Payment Advisory Commission
- MDH—Medicare Dependent Hospital
- MSA—Metropolitan statistical area
- NECMA—New England County Metropolitan Area
- OCE—Outpatient code editor
- OMB—Office of Management and Budget
- OPD—(Hospital) outpatient department
- OPPS—(Hospital) outpatient prospective payment system
- PHP—Partial hospitalization program
- PM—Program memorandum
- PPS—Prospective payment system
- PPV—Pneumococcal pneumonia (virus)
- PRA—Paperwork Reduction Act
- RFA—Regulatory Flexibility Act
- RRC—Rural Referral Center
- SBA—Small Business Administration
- SCH—Sole Community Hospital
- SDP—Single drug pricer
- SI—Status Indicator
- TEFRA—Tax Equity and Fiscal Responsibility Act
- TOPS—Transitional outpatient payments
- USPDI—United States Pharmacopoeia Drug Information

I. Background

A. Authority for the Outpatient Prospective Payment System

When the Medicare statute was originally enacted, Medicare payment for hospital outpatient services was based on hospital-specific costs. In an effort to ensure that Medicare and its beneficiaries pay appropriately for services and to encourage more efficient delivery of care, the Congress mandated replacement of the cost-based payment methodology with a prospective payment system (PPS). The Balanced Budget Act of 1997 (BBA) (Pub. L. 105-33), enacted on August 5, 1997, added section 1833(t) to the Social Security Act (the Act) authorizing implementation of a PPS for hospital outpatient services. The Balanced Budget Refinement Act of 1999 (BBRA) (Pub. L. 106-113), enacted on November 29, 1999, made major changes that affected the hospital outpatient PPS (OPPS). The Medicare, Medicaid, and