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**TO:** NABH Members  
**FROM:** Scott Dziengelski, NABH Director of Policy and Regulatory Affairs  
**DATE:** Thursday, July 26, 2018  
**RE:** CMS Proposes Payment Increases for PHPs and CMHCs in 2019

The Centers for Medicare and Medicaid Services (CMS) has proposed a hospital-based partial hospitalization program (PHP) payment rate of \$216.55 for 2019, up from the 2018 rate of \$205.36, in the Hospital Outpatient Prospective Payment System and Ambulatory Surgical Center Payment System (OPPS/ASC) proposed rule the agency released on July 25.

CMS also proposed an increase for community mental health centers (CMHCs), which could see a payment rate of \$123.84 in 2019 if the rule is made final. By comparison, CMHCs received a payment rate of \$117.35 in 2018.

The 2019 OPPS/ASC proposed rule updates Medicare payment rates for PHP services provided in hospital outpatient departments and CMHCs. The PHPs are structured, intensive outpatient programs that consist of a group of mental health services paid on a per diem basis under the OPPS, based on the PHP per-diem costs.

In its rule for Calendar Year (CY) 2018, CMS considered changing its long-standing policy on 20 hours per week of programming for patients in PHPs. The existing policy requires patient care plans to include 20 hours of programming per week. CMS wanted to change this by placing provider reimbursement at risk if a healthcare provider's patient did not participate in all 20 hours of programming.

NABH sent CMS a [comment letter](#) in September 2017 that highlighted the flaws with this approach and the negative consequences that would likely result from it. Based on public comments, CMS decided not to pursue this change for CY 2019.

CMS will accept comments on the CY 2019 proposed rule until September 24.