

Washington Update

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Agenda

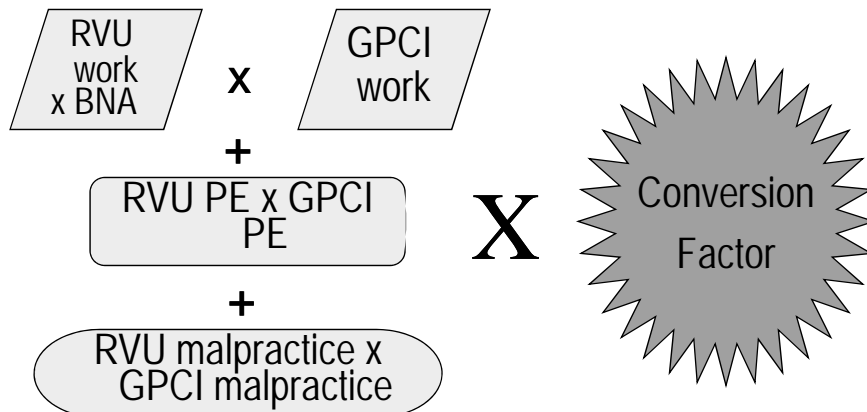
- Medicare Reimbursement
- Regulatory issues
- Legislative priorities
- Private sector/Industry initiatives
- Questions?

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Medicare Reimbursement

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Now payment equals...



RVU = Relative Value Units
GPCI = Geographic Practice Cost Indices

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Medicare physician fee schedule

- Statute requires CMS establish and publish list of Medicare payment rates and changes in program policy.
- Published in the *Federal Register* and referred to as the “Medicare physician fee schedule.”
 - Proposed 2007 physician fee schedule: July 12.
 - Final 2007 physician fee schedule: Nov. 27.
- Available on CMS web site.
- MGMA analysis & comments posted on web site.

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Work RVUs in 2008

- Work RVU changes can only increase spending by \$20 million, so added budget neutrality adjuster (BNA).
 - 2008: 0.8806
- Increased anesthesia work value by 32 percent.
- RVU values can be found in **Addendum B** beginning on page 66409 in the final physician fee schedule published on Nov. 27, 2007.

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Practice expense RVUs in 2008

- Bottom-up method for direct costs (clinical staff, equipment, and supplies).
 - Previously used top-down approach.
- Four-year implementation timeline (2007-2010) for existing codes.
 - Existing codes for 2007: transitional value.
 - 2008: 50% (BU)/ 50% (TD)
 - 2009: 75% (BU)/ 25% (TD)
 - 2010: 100% (BU)
 - Newly developed codes for 2007: fully implemented value.

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Geographic practice cost indices (GPCI) in 2008

- Work GPCI floor of 1.0 expires June 30, 2008.
- The GPCI values can be found in **Addendum D** on page 66545 in the proposed physician fee schedule published Nov. 27, 2007.
- Proposal to alter payment localities in CA.
 - Prior to PFS 2007: CMS required state to bring proposal with support from entire community affected.
 - PFS 2007: Will use as model to alter payment localities in other states.
 - May see adjustments to other localities in future.

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Sustainable Growth Rate (SGR)

SGR formula based on:

- Number of beneficiaries in fee-for-service Medicare;
- Percentage change in fees for physicians' services;
- Costs to the Medicare program due to changes in law or regulation; and
- Projected growth in gross domestic product (GDP) per capita.

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Conversion factor in 2008

Annual updates to the cost of Medicare services and a "cap" on growth is incorporated as the conversion factor.

January 1, 2008 to June 30, 2008

2008 Medicare conversion factor: \$38.0870

2008 Anesthesia conversion factor: \$19.9698

July 1, 2008 to December 31, 2008

2008 Medicare conversion factor: \$34.0682

2008 Anesthesia conversion factor: \$16.3307

January 1, 2009 to December 31, 2009

2009 Medicare Conversion factor: \$32.2285

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Medicare reimbursement - NOW

- 10.1 percent decrease replaced with six-month, 0.5 percent increase.
- Physician scarcity area payments extended for six months.
- Work GPCI floor of 1.0 extended for six months.
- Independent laboratories allowed to continue direct billing for TC of certain pathology services provided to hospitals for six months.
- Therapy cap exceptions process continued for six months.

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July 1, 2008: Medicare physician payment

- 10.6 percent reduction in payment.
 - Medicare reimbursement scheduled for 40 percent cuts over the next nine years.
 - Anticipated 15.4 percent cut for 2009.
 - By 2009, practice costs will have increased by more than 35% since 2000.
- GPCI floor eliminated.
- PSA payments eliminated.
- Therapy cap exceptions process expires.
- Independent labs no longer able to bill Medicare directly for pathology services provided to hospitals.

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Save Medicare Act of 2008 (S. 2785)

- Sponsor: Debbie Stabenow (D-MI)
- Provides for:
 - 18 months of positive Medicare physician payments
 - Continuation of physician scarcity-area bonus payments
 - Funding the Physician Quality Reporting Initiative for 2009.

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Payment “patch” proposal

- Proposed by Max Baucus (D-MT)
- 18-month package to block payment cuts
 - Mandatory E-prescribing
 - Additional Funding for PQRI
 - Expansion of the Patient centered Medical Home demo project
 - Provisions related to ESRD
 - Extension of the therapy cap exceptions process
- Timeline: mid-May

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Get involved...

- Write your Senators through the MGMA Advocacy Center (www.mgma.com).
- Advocacy efforts focus on obtaining:
 - Senate co-sponsorship.
 - Demonstration to leadership of support for providing physicians positive updates for 18 months.

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MGMA reimbursement member benefits

- Impact charts posted at mgma.com.
- Full members-only analysis of proposed and final rules.
- Comments submitted on proposed and final rules.
- Special *MGMA Washington Connexion* distributed as definite information available.
- Articles in *MGMA Connexion*, *e-Source*, *Washington Connexion*.

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Regulatory Issues

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National Provider Identifier (NPI)

- All Medicare claims **must** have both an NPI and a Medicare legacy number or just an NPI as the primary provider field.
- All NPI and Medicare legacy number pairs **must** be found in the Medicare NPI Crosswalk.
 - Does your legal business name and organizational TIN on IRS documents match:
 - Your NPI application?
 - Your Medicare provider enrollment information?

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2007 Physician Quality Reporting Initiative

- Authorized by TRHCA.
- 74 measures in final 2007 program.
- Reporting period July 1, 2007 to Dec. 31, 2007.
 - Claims must have reached National Claims History File by Feb. 29th.
- Payment sent to entity that holds practice's tax ID number.
- PQRI reports will be sent in June 2008.

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2008 Physician Quality Reporting Initiative

- Reporting period Jan. 1, 2008 to Dec. 31, 2008.
- 1.5 percent bonus for reporting.
- Must report at least three measures (if applicable) 80 percent of the times where appropriate.

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2008 Physician Quality Reporting Initiative

- 119 measures for 2008 reporting period.
 - Final specifications available.
 - Not all of 2007 measures available for 2008.
 - 7 new measures for NPP
- Now includes structural measures
 - E-prescribing
 - EHR
- Developing method to submit PQRI info via registry & EHRs.
 - Will test multiple methods, seeking volunteers.
 - Volunteers will still submit codes via claims processing system.
- For more information: www.cms.hhs.gov/pqri/

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2008 Physician Quality Reporting Initiative

- Recent CMS announcement says provider can participate from July 1 – Dec. 31 in two new ways:
 - Group measures.
 - Registry.
- Group measures
 - Four groups, each with a minimum of four measures.
 - Must report all applicable measures in one group for 15 consecutive patients.

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2008 Physician Quality Reporting Initiative

- Registries
 - Full calendar year:
 - Three measures, 80 percent of applicable cases.
 - One group, all applicable measures within group, 80 percent of applicable cases.
 - One group, all applicable measures, 30 consecutive patients.
 - July – Dec.:
 - Three measures, 80 percent of applicable cases.
 - One group measure, all applicable measures within group, 80 percent of applicable cases.
 - One group measure, all applicable measures with group, 15 consecutive patients.

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Anti-markup rule

- Cannot markup price of TC of diagnostic testing services where TC performed by outside supplier and billing privileges reassigned to group.

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Stark II, Phase III

- Final rule effective Dec. 4, 2007.
- Published on Sept. 5, 2007.
- Resources available on mgma.com:
 - Legal analysis.
 - On-demand webcast with Amy Nordeng & Robert Saner

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Stark II, Phase III

- One-year delay of “Stand in the shoes” provisions for compensation arrangements between:
 - Faculty practice plan and another component of same AMC.
 - DHS entity affiliated with integrated sec. 501(c)(3) health system and affiliated physician practice in same system.
- Concerns regarding support payments between AMC component and faculty practice plan & between hospital affiliate and non-profit group practice.
 - Payments support overall mission of organization, rather than specific services.
 - No available exception would apply.

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2009 IPPS proposed rule

- Published in Apr. 30 *Federal Register*.
- SITS proposal.
- Indirect compensation exception concerns.
- Physician investment in medical device companies.
- Disclosure of physician ownership or investment in physician-owned hospitals to which physician-owners refer patients.
 - Hospital disclosure.
 - Physician disclosure.

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Physician self-referral (Stark)

- CMS will respond to comments on 11 proposals from 2007 and is likely to adopt in some manner.
- Expect a proposal and final rule making alterations to in-office ancillary services exception.
- Proposal and/or final rule pertaining to Stark II, Phase III for AMCs and IHS.
- Pod lab related proposals.
- Evaluation of HIT exceptions/safe harbors continued.

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Provider Enrollment

- Medicare provider enrollment applications must be complete in order to be processed by contractor.
- Do not rely on saved versions of CMS-855. Visit www.cms.hhs.gov for revised versions.
- New forms released on April 1, 2008
- Electronic enrollment testing scheduled to begin April 2008.
 - PECOS Web
 - Filing date will be date contractor receives:
 - Signed certification statement;
 - Electronic version of enrollment application; and
 - Signature page that contractor processes for approval.

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What can you do?

- Before mailing, verify:
 - Every blank is filled in (inc. country).
 - Signatures in blue ink.
 - All supporting documentation included (inc. original NPI notification e-mail).
 - Where provider enrolled before CMS-855 used, complete new form.
 - CMS-855R will not be processed if no CMS-855I on file.
 - Solo incorporated physicians may have to complete 855I, 855B & 855R. Check carrier's website.

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Incident to

- New regulations released May 2
 - Explains what types of services for which it is appropriate to bill incident.
 - Clarifies when it is appropriate to bill incident to for nonphysician practitioner services.
 - Provides additional guidance regarding the supervision and documentation requirements for such services.

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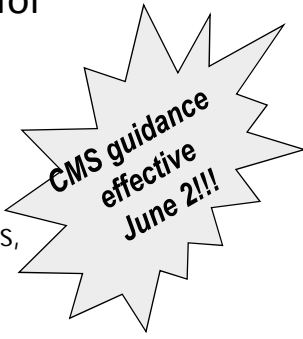
MGMA Webcast

Increase Your Revenue with Appropriate Reimbursement for Nonphysician Services

May 29, 2008

- Learn about credentialing and billing for NPPs, and what modifiers to use to bill NPP services.
- Discover the details of billing for Incident-to services, and how to get paid for them.
- Boost your revenue by getting managed care companies to pay for all your qualifying NPP services.

Register Today!!



**CMS guidance
effective
June 2!!!**

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Additional 2008 MGMA regulatory issues

- Ongoing PQRI development
- Imaging reimbursement
- Administrative simplification
- Continued implementation of the National Provider Identifier.
- FDA ruling on e-prescribing of controlled substances.
- Electronic Claims Attachments
- 5010 version of HIPAA transactions
- Monitoring possible ICD-10 efforts
- CMS EHR small practice demonstration project.

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Legislative Priorities

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Unfunded HIT, e-Rx and ICD-10 mandates

- Congress considered e-Rx mandate as part of 2008 Medicare payment fix.
- Focus on quality, safety, and savings.
- Members of Congress talking about possible future mandate:
 - Require outright.
 - Incentivize, then penalize.
- Accelerated ICD-10 implementation in HIT legislation.

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Public release of physician data

- Included as part of pending HIT legislation.
- Would allow release of physician-identifiable Medicare claims data to quality-reporting entities.
- Part of broader effort to provide consumers/patients with information on pricing and quality of medical care.
- Likely to continue as efforts to promote “value-based purchasing” and “consumer-directed health care,” such as HSAs progress.
- Strong support from consumer groups, purchasers and health plans.
- Would provide larger sample sizes for use in tiering, network selection and pay-for-performance programs.

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Medicare Advantage

- Significant “pay-for” for physician fix
 - 112 percent of PFS
- Deeming provision
- All products clauses
- Prompt payment
- Standardized health id cards

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Get involved...

- Write your Members of Congress through the MGMA Advocacy Center (www.mgma.com).
- Ask:
 - Standardizes patient identification cards;
 - Removes the unfair deeming and "all products" provisions; and
 - Enforces prompt-payment provisions for Medicare Advantage payments.

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2008 MGMA private sector and industry initiatives

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2008 MGMA private sector initiatives

- Monitoring and reporting of private P4P program developments.
- Public release of physician/practice data.
 - Checkbook litigation
- Continued development and enhancement of relationships with national payers.
- Tiering/profiling of physicians and practices.
 - National implementation of NY AG agreement.

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2008 MGMA industry efforts

- Participation in CAQH CORE project
- Development and adoption of standardized health ID cards.
- Development of CCHIT specialty-specific EHR certification criteria.
- Tracking regional health information organizations (RHIOs).

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MGMA Advocacy Center

Where you can:

- Learn about the issues.
- Send letters to members of Congress.
- Obtain contact information.

Visit mgma.com today!

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Join MGMA's Legislative and Executive Advocacy Response Network today and help make a difference for medical administrators nationwide!

LEARN participants will:

- Answer survey questions about emerging issues.
- Assist governmental and non-governmental organizations in creating policies.
- Obtain access to information regarding new legislative and policy-making activities not available to the general public through results from respondents.
- Be provided with networking opportunities with other LEARN colleagues.

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