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Key Medicare News for 2006 for Physicians and Other Health Care Professionals

Key Words

SE0543, HIPAA, MM3956, CR3956, Standards, Compliance, NPI, Therapy, MMA, Contracting, Reform, MAC, Preventive, Benefits, Prescription, Drug, Chronic, Care, CAP, ASP, Scarcity, Bonus, HPSA, PSA, Intraocular, Lenses, Influenza, Pneumococcal, Vaccines, MLN, Brochures, Fact, Sheet, Remittance, Advice, RA

Provider Types Affected

Physicians and health care professionals and their billing staffs billing Medicare Carriers, Fiscal Intermediaries (FIs), Regional Home Health Intermediaries (RHHIs), and Durable Medical Equipment Regional Carriers (DMERCs)

Key Points

- The Centers for Medicare & Medicaid Services (CMS) ended the Medicare Health Insurance Portability and Accountability Act of 1996 (HIPAA) Contingency Plan for incoming claims as of October 1, 2005.
- October 16, 2003, was the deadline for compliance with the electronic transaction and code set standards of HIPAA.
- A variety of issues related to HIPAA policies affecting providers can be accessed at: http://www.cms.hhs.gov/ElectronicBillingEDITrans/01_overview.asp on the CMS website.
- By April 21, 2005, all covered entities under HIPAA (except small health plans) were required to ensure the security of electronic protected health information.
- Small health plans have until April 21, 2006, to meet the HIPAA Security Compliance Deadline.
- CMS has released the HIPAA Security Rule, which outlines the administrative, physical, and technical safeguards that a covered entity must implement to be in compliance with the HIPAA security standards. A copy of the final rule may be downloaded from <http://www.cms.hhs.gov/HIPAAGenInfo/> on the CMS website.

National Provider Identifier

- Health care providers who are covered entities under HIPAA are required by law to apply for a National Provider Identifier (NPI), which will replace health care provider identifiers in use today in standard health care transactions.
- All HIPAA-covered entities except small health plans, must begin using their NPI in standard electronic transactions by May 23, 2007; small health plans have until May 23, 2008.
- To apply online, providers and health care professionals can visit <https://nppes.cms.hhs.gov/NPPES/Welcome.do> or call 1-800-465-3203 to request a paper application.
- The latest information regarding the NPI, including a transcript from the recent CMS National Provider Identifier Roundtable conference call, is available at http://www.cms.hhs.gov/apps/npi/01_overview.asp on the CMS website.

Therapy Services

- Therapy services are defined as outpatient physical therapy, occupational therapy, and speech-language pathology, and are limited through the Balanced Budget Act of 1997.
 - Therapy services limits are scheduled to be implemented again on January 1, 2006.
 - The allowable amount is estimated to be \$1,750; but this may change based on the Medicare Economic Index at the end of the year and applies for physical therapy, occupational therapy, or speech-language pathology.

Medicare Contracting Reform

- The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA), Section 911 requires CMS to take the necessary steps between now and October 2011 to implement Medicare Contracting Reform.
- CMS is required to replace the current contracting authority with the new Medicare Administrative Contractor (MAC) authority.
- A/B MACs will administer both the Part A and Part B work currently being handled by FIs and carriers in 15 designated geographical jurisdictions.
 - Home health/hospice MACs will perform work currently performed by RHHIs in four designated geographical jurisdictions.
 - The Durable Medical Equipment (DME) MACs will perform the work of the current DMERCs in four designated geographical jurisdictions that correspond to the jurisdictions of the home health/hospice MACs.

New Benefits for People with Medicare

- The 2006 calendar year introduces new health benefits for people with Medicare resulting from the MMA: The Preventive Services Benefits, Medicare Prescription Drug Coverage, and the Medicare Chronic Care Improvement Initiative ("Medicare Health Support"). The full text of the Act can be found at http://www.cms.hhs.gov/MMAUpdate/01_Overview.asp#TopOfPage on the CMS website.
- Preventive Services - Beginning in 2005 in addition to the other preventive and screening services that were already available, people enrolling in Medicare for the first time were eligible for an initial

preventive physical exam, including an exam and an electrocardiogram, diabetes screening tests, and blood tests to screen for cardiovascular disease. Educational materials about these benefits can be accessed at <http://www.cms.hhs.gov/PrevntionGenInfo/> on the CMS website.

- Prescription Drug Coverage - Beginning January 1, 2006, Medicare Prescription Drug Coverage will be available to all people with Medicare. Educational materials about this proposed benefit can be accessed at http://www.cms.hhs.gov/MLNProducts/23_drugcoverage.asp on the CMS website.
- Medicare Chronic Care Improvement Initiative ("Medicare Health Support") – This initiative currently consists of eight regional pilot programs and is the first large-scale chronic care improvement initiative for targeted groups of beneficiaries under the Medicare Fee-For-Service (FFS) program. An overview of this initiative can be downloaded at http://www.cms.hhs.gov/ccip/downloads/overview_ketchum_71006.pdf on the CMS website.

Competitive Acquisition Program (CAP)

- The MMA requires the implementation of a CAP for Medicare Part B drugs and biologicals not paid on a cost or prospective payment system basis.
- Effective July 1, 2006, physicians will be given a choice between buying and billing these drugs under the Average Sales Price system or selecting a Medicare-approved CAP vendor to supply these drugs.

Geographic Discrepancies and Scarcity Bonus Payments

- Starting in 2004 and continuing through 2006, the MMA required that the geographic practice costs indices, applied to the physician work portion of the physician fee schedule, may not be below 1.0.
- Starting in 2005 and continuing through 2007, Physician Scarcity Area (PSA) Bonus Payments (a five percent [5%] bonus payment) will be paid to primary care and specialists providing care to Medicare beneficiaries in newly defined shortage areas.

Medicare Incentive Payment Program

- Beginning in 2005, the MMA modified the bonus payment program, which provides ten percent (10%) bonus payments to physicians in Health Professional Shortage Areas.
- The PSA bonus payment was established in 2005 and, per the MMA, is currently scheduled to continue through 2007.
- Additional information for physicians to use to determine whether the location where they provide a service is eligible for a bonus payment and how they should code their claims to receive that payment can be found at <http://www.cms.hhs.gov/HPSAPSAPhysicianBonuses/> on the CMS website.

Presbyopia-Correcting Intraocular Lenses

- An Administrative Ruling on the Requirements for Determining Medicare Payment for Insertion of Presbyopia-Correcting Intraocular Lenses following Cataract Surgery was announced in 2005. The CMS Ruling (No. 05-01) can be found at <http://www.cms.hhs.gov/Rulings/downloads/CMSR0501.pdf> on the CMS website.

Payment for Influenza and Pneumococcal Vaccines

- The 2005 influenza vaccine payment increased to \$12.056 and the pneumococcal vaccine payment increased to \$24.57.

Medicare Learning Network (MLN)

- The MLN, the brand name for official CMS provider educational products, is designed to promote national consistency in Medicare provider information developed for CMS initiatives.

Education Updates

- All educational products are available free of charge and can be ordered and/or downloaded from the MLN web page located at <http://www.cms.hhs.gov/MLNGenInfo/> on the CMS website.
- Any of the following titles will link to information on MLN:
 - [*The Medicare Appeals Process: Five Levels to Protect Physicians and Other Suppliers*](#)
 - [*The CMS Online Manual System: A Web-Based Manual System for Providers, Contractors, and State Agencies*](#)
 - [*The Medicare-Medicaid Relationship*](#)
 - [*Quick Reference Information: Medicare Preventive Services*](#)
 - [*The Guide to Medicare Preventive Services for Physicians, Providers, Suppliers, and Other Health Care Professionals*](#)
 - [*Expanded Benefits*](#)
 - [*Bone Mass Measurements*](#)
 - [*Cancer Screenings*](#)
 - [*Glaucoma Screening*](#)
 - [*Adult Immunizations*](#)
 - [*Glaucoma Awareness Brochure*](#)
 - [*Information and Education Resources for Medicare Providers, Suppliers, and Physicians*](#)
 - [*Physician's Guide to Medicare Coverage of Kidney Dialysis and Kidney Transplant Services*](#)
 - [*Medicare Learning Network Products Catalog*](#)

Remittance Advice (RA)

- CMS released a national educational guide for Medicare FFS providers, physicians, suppliers, and their billing staffs to help increase their understanding of the RA.
 - The guide, titled *Understanding the Remittance Advice: A Guide for Medicare Providers, Physicians, Suppliers, and Billers*, is now available for download on the MLN web page at http://www.cms.hhs.gov/MLNProducts/downloads/RA_Guide_Full_03-22-06.pdf on the CMS website.
- The Medicare Remit Easy Print (MREP) will be coming soon. With MREP, providers can view and print Standard Paper Remittances from their own personal computers.

For Physicians

- The Medicare Resident & New Physician Training Program Facilitator's Kit is still available from the MLN website.
 - A copy of the kit may be ordered at <http://www.cms.hhs.gov/MLN> on the CMS website. From there "Medicare Learning Network Products" should be selected.
- The Medicare Physician Web Page (available at <http://www.cms.hhs.gov/center/physician.asp> on the CMS website) is designed to meet the Medicare information needs of physicians.
- The Physicians Regulatory Issues Team (PRIT) and the Physicians and Allied Health Open Door Forum initiative are advocacy resources for physicians.
 - Suggestions on how to improve the Medicare program can be shared by contacting the PRIT at 202-690-5907 or by sending an email to PRIT@cms.hhs.gov. That website can be found at <http://www.cms.hhs.gov/PRIT/> on the CMS website.
 - To view the date and time of the next Open Door Forum, providers can visit the Open Door website at <http://www.cms.hhs.gov/OpenDoorForums/> on the CMS website.

Beneficiary Related News

- The national edition of *Medicare and You 2006* is available for order by calling 1-800-MEDICARE (1-800-633-4227) to request up to 25 copies, or fax an order to 410-786-1905 for more than 25 copies.
- A new web-based service will help Medicare beneficiaries of limited income and resources gain access to the extra help available to them through the Medicare Modernization Act of 2003.
- CMS launched Hospital Compare nationally on its web site on April 1, 2005.
 - Hospital Compare is available on the Internet at <http://www.hospitalcompare.hhs.gov> or <http://www.medicare.gov>.
- The following beneficiary publications are available at <http://pubordering.cms.hhs.gov/maillinglist>:
 - 10969-S "Medicare and Home Health Care" (Spanish), located on Drop Down Menu, Option-Beneficiary-Misc;
 - 02154 "Medicare Hospice Benefits" located on Drop Down Menu, Option-Beneficiary-Misc; and
 - 11115 "Spreading the Word About Medicare's New Preventive Services (Tool Kit)."

Important Links

The related MLN Matters article can be found at <http://www.cms.hhs.gov/MLNMattersArticles/downloads/SE0543.pdf> on the CMS website.

If affected providers have questions, they should contact their carrier, FI, RHHI, or DMERC at their toll-free number, which may be found at <http://www.cms.hhs.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip> on the CMS website.