

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Centers for Medicare & Medicaid Services



News Flash –

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- [“Publications for Medicare Beneficiaries,”](#) Fact Sheet, ICN 905183, Downloadable

MLN Matters® Number: MM7877

Related Change Request (CR) #: CR 7877

Related CR Release Date: August 2, 2012

Effective Date: January 1, 2013

Related CR Transmittal #: R1106OTN

Implementation Date: January 7, 2013

Posting the Limiting Charge after Applying the e-Prescribing (eRx) Negative Adjustment

Provider Types Affected

This MLN Matters® Article is intended for physicians, other providers, and suppliers submitting claims to Medicare contractors (carriers and A/B Medicare Administrative Contractors (MACs)) for services to Medicare beneficiaries.

Provider Action Needed

This article is based on Change Request (CR) 7877 which informs Medicare contractors about required changes to their websites and hard copy disclosure reports concerning the correct limiting charge (including the eRx Negative Adjustment Limiting charge amount) for Medicare Physician Fee Schedule (MPFS) services. Submission of a non-participating, non-assigned MPFS service with a charge in excess of the Medicare limiting charge amount constitutes a violation of the limiting charge. A provider who violates the limiting charge is subject to assessments of up to \$10,000 per violation plus triple the amount of the charges in violation, and possible exclusion from the Medicare program. Therefore it is

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crucial that Eligible Professionals (EPs) are provided with the correct limiting charge they may bill for a MPFS service.

The purpose of this CR is to place the eRx Negative Adjustment Limiting charge amount on contractor websites and hard copy disclosure reports. Make sure that your billing staffs are aware of these changes. See the Background and Additional Information Sections of this article for further details regarding these changes.

Background

Beginning on January 1, 2012, EPs who are not successful electronic prescribers are subject to a negative payment adjustment. Section 132 of the Medicare Improvements for Patients and Providers Act of 2008 (P.L. 110-275) (MIPPA) requires the Centers for Medicare & Medicaid Services (CMS) to apply this negative payment adjustment to any EP who is not a successful e-prescriber under the eRx Incentive Program.

Specifically, Section 1848(a)(5)(A) of the Act states that:

"If the eligible professional is not a successful electronic prescriber for the reporting period for the year (as determined under subsection (m)(3)(B)), the fee schedule amount for such services furnished by such professional during the year (including the fee schedule amount for purposes of determining a payment based on such amount) shall be equal to the applicable percent of the fee schedule amount that would otherwise apply to such services under this subsection (determined after application of paragraph (3) but without regard to this paragraph)."

The negative payment adjustment applies to all EPs, regardless of whether the EP elects to be "participating" or "non-participating" for purposes of Medicare payments. The 2012 payment adjustment applies to all of the EP's MPFS services and will result in the EP receiving 99% of the MPFS amount that would otherwise apply to such services during 2012. In other words, an EP receiving the negative payment adjustment would be paid 1% less than the MPFS amount for that service. In 2013, the negative payment adjustment increases to 1.5%, or payment of 98.5% of the MPFS amount for covered professional services furnished in 2013. In 2014, the negative payment adjustment is 2%, or payment of 98% of the MPFS amount for covered professional services furnished in 2014.

The hard copy disclosure report will explain the eRx reduced limiting charge by including a message as follows: "Limiting charge reduced based on status as an unsuccessful e-prescriber per the Electronic Prescribing (eRx) Incentive Program."

Policy Reminder

Non-participating EPs in the Medicare program may choose either to accept or not accept assignment on Medicare claims on a claim-by-claim basis. If EPs choose not to accept assignment, they may not charge the beneficiary more than the Medicare limiting charge for unassigned claims for Medicare services. The limiting charge is 115 percent of the MPFS amount. The beneficiary is not responsible for billed amounts in excess of the limiting charge for a covered service.

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Non-participating, non-assigned EPs are paid 95% of the fee schedule amount. For example, if the MPFS amount is \$100 and the beneficiary's Part B deductible has already been met, Medicare would pay the beneficiary \$76 ($\$95 \times 80\% = \76) and the non-participating physician may collect \$109.25 ($\$95 \times 115\% = \109.25) in total for the service. Therefore, the beneficiary would pay \$33.25 ($\$109.25 - \$76 = \33.25) out of his/her pocket for the service.

In cases where the EP is subject to the eRx Negative Adjustment, the limiting charge is adjusted to reflect the adjustment. For example, if the MPFS amount is \$100, the beneficiary's Part B deductible has already been met, and the EP is subject to the eRx Negative Adjustment, Medicare would pay the beneficiary \$75.24 ($\$94.05 \times 80\% = \75.24) and the non-participating physician may collect \$108.16 ($\$94.05 \times 115\% = \108.1575) in total for the service. Therefore, the beneficiary would pay \$32.92 ($\$108.16 - \$75.24 = \32.92) out of his/her pocket for the service.

Non-participating, non-assigned EPs may choose to collect the entire amount up front from the beneficiary at the time of service.

Examples

Non-Participating, Non-Assigned Claim No eRx Adjustment

Original Fee Schedule Amount: \$100
5% non-PAR status: \$5 ($100 \times .05$)
Adjustment Total: \$5.00
MPFS Allowed Amount: $\$100 - \$5.00 = \$95.00$

Limiting Charge Allowed= $\$95.00 \times 115\% = \109.25

Non-Participating, Non-Assigned Claim with eRx Adjustment

Original Fee Schedule Amount: \$100
5% non-PAR status: \$5 ($100 \times .05$)
1% eRx negative adjustment: \$0.95 ($95 \times .01$)
Adjustment Total: \$5.95
MPFS Allowed Amount: $\$100 - \$5.95 = \$94.05$

Limiting Charge Allowed= $\$94.05 \times 115\% = \108.1575

Additional Information

The official instruction, CR7877 issued to your carrier and A/B MAC regarding this change may be viewed at <http://www.cms.hhs.gov/Regulations-and-Guidance/Guidance/Transmittals/Downloads/R1106OTN.pdf> on the CMS website.

If you have any questions, please contact your carrier or A/B MAC at their toll-free number, which may be found at <http://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/provider-compliance-interactive-map/index.html> on the CMS website.

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