DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Medicare & Medicaid Services

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- "Medical Privacy of Protected Health Information", Fact Sheet, ICN 006942, downloadable

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Related Change Request (CR) #: CR 8533

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Implementation Date: January 6, 2014

Summary of Policies in the Calendar Year (CY) 2014 Medicare Physician Fee Schedule (MPFS) Final Rule and the Telehealth Originating Site Facility Fee Payment Amount

Provider Types Affected

This MLN Matters® Article is intended for physicians and non-physician practitioners (NPPs) submitting claims to Medicare Administrative Contractors (MAC) for services to Medicare beneficiaries.

Provider Action Needed

This article, based on Change Request (CR) 8533, provides a summary of the policies in the CY 2014 Medicare Physician Fee Schedule (MPFS) Final Rule and announces the Telehealth Originating Site Facility Fee payment amount. Please see the Background and Policy below for details of the changes. Make sure that your billing staffs are aware of these updates for 2014.

Background

CR 8533 provides a summary of the policies in the CY 2014 Medicare Physician Fee Schedule (MPFS). Section 1848(b)(1) of the Social Security Act (the Act) requires the Secretary to establish by

regulation a fee schedule of payment amounts for physicians' services for the subsequent year. The Centers for Medicare & Medicaid Services (CMS) issued a final rule with comment period on November 27, 2013, that updates payment policies and Medicare payment rates for services furnished by physicians and nonphysician practitioners (NPPs) that are paid under the MPFS in CY 2014.

The final rule addresses Medicare public comments on payment policies that were described in the proposed rule earlier this year, "Medicare Program; Revisions to Payment Policies under the Physician Fee Schedule, Clinical Laboratory Fee Schedule & Other Revisions to Part B for CY 2014," (displayed July 8, 2013 and published in the Federal Register on July 19, 2013).

The final rule also addresses interim final values established in the CY 2013 MPFS final rule with comment period, which was displayed November 1, 2012 and published in the Federal Register November 16, 2012. The final rule assigns interim final values for new and revised codes for CY 2014 and requests comments on these values. CMS will accept comments on those items open to comment in the final rule with comment period until January 27, 2014.

Key Provisions of the MPFS Final Rule

Sustainable Growth Rate (SGR) and MPFS conversion factor for CY 2014

Without a change in the law, the conversion factor will be reduced by 20.1 percent for services in 2014. The President's budget calls for averting these cuts and finding a permanent solution to this problem. The CY 2014 conversion factor is $27.2006, which reflects a smaller reduction in the conversion factor than the 24.4 percent reduction that CMS projected in March 2013. The smaller reduction is due in part to a 4.72 percent adjustment to the conversion factor to offset the decrease in Medicare physician payments that would otherwise have occurred due to the CY 2014 rescaling of the Relative Value Units (RVUs) so that the proportions of total payments for the work, Practice Expense (PE), and malpractice RVUs match the proportions in the final revised Medicare Economic Index (MEI) for CY 2014. This issue is discussed further below. The overall 2014 reduction in physician fee schedule payments required under the SGR methodology is unchanged by this rescaling.

On December 20, 2013, after the MPFS final rule was issued, Congress passed the Pathway for SGR Reform Act of 2013. This new law prevents a scheduled payment cut for physicians and other practitioners who treat Medicare patients from taking effect on January 1, 2014. The new law provides a 0.5 percent update through March 31, 2014. The 2014 conversion factor under this new law is $35.8228.

Medicare Economic Index:

CMS finalized the proposed revisions to the calculation of the MEI, which is the price index used to update physician payments for inflation. The changes are in response to recommendations by a Technical Advisory Panel that met during CY 2012. The MEI is one of the factors used in determining the MPFS conversion factor. The final rule includes changes in the MPFS RVUs assigned to the work and practice expense categories so that the weights used in the MPFS payment calculation will

continue to mirror those in the MEI. As a result, some payment is being redistributed to work from PE.

Telehealth Services:

CMS modified the regulations establishing the geographic criteria for eligible telehealth originating sites to include health professional shortage areas (HPSAs) located in rural census tracts of urban areas as determined by the Office of Rural Health Policy. This change will more appropriately allow sites located within HPSAs in Metropolitan Statistical Areas (MSAs) that have rural characteristics to qualify as originating sites and improve access to telehealth services in shortage areas. In this rule, CMS also finalizes a policy that determines an originating site's geographic eligibility based on the areas as of December 31st of the preceding year for the entire calendar year. This change will avoid mid-year changes to geographic designations (sometimes without advance notice to Medicare beneficiaries and providers) that could result in unexpected disruptions to established telehealth originating sites and avoid the need to make mid-year Medicare telehealth payment policy changes. In addition, we are adding transitional care management services (CPT codes 99495 and 99496) to the list of eligible Medicare telehealth services).

Telehealth Originating Site Facility Fee Payment Amount Update:

Section 1834(m)(2)(B) of the Act establishes the payment amount for the Medicare telehealth originating site facility fee for telehealth services provided from October 1, 2001, through December 31 2002, at $20. For telehealth services provided on or after January 1 of each subsequent calendar year, the telehealth originating site facility fee is increased by the percentage increase in the MEI as defined in section 1842(i)(3) of the Act. The MEI increase for 2014 is 0.8 percent. Therefore, for CY 2014, the payment amount for HCPCS code Q3014 (Telehealth originating site facility fee) is 80 percent of the lesser of the actual charge, or $24.63. (The beneficiary is responsible for any unmet deductible amount and Medicare coinsurance).

Revisions To The Practice Expense Geographic Adjustment:

As required by the Medicare law, CMS adjusts payments under the MPFS to reflect the local cost of operating a medical practice as compared to the national average. CMS calculates separate GPCIs to adjust the work, PE, and malpractice cost components of each payment. The law requires that we review the GPCIs every three years and adjust them as appropriate with a two-year phase-in of the new GPCIs. We are finalizing new GPCIs using updated data. The updated GPCIs will be phased in over CY 2014 and CY 2015. Additionally, we will apply the statutorily mandated 1.5 work GPCI floor in Alaska and the 1.0 PE GPCI floor for frontier states (Montana, Nevada, North Dakota, South Dakota, and Wyoming).

Misvalued Codes:

Consistent with amendments made by the Affordable Care Act, CMS has been engaged in a vigorous effort over the past several years to identify and review potentially misvalued codes and make adjustments, where appropriate. We finalized the values for around 200 codes in the CY 2014 final rule. In addition, we assigned interim final values for approximately 200 services, including hip and

knee replacements, mental health services, and GI endoscopy services. These interim final rates are open for public comment until January 27, 2014.

CMS is not finalizing its proposal to adjust relative values under the MPFS to effectively cap the physician PE payment for procedures furnished in a non-facility setting at the total payment rate for the service when furnished in an ambulatory surgical center or hospital outpatient setting. Instead, CMS will take additional time to consider issues raised by the public commenters and plans to address this issue in future rulemaking. In addition, for CY 2014, we are finalizing 18 codes that we identified and proposed as potentially misvalued services in consultation with MAC Medical Directors.

Application of Therapy Caps to Critical Access Hospitals (CAHs):

The law applies annual limitations or "therapy caps" on per beneficiary incurred expenses for outpatient therapy services —one for physical therapy and speech-language pathology services combined and another for occupational therapy services. CMS finalized its proposal to apply the therapy caps and related policies to outpatient therapy services furnished by a CAH beginning on January 1, 2014 in order to properly apply the law that established the therapy caps.

Compliance with State Law for Incident To Services:

CMS is requiring as a condition of Medicare payment that "incident to" services be furnished in compliance with applicable state law. This policy strengthens program integrity by allowing Medicare to deny or recoup payments when services are furnished not in compliance with state law. We also eliminated redundant regulations for each type of practitioner by consolidating the "incident to" requirements for all practitioners that are permitted to bill Medicare directly for their services, reducing the regulatory burden and making it less difficult for practitioners to determine what is required in order to bill Medicare for "incident to" services. This portion of the final rule with comment period is effective on January 27, 2014.

The Outpatient Mental Health Treatment Limitation:

Section 102 of the Medicare Improvements for Patients and Providers Act (MIPPA) of 2008 amends Section 1833(c) of the Social Security Act to phase out the outpatient mental health treatment limitation over a 5-year period, from 2010-2014. The limitation had resulted in Medicare paying approved lower percentage of the allowed amount under the MPFS for outpatient mental health treatment rather than the 80 percent that is paid for most other services. This limitation expires on January 1, 2014. In CY 2014, Medicare will pay the same percentage of the MPFS amount for outpatient mental health services as other Part B services (i.e. 80 percent of the MPFS amount).

Primary Care and Chronic Care Management:

As part of its ongoing efforts to appropriately value primary care services, Medicare will begin making a separate payment for chronic care management services beginning in 2015. Chronic care management services include the development, revision, and implementation of a plan of care; communication with the patient, caregivers, and other treating health professionals; and medication management. Medicare beneficiaries with multiple chronic conditions who wish to receive these services can choose a physician or other eligible practitioner from a qualified practice to furnish these

services over 30-day periods. The rule indicates that CMS intends to establish practice standards necessary to support payment for furnishing care management services through the CY 2015 MPFS.

Additional Information

The final rule will appear in the December 10, 2013, Federal Register. For more information, see https://www.federalregister.gov/articles/2013/12/10/2013-28696/medicare-program-revisions-to-payment-policies-under-the-physician-fee-schedule-clinical-laboratory on the Internet.

The official instruction, CR 8533, issued to your MAC regarding this change, may be viewed at http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/Downloads/R2840CP.pdf on the CMS website.

If you have any questions, please contact your 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.

News Flash - Generally, Medicare Part B covers one flu vaccination and its administration per flu season for beneficiaries without co-pay or deductible. Now is the perfect time to vaccinate beneficiaries. Health care providers are encouraged to get a flu vaccine to help protect themselves from the flu and to keep from spreading it to their family, co-workers, and patients. Note: The flu vaccine is not a Part D-covered drug. For more information, visit:

- MLN Matters® Article #MM8433, "Influenza Vaccine Payment Allowances - Annual Update for 2013-2014 Season"
- MLN Matters® Article #SE1336, "2013-2014 Influenza (Flu) Resources for Health Care Professionals"
- HealthMap Vaccine Finder - a free, online service where users can search for locations offering flu and other adult vaccines. While some providers may offer flu vaccines, those that don't can help their patients locate flu vaccines within their local community.
- The CDC website for Free Resources, including prescription-style tear-pads that allow you to give a customized flu shot reminder to patients at high-risk for complications from the flu.