



# MLN Connects<sup>TM</sup>

## Provider eNews - Special Edition

Friday, December 27, 2013

### President Obama Signs the Pathway for SGR Reform Act of 2013

--New Law Includes Physician Update Fix through March 2014--

On December 26, 2013, President Obama signed into law the *Pathway for SGR Reform Act of 2013*. This new law prevents a scheduled payment reduction for physicians and other practitioners who treat Medicare patients from taking effect on January 1, 2014. The new law provides for a 0.5 percent update for such services through March 31, 2014. President Obama remains committed to a permanent solution to eliminating the Sustainable Growth Rate (SGR) reductions that result from the existing statutory methodology. The Administration will continue to work with Congress to achieve this goal.

The new law extends several provisions of the *Middle Class Tax Relief and Job Creation Act of 2012 (Job Creation Act)* as well as provisions of the *Affordable Care Act*. Specifically, the following Medicare fee-for-service policies have been extended. We also have included Medicare billing and claims processing information associated with the new legislation. Please note that these provisions do not reflect all of the Medicare provisions in the new law, and more information about other provisions will be forthcoming.

**Section 1101 – Medicare Physician Payment Update** – As indicated above, the new law provides for a 0.5 percent update for claims with dates of service on or after January 1, 2014, through March 31, 2014. CMS is currently revising the 2014 Medicare Physician Fee Schedule (MPFS) to reflect the new law's requirements as well as technical corrections identified since publication of the final rule in November. For your information, the 2014 conversion factor is \$35.8228.

**Section 1102 - Extension of Medicare Physician Work Geographic Adjustment Floor** - The existing 1.0 floor on the physician work geographic practice cost index is extended through March 31, 2014. As with the physician payment update, this extension will be reflected in the revised 2014 MPFS.

**Section 1103 - Extension Related to Payments for Medicare Outpatient Therapy Services** - Section 1103 extends the exceptions process for outpatient therapy caps through March 31, 2014. Providers of outpatient therapy services are required to submit the KX modifier on their therapy claims, when an exception to the cap is requested for medically necessary services furnished through March 31, 2014. In addition, the new law extends the application of the cap and threshold to therapy services furnished in a hospital outpatient department (OPD). Additional information about the exception process for therapy services may be found in the [Medicare Claims Processing Manual](#), Pub.100-04, Chapter 5, Section 10.3.

The therapy caps are determined for a beneficiary on a calendar year basis, so all beneficiaries began a new cap for outpatient therapy services received on January 1, 2014. For physical therapy and speech language pathology services combined, the 2014 limit for a beneficiary on incurred expenses is \$1,920. There is a separate cap for occupational therapy services which is \$1,920 for 2014. Deductible and coinsurance amounts applied to therapy services count

toward the amount accrued before a cap is reached, and also apply for services above the cap where the KX modifier is used.

Section 1103 also extends the mandate that Medicare perform manual medical review of therapy services furnished January 1, 2014 through March 31, 2014, for which an exception was requested when the beneficiary has reached a dollar aggregate threshold amount of \$3,700 for therapy services, including OPD therapy services, for a year. There are two separate \$3,700 aggregate annual thresholds: (1) physical therapy and speech-language pathology services, and (2) occupational therapy services.

*Section 1104 - Extension of Ambulance Add-On Payments* - Section 1104 extends the following two *Job Creation Act* ambulance payment provisions: (1) the 3 percent increase in the ambulance fee schedule amounts for covered ground ambulance transports that originate in rural areas and the 2 percent increase for covered ground ambulance transports that originate in urban areas is extended through March 31, 2014; and (2) the provision relating to payment for ground ambulance services that increases the base rate for transports originating in an area that is within the lowest 25<sup>th</sup> percentile of all rural areas arrayed by population density (known as the “super rural” bonus) is extended through March 31, 2014. The provision relating to air ambulance services that continued to treat as rural any area that was designated as rural on December 31, 2006, for purposes of payment under the ambulance fee schedule, expired on June 30, 2013.

*Section 1105 - Extension of Medicare Inpatient Hospital Payment Adjustment for Low-Volume Hospitals* - The *Affordable Care Act* allowed qualifying low-volume hospitals to receive add-on payments based on the number of Medicare discharges from the hospital. To qualify, the hospital must have less than 1,600 Medicare discharges and be 15 miles or greater from the nearest like hospital. This provision extends the payment adjustment through March 31, 2014, retroactive to October 1, 2013. Be on the alert for further information about implementation of this provision.

*Section 1106 - Extension of the Medicare-Dependent Hospital (MDH) Program* - The MDH program provides enhanced payment to support small rural hospitals for which Medicare patients make up a significant percentage of inpatient days or discharges. This provision extends the MDH program until March 31, 2014, and is retroactive to October 1, 2013. Be on the alert for further information about implementation of this provision.



Please share this important information with your colleagues and encourage them to [subscribe](#) to the *MLN Connects Provider eNews*.

Previous issues are available in the [archive](#).

---

Follow the *MLN Connects Provider eNews* on [You Tube](#) & [Twitter](#) #CMSMLN