

CMS Manual System

Pub 100-20 One-Time Notification

Transmittal Sheet

Transmittal 207

Department of Health &
Human Services (DHHS)
Centers for Medicare and
&
Medicaid Services (CMS)
Date: FEBRUARY 1, 2006
Change Request 4313

NOTE: This instruction was previously communicated as sensitive and controversial. This instruction is no longer sensitive and may be posted to your website as early as today February 10, 2006. Transmittal 202 dated January 23, 2006, is rescinded and replaced with Transmittal 207, dated February 1, 2006. The note that was originally in Business Requirement 4313.3.2 has been deleted. All other information remains the same.

SUBJECT: New 2006 Payment Rate for Services Paid Under the Medicare Physician Fee Schedule

I. SUMMARY OF CHANGES: Congress is expected to pass legislation (i.e., the Deficit Reduction Act) which, among other things, changes the update to the 2006 conversion factor for services paid under the Medicare Physician Fee Schedule (MPFS). Congress is expected to replace the previously announced -4.4 percent reduction with a 0 percent update to the conversion factor for services paid under the MPFS. This instruction provides guidance to contractors in implementation and automatically reprocessing those claims paid at the -4.4 percent.

NEW/REVISED MATERIAL

EFFECTIVE DATE: January 1, 2006

IMPLEMENTATION DATE: Contractors will have 2 business days from the date of enactment of the Deficit Reduction Act to begin to process claims using the new fees as well as begin to reprocess those claims that were paid under the MPFS at the negative -4.4 percent rate. New payment files were released on January 4 in order for the contractors to begin testing so they will be able to implement within 2 business days of enactment. CMS will notify contractors when the bill is signed by the President (i.e., enacted).

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)

R = REVISED, N = NEW, D = DELETED – *Only One Per Row.*

R/N/D	Chapter / Section / SubSection / Title
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III. FUNDING:

Funding for Medicare contractors is available through the regular budget process for costs required for implementation.

IV. ATTACHMENTS:

One-Time Notification

**Unless otherwise specified, the effective date is the date of service.*

Attachment – One-Time Notification

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SUBJECT: New 2006 Payment Rate for Services Paid Under the Medicare Physician Fee Schedule (MPFS)

I. GENERAL INFORMATION

A. Background: Congress is expected to pass legislation, the Deficit Reduction Act, which, among other things, changes the update to the 2006 conversion factor for services paid under the Medicare Physician Fee Schedule (MPFS). Congress is expected to replace the previously announced -4.4 percent reduction with a 0 percent increase for services paid under the MPFS. We are assuming that the change will be effective January 1, 2006.

Since there may be a change to the 2006 MPFS rates, CMS will be creating another participation enrollment period that will begin after the President signs the bill and run for 45 days. More specific information on a second participation enrollment period will be in a forthcoming change request (CR).

This CR only addresses the change in payment rates related to the new 0 percent update to the conversion factor and reprocessing of claims. Other changes will be addressed through additional instructions if necessary.

B. Policy: The purpose of this instruction is to announce the change to the new 2006 MPFS rates and give guidance to contractors on reprocessing of those claims paid at the negative 4.4 percent rate. Contractors have already received the new physician fee schedule files (including MPFSDB, purchased diagnostic, anesthesia and FI abstract files) so that testing could be accomplished. These files were made available on January 4, 2006. Contractors will need to implement these files and begin processing claims within 2 business days of enactment. We will keep contractors advised regarding if and when the legislation is enacted.

NOTE: The new fees cannot be made public nor can claims be processed for services paid under the physician fee schedule at the new rate until the President signs the bill. CMS will notify contractors via an email notice when the bill is enacted.

Contractors shall note that services not paid under the physician fee schedule (e.g., DME, clinical lab, etc.) are not impacted by this CR.

II. BUSINESS REQUIREMENTS

"Shall" denotes a mandatory requirement

"Should" denotes an optional requirement

Requirement Number	Requirements	Responsibility ("X" indicates the columns that apply)								
		F I	R H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
						F I S S	M C S	V M S	C W F	
4313.1	Effective within 2 business days of enactment of the new legislation, contractors shall begin to process claims for services paid under the MPFS using the new payment files which were available on January 4, 2006. NOTE: CMS will notify contractors when the bill is signed by the President.	X	X	X						
4313.2	Effective within 2 business days of enactment of the new legislation, contractors shall begin to automatically reprocess those claims that were paid at the -4.4 percent update.	X	X	X						
4313.3	Contractors shall complete the reprocessing of those claims that were paid at the -4.4 percent update by July 1, 2006.	X	X	X						
4313.3.1	Contractors shall use the appropriate Medicare Summary Notices to beneficiaries and remittance advice messages to providers regarding adjustments.	X	X	X						
4313.3.2	Carriers shall reprocess claims based on the participation status that is in effect at the time of the adjustment.			X						
4313.3.3	Contractors shall process the adjusted claims in the most expeditious manner possible, i.e., express adjustments and/or mass adjustments.	X	X	X						

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		F I	R H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
						F I S S	M C S	V M S	C W F	
4313.3.4	Contractors shall follow their normal process in transmitting the reprocessed claims to all supplemental insurers, including Medicaid agencies and Medigap insurers that provide an eligibility file for claims crossovers purposes.	X	X	X						
4313.3.5	Contractors shall follow their normal process in transmitting the reprocessed claims to Medigap supplemental insurers for mandatory Medigap claims-based crossovers.	X	X	X						
4313 3.6	Carriers shall adjust if brought to their attention any claims originally paid at the -4.4 percent that cannot be handled through the normal mass adjustment process.			X						
4313.4	Carriers shall post the new 2006 MPFS fees on their web sites as soon as possible after the bill is signed by the President.			X						
4313.5	Contractors shall note that services not paid under the physician fee schedule (e.g., DME, clinical lab, etc.) are not impacted by this Change Request.	X		X						
4313.6	Carriers shall inform their customer service representatives (CSRs) about the change to the 2006 MPFS payment rates and that carriers will automatically adjust the claims that were paid at the -4.4 percent. CSRs need to be prepared to answer questions/inquiries from physicians and practitioners on these changes.			X						
4313.7	Carriers shall have hard copies of the new 2006 MPFS to mail to those physicians/practitioners who do not have ready Internet access. Carriers shall not charge these providers.			X						
4313.8	Carriers should charge a reasonable fee for mailing hard copies of the MPFS to those providers who do have ready Internet access but want a hard copy for convenience. Requests from physicians and practitioners for hard copies of the 2006 MPFS shall be handled as			X						

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)							
		F I	R H I	C a r r i e r	D M E R C	Shared System Maintainers			
F I S S	M C S					V M S	C W F		
	customer service matters and not a Freedom of Information Act (FOIA) requests. Requests from all other members of the public for any MPFS should continue to be processed as FOIA requests.								

III. PROVIDER EDUCATION

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)							
		F I	R H I	C a r r i e r	D M E R C	Shared System Maintainers			
F I S S	M C S					V M S	C W F		
4313.9	After the bill is signed by the President, a provider education article related to this instruction will be available at www.cms.hhs.gov/medlearn/matters shortly after the CR is released. You will receive notification of the article release via the established ‘medlearn matters’ listserv. Contractors shall post this article or a direct link to this article, on their Web site and include information about it in a listserv message within 1 week of the availability of the provider education article. In addition, the provider education article shall be included in your next regularly scheduled bulletin and incorporated into any educational events on this topic. Contractors are free to supplement Medlearn Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.	X		X					

IV. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

A. Other Instructions: N/A

X-Ref Requirement #	Instructions

B. Design Considerations: N/A

X-Ref Requirement #	Recommendation for Medicare System Requirements

C. Interfaces: N/A

D. Contractor Financial Reporting /Workload Impact: N/A

E. Dependencies: N/A

F. Testing Considerations: N/A

V. SCHEDULE, CONTACTS, AND FUNDING

<p>Effective Date*: January 1, 2006</p> <p>Implementation Date: 2 business days after enactment of the legislation.</p> <p>Pre-Implementation Contact(s): Patricia Gill for Part B claims processing issues at patricia.gill@cms.hhs.gov and Faith Ashby for Part A claims processing issues at faith.ashby@cms.hhs.gov</p> <p>Post-Implementation Contact(s): Appropriate Regional Office</p>	<p>Funding for implementation activities will be provided to contractors through the regular budget process.</p>
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