

<b>CMS Manual System</b>	<b>Department of Health &amp; Human Services (DHHS)</b>
<b>Pub 100-20 One-Time Notification</b>	<b>Centers for Medicare &amp; Medicaid Services (CMS)</b>
<b>Transmittal 389</b>	<b>Date: October 24, 2008</b>
	<b>Change Request 6212</b>

**SUBJECT: New 2008 Medicare Physician Fee Schedule (MPFS) Payment Rates Effective for Dates of Service July 1, 2008, Through December 31, 2008**

**I. SUMMARY OF CHANGES:** This instruction is the formal change request that explains what has already taken place under JSM/TDL No.08410 and 08382. CMS has directed contractors to revert back to the 0.5 percent payment files that were previously in place until June 30, 2008, (MPFS, purchased diagnostic, and anesthesia). Carriers/Part B MACs shall continue to use the same file as used for January 1 through June 30, 2008, to make payments to ambulatory surgical centers for July 1 through December 31, 2008. That file reflects continuation of the payment policy for brachytherapy services at carrier/Part B MAC-priced amounts and the prospective rates for other ASC services. In addition, CMS has provided contractors with new files containing revised fees for selected mental health codes that have an increase in their fee schedule amounts. The increase for the mental health codes is effective for dates of service on and after July 1, 2008.

**NEW / REVISED MATERIAL**

**EFFECTIVE DATE: JULY 1, 2008**

**IMPLEMENTATION DATE: October 24, 2008 (UNLESS OTHERWISE SPECIFIED BY THE INDIVIDUAL BUSINESS REQUIREMENT.)**

*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**

<b>R/N/D</b>	<b>CHAPTER / SECTION / SUBSECTION / TITLE</b>
N/A	

**III. FUNDING:**

**SECTION A: For Fiscal Intermediaries and Carriers:**

No additional funding will be provided by CMS; contractor activities are to be carried out within their operating budgets.

**SECTION B: For Medicare Administrative Contractors (MACs):**

The Medicare administrative contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the contracting officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the contracting officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

**IV. ATTACHMENTS:**

**One-Time Notification**

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

# Attachment – One-Time Notification

Pub. 100-20	Transmittal: 389	Date: October 24, 2008	Change Request: 6212
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**SUBJECT: New 2008 Medicare Physician Fee Schedule (MPFS) Payment Rates Effective for Dates of Service July 1, 2008, Through December 31, 2008.**

**Effective Date: July 1, 2008**

**Implementation Date: October 24, 2008 (Unless otherwise specified by the individual business requirement.)**

## **I. GENERAL INFORMATION**

**A. Background:** The Medicare Improvements for Patients and Providers Act of 2008 (MIPPA) was enacted on July 15, 2008. Therefore, the -10.6 percent MPFS that took effect on July 1, 2008, was changed back to the January-June 2008 rates which reflect an update of 0.5 percent. The new MPFS rates are retroactive to July 1, 2008. This instruction is the formal change request (CR) that explains what has already taken place under the Joint Signature Memoranda/Technical Direction Letters (JSM/TDL) (#08410 and 08382).

**B. Policy:** The Centers for Medicare & Medicaid Services (CMS) has directed contractors to revert back to the 0.5 percent payment files that were previously in place until June 30, 2008, (MPFS, purchased diagnostic, and anesthesia). In addition, consistent with the new legislation, carriers/Part B MACs are continuing to use the same file as used for January 1 through June 30, 2008, to make payments to ambulatory surgical centers (ASCs) for July 1 through December 31, 2008. That file reflects continuation of the payment policy for brachytherapy services at carrier/Part B MAC-priced amounts and the prospective rates for other ASC services. A separate FI/Part A MAC instruction on brachytherapy will be forthcoming. FIs/Part A MACs have reverted back to the abstract files (RV3) that were in effect from January 1, 2008 – June 30, 2008.

In addition, based on the new legislation, CMS has provided contractors with new files containing revised fees for selected mental health codes that have an increase in their fee schedule amounts. The filenames were made available for downloading on July 16, 2008. The effective date for the increase for the mental health codes is for dates of service on and after July 1, 2008. Contractors have already loaded these files into their systems as directed in JSM/TDL 08410.

On June 30, 2008, CMS instructed contractors to hold claims for 10 business days, beginning July 1. Beginning on July 16, 2008, contractors began releasing those claims for processing on a 'rolling hold' basis and paid at the -10.6 percent rates that were implemented with Transmittal 1528, CR 6087 (i.e., the routine July MPFS quarterly update). This means that on the eleventh business day (July 16, 2008), the held claims from day one (July 1) were released for processing while contractors continued to hold any new incoming claims that contained services to be paid under the MPFS. On the twelfth day (July 17), the claims held from day two were released and any new incoming MPFS claims continued to be held, and so on. Contractors continued to follow this direction while loading the 0.5 percent fees back in the system. Until that was completed, contractors continued to pay MPFS claims at the -10.6 percent rate under the rolling hold. After the contractors loaded the 0.5 percent rates in the system, they immediately began processing claims at the new rates.

Contractors released the claims that had been on hold at a rate of one day of held claims per one day of processing. In other words, each day of processing included 2 days of work, one for regular processing and one for a day of backlogged claims. Thus, all 10 days worth of backlogged claims were processed in 10 business days.

After contractors began paying claims at the new rates, they began identifying any MPFS claims that were paid at the -10.6 percent rate for dates of service on and after July 1, 2008. Contractors have already begun the process of automatically adjusting those claims as soon as possible, and must complete the adjustments no later than September 30, 2008. There will be some claims that cannot be automatically adjusted. The CMS and contractors will educate providers to contact their local contractor for guidance on obtaining an adjustment for those claims. Contractors are following the normal process for transmitting the adjusted claims to supplemental insurers, where appropriate.

Contractors disclosed the new MPFS rates on their Web sites by July 23, 2008, and have removed the -10.6 percent MPFS rates from the Web site.

The following business requirements reflect the changes already made by contractors as directed in JSM/TDL 08410 and 08382.

**II. BUSINESS REQUIREMENTS TABLE**  
*Use "Shall" to denote a mandatory requirement*

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B	D M E	F I	C A R R I E R	R H I	Shared-System Maintainers				OTHER
							F I S S	M C S	V M S	C W F	
6212.1	Contractors shall revert back to the 0.5 percent MPFS update rate that was previously in place until June 30, 2008, (MPFS, purchased diagnostic, and anesthesia).	X		X	X	X	X	X			
6212.2	Contractors shall continue to use the same file as used for January 1 through June 30, 2008, to make payments to ambulatory surgical centers (ASCs) for July 1 through December 31, 2008.	X			X						
6212.3	FIs/Part A MACs shall revert back to the abstract files (with "RV3" filenames) that were in effect from January 1, 2008 – June 30, 2008.	X		X			X				
6212.4	Contractors shall load new files reflecting a fee increase that is effective for dates of service on and after July 1, 2008, for a selected set of mental health codes.  <b>NOTE:</b> The mental health code files were made available for downloading on July 16, 2008.	X		X	X	X	X	X			
6212.5	On June 30, 2008, (via JSM/TDL 08382) CMS instructed contractors to hold claims for 10 business days that would have been paid at the -10.6 percent MPFS rate beginning July 1, 2008. Beginning July 16, 2008, contractors shall start releasing those claims for processing on a "rolling hold" basis and paid at the -10.6 percent rates that were implemented with Transmittala 1528, CR 6087.	X		X	X	X	X	X			

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B  M A C	D M E  M A C	F I  I E R	C A R R I E R	R H I  I S S	Shared-System Maintainers				OTHER
							F I S S	M C S	V M S	C W F	
	<p><b>NOTE:</b> A "rolling hold" means that on the eleventh business day (July 16, 2008), the held claims from day one (July 1) are released for processing while contractors continue to hold any new incoming claims that contained services to be paid under the MPFS. On the twelfth day (July 17), the claims held from day two are released and any new incoming MPFS claims continue to be held, and so on.</p>										
6212.6	Contractors shall to continue to perform the "rolling hold" while loading the 0.5 percent fees back into their system.	X		X	X						
6212.6.1	Contractors shall continue to pay MPFS claims at the -10.6 percent rate under the rolling hold until the time they have the 0.5 percent fees back into their system.	X		X	X						
6212.7	Contractors shall immediately begin processing claims at the new rates after they have loaded the 0.5 percent rates into their system.	X		X	X						
6212.8	Contractors shall release the claims that have been on hold at a rate of one day of held claims per one day of processing.  <b>NOTE:</b> Each day of processing will include 2 days of work, one for regular processing and one for a day of backlogged claims. Thus, all 10 days worth of backlogged claims would be processed in 10 business days.	X		X	X						
6212.9	Once claims start being paid at the 0.5 percent rates, contractors shall begin to identify any MPFS claims that were paid at the -10.6 percent rate for dates of service on and after July 1, 2008.	X		X	X						
6212.9.1	Contractors shall begin the process of automatically adjusting claims paid at the -10.6 percent rate as soon as possible.	X		X	X						
6212.9.2	Contractors shall complete the adjustments no later than September 30, 2008.	X		X	X						
6212.10	Contractors shall follow the normal process for transmitting the adjusted claims to supplemental insurers, where appropriate.	X		X	X						
6212.11	Contractors that are able to load the 0.5 percent fees into their system prior to releasing claims for payment at the -10.6 percent rate shall do so, thus	X		X	X						

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B	D M E	F I	C A R R I E R	R H I	Shared-System Maintainers				OTHER
							F I S S	M C S	V M S	C W F	
	avoiding the need for automatic adjustments.										
6212.11.1	Contractors that have no claims to reprocess shall inform their provider community that they did not have to pay any claims at the -10.6 percent rate and therefore, no adjustments are necessary.	X		X	X						
6212.12	Contractors do not need to search for claims that cannot be automatically adjusted because the submitted charge was less than the new fee amount, but shall adjust such claims that are brought to their attention.  <b>NOTE:</b> This applies to any services paid from the MPFS that had a fee change due to the MIPPA of 2008, which includes the new allowances for select mental health codes.	X		X	X						
6212.13	Contractors shall disclose the new MPFS rates on their Web sites no later than July 23, 2008 and remove the -10.6 percent MPFS rates from their Web sites as soon as possible.	X		X	X						

### III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B	D M E	F I	C A R R I E R	R H I	Shared-System Maintainers				OTHER
							F I S S	M C S	V M S	C W F	
6212.14	A provider education article related to this instruction will be available at <a href="http://www.cms.hhs.gov/MLNMattersArticles/">http://www.cms.hhs.gov/MLNMattersArticles/</a> shortly after the CR is released. You will receive notification of the article release via the established "MLN 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 one week of the availability of the provider education article. In addition, the provider education article shall be included in your next regularly scheduled bulletin.	X		X	X						

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B  M A C	D M E  M A C	F I    	C A R R I E R	R H H I	Shared-System Maintainers				OTHER
						F I S S	M C S	V M S	C W F		
	Contractors are free to supplement MLN Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.										

#### IV. SUPPORTING INFORMATION

**Section A: For any recommendations and supporting information associated with listed requirements, use the box below:**

*Use "Should" to denote a recommendation.*

X-Ref Requirement Number	Recommendations or other supporting information:

**Section B: For all other recommendations and supporting information, use this space:**

#### V. CONTACTS

**Pre-Implementation Contact(s):** For Part B issues, contact Kathy Kersell at 410-786-2033, or via e-mail at [kathleen.kersell@cms.hhs.gov](mailto:kathleen.kersell@cms.hhs.gov)

For Part A issues, contact Wil Gehne at 410-786-6148, or via e-mail at [Wilfried.gehne@cms.hhs.gov](mailto:Wilfried.gehne@cms.hhs.gov)

**Post-Implementation Contact(s):** Appropriate regional offices and/or the appropriate project officer.

#### VI. FUNDING

**Section A: For Fiscal Intermediaries (FIs), Carriers, and Regional Home Health Intermediaries (RHHIs):**

No additional funding will be provided by CMS; contractor activities are to be carried out within their operating budgets.

**Section B: For Medicare Administrative Contractors (MACs):**

The Medicare administrative contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the contracting officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the contracting officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.