CMS Manual System	**Department of Health & Human Services (DHHS)**
Pub 100-04 Medicare Claims Processing	**Centers for Medicare & Medicaid Services (CMS)**
Transmittal 3423	**Date: December 18, 2015**
	Change Request 9476

SUBJECT: Summary of Policies in the Calendar Year (CY) 2016 Medicare Physician Fee Schedule (MPFS) Final Rule and Telehealth Originating Site Facility Fee Payment Amount

I. SUMMARY OF CHANGES: This Change Request (CR) provides a summary of the policies in the CY 2016 Medicare Physician Fee Schedule (MPFS) Final Rule and announces the Telehealth Originating Site Facility Fee payment amount. The attached Recurring Update Notification applies to Publication 100-04, Chapter 12, Section 190.6.

EFFECTIVE DATE: January 1, 2016
**Unless otherwise specified, the effective date is the date of service.*
IMPLEMENTATION DATE: January 4, 2016

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
N/A	

III. FUNDING:
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:
Recurring Update Notification

Attachment - Recurring Update Notification

Pub. 100-04	Transmittal: 3423	Date: December 18, 2015	Change Request: 9476

SUBJECT: Summary of Policies in the Calendar Year (CY) 2016 Medicare Physician Fee Schedule (MPFS) Final Rule and Telehealth Originating Site Facility Fee Payment Amount

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I. GENERAL INFORMATION

A. Background: The purpose of this Change Request is to provide a summary of the policies in the CY 2016 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 October 30, 2015, 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 2016.

The final rule also addresses public comments on Medicare payment policies proposed earlier this year. The proposed rule "Revisions to Payment Policies under the Physician Fee Schedule and Other Revisions to Part B for CY 2016" was published in the Federal Register on July 15, 2015.

The final rule also addresses interim final values established in the CY 2015 MPFS final rule with comment period. The final rule assigns interim final values for new, revised, and potentially misvalued codes for CY 2016 and requests comments on these values. CMS will accept comments on those items open to comment in the final rule with comment period until December 29, 2015.

B. Policy: This Change Request provides a summary of the payment polices under the Medicare Physician Fee Schedule (PFS) and makes other policy changes related to Medicare Part B payment. These changes are applicable to services furnished in CY 2016.

Regulation number CMS-1631-FC, Medicare Program: Revisions to Payment Policies under the Physician Fee Schedule and Other Revisions to Part B for CY 2016, went on display October 30, 2015. This Change Request provides a summary of the payment polices under the Medicare Physician Fee Schedule (PFS) and makes other policy changes related to Medicare Part B payment. These changes are applicable to services furnished in CY 2016.

Sustainable growth rate

The Medicare Access and CHIP Reauthorization Act of 2015 (Pub. L. 114-10, enacted on April 16, 2015) (MACRA) repealed the Medicare sustainable growth rate (SGR) update formula for payments under the Medicare physician fee schedule (MPFS).

Access to telehealth services

CMS is adding the following services to the list of services that can be furnished to Medicare beneficiaries under the telehealth benefit: Prolonged service inpatient CPT codes 99356 and 99357 and ESRD-related services 90963 through 90966. The prolonged service codes can only be billed in conjunction with subsequent hospital and subsequent nursing facility codes. Limits of one subsequent hospital visit every three days, and one subsequent nursing facility visit every 30 days, would continue to apply when the services are furnished as telehealth services. For the ESRD-related services, the required clinical

examination of the catheter access site must be furnished face-to-face “hands on” (without the use of an interactive telecommunications system) by a physician, CNS, NP, or PA. For the complete list of telehealth services, visit: http://www.cms.gov/Medicare/Medicare-General-Information/Telehealth/index.html.

Certified Registered Nurse Anesthetists (CRNAs) initially were omitted from the list of distant site practitioners for telehealth services in the regulation because we did not believe these practitioners would furnish any of the service on the list of Medicare telehealth services. However, CRNAs in some states are licensed to furnish certain services on the telehealth list, including evaluation and management services. Therefore, we revised the regulation at §410.78(b)(2) to include a CRNA, as described under §410.69, to the list of distant site practitioners who can furnish services via telehealth when all other payment conditions are met. (See CR 9428 for more information.)

Telehealth origination 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 2016 is 1.1 percent. Therefore, for CY 2016, the payment amount for HCPCS code Q3014 (Telehealth originating site facility fee) is 80 percent of the lesser of the actual charge, or $25.10. (The beneficiary is responsible for any unmet deductible amount and Medicare coinsurance.)

Incomplete colonoscopies

The method for calculating the payment for incomplete colonoscopies has been revised for 2016. New payment rates will apply when modifier 53 (discontinued procedure) is appended to codes 44388, 45378, G0105, and G0121. (See CR 9317 for more information.)

Advance Care Planning, and with an AWV

Advance Care Planning (ACP) services are separately payable under the Medicare Physician Fee Schedule in 2016 (deductible and coinsurance apply). When voluntary ACP services are furnished as part of an Annual Wellness Visit, the deductible and coinsurance would not be applied for ACP. (See CR 9271 for more information.)

Portable X-ray Transportation Fee

Revision to the Medicare Claims Processing Manual (Pub. 100-4, Chapter13, Section 90.3) to remove the word “Medicare” before “patient” in section 90.3. Also, guidance for the billing of the transportation fee of portable X-ray suppliers has been clarified. When more than one patient is X-rayed at the same location, the single transportation payment under the Physician Fee Schedule is to be prorated among all patients (Medicare Parts A and B, and non-Medicare) receiving portable X-ray services during that trip, regardless of their insurance status. (See CR 9354 for more information.)

“Incident to” policy

We finalized the changes to our regulation at § 410.26(a)(1) without modification, and the change to the regulation at § 410.26(b)(5) with a clarifying modification. Specifically, we are amending the definition of the term, “auxiliary personnel” at § 410.26(a)(1) that are permitted to provide “incident to” services to exclude individuals who have been excluded from the Medicare program or have had their Medicare enrollment revoked. Additionally, we are amending § 410.26(b)(5) by revising the final sentence to make clear that the physician (or other practitioner) directly supervising the auxiliary personnel need not be the same physician (or other practitioner) that is treating the patient more broadly, and adding a sentence to specify that only the physician (or other practitioner) that supervises the auxiliary personnel that provide

incident to services may bill Medicare Part B for those incident to services.

Establishing Values for New, Revised, and Misvalued Codes

The list of codes with changes for CY 2016 included under this definition of "adjustments to RVUs for misvalued codes" is available on the CMS Web site under downloads for the CY 2016 PFS final rule with comment period at *http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/PhysicianFeeSched/PFS-Federal-Regulation-Notices.html*.

Target for Relative Value Adjustments for Misvalued Services

Section 220(d) of the Protecting Access to Medicare Act of 2014 (PAMA) (Pub. L. 113-93, enacted on April 1, 2014) added a new subparagraph at section 1848(c)(2)(O) of the Act to establish an annual target for reductions in PFS expenditures resulting from adjustments to relative values of misvalued codes. Under section 1848(c)(2)(O)(ii) of the Act, if the estimated net reduction in expenditures for a year as a result of adjustments to the relative values for misvalued codes is equal to or greater than the target for that year, reduced expenditures attributable to such adjustments shall be redistributed in a budget-neutral manner within the PFS in accordance with the existing budget neutrality requirement under section 1848(c)(2)(B)(ii)(II) of the Act. The provision also specifies that the amount by which such reduced expenditures exceeds the target for a given year shall be treated as a net reduction in expenditures for the succeeding year, for purposes of determining whether the target has been met for that subsequent year. Section 1848(c)(2)(O)(iv) of the Act defines a target recapture amount as the difference between the target for the year and the estimated net reduction in expenditures under the PFS resulting from adjustments to RVUs for misvalued codes. Section 1848(c)(2)(O)(iii) of the Act specifies that, if the estimated net reduction in PFS expenditures for the year is less than the target for the year, an amount equal to the target recapture amount shall not be taken into account when applying the budget neutrality requirements specified in section 1848(c)(2)(B)(ii)(II) of the Act. Section 220(d) of the PAMA applies to calendar years (CYs) 2017 through 2020 and sets the target under section 1848(c)(2)(O)(v) of the Act at 0.5 percent of the estimated amount of expenditures under the PFS for each of those 4 years.

Section 202 of the Achieving a Better Life Experience Act of 2014 (ABLE) (Division B of Pub. L. 113-295, enacted December 19, 2014) amended section 1848(c)(2)(O) of the Act to accelerate the application of the PFS expenditure reduction target to CYs 2016, 2017, and 2018, and to set a 1 percent target for CY 2016 and 0.5 percent for CYs 2017 and 2018. As a result of these provisions, if the estimated net reduction for a given year is less than the target for that year, payments under the fee schedule will be reduced.

In the CY 2016 PFS proposed rule, we proposed a methodology to implement this statutory provision in a manner consistent with the broader statutory construct of the PFS. We finalized the policy to calculate the net reduction using the simpler method as proposed. We estimate the CY 2016 net reduction in expenditures resulting from adjustments to relative values of misvalued codes to be 0.23 percent. Since this does not meet the 1 percent target established by the Achieving a Better Life Experience Act of 2014 (ABLE), payments under the fee schedule must be reduced by the difference between the target for the year and the estimated net reduction in expenditures (the "Target Recapture Amount"). As a result, we estimate that the CY 2016 Target Recapture Amount will produce a reduction to the CF of -0.77 percent.

II. BUSINESS REQUIREMENTS TABLE

"Shall" denotes a mandatory requirement, and "should" denotes an optional requirement.

Number	Requirement	Responsibility			
		A/B MAC	D M E	Shared-System Maintainers	Other

		A	B	HHH	MAC	FISS	MCS	VMS	CWF	
9476.1	Effective for dates of service January 1, 2016, and after Medicare contractors shall pay for the Medicare telehealth originating site facility fee as 80 percent of, the lesser of the actual charge or $25.10, as described by HCPCS code Q3014 "Telehealth facility fee."	X	X	X						
9476.2	Contractors shall use the list of telehealth services found on the CMS web site at http://www.cms.gov/Medicare/Medicare-General-Information/Telehealth/index.html.	X	X							
9476.3	Contractors shall be aware of the policies published in the Medicare Physician Fee Schedule Final Rule (Regulation number CMS-1631-FC, Medicare Program: Revisions to Payment Policies under the Physician Fee Schedule and Other Revisions to Part B for CY 2016), which are summarized with this Change Request and apply those policies as appropriate.	X	X	X						

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
		A/B MAC			DME MAC	CEDI
		A	B	HHH		
9476.4	MLN Article: A provider education article related to this instruction will be available at http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/ 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 sites and include information about it in a listserv message within 5 business days after receipt of the notification from CMS announcing the availability of the article. In addition, the provider education article shall be included in the contractor's next regularly scheduled bulletin. 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.	X	X	X		

IV. SUPPORTING INFORMATION

Section A: Recommendations and supporting information associated with listed requirements: N/A

"Should" denotes a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:

Section B: All other recommendations and supporting information: N/A

V. CONTACTS

Pre-Implementation Contact(s): Kathleen Kersell, 410-786-2033 or kathleen.kersell@cms.hhs.gov

Post-Implementation Contact(s): Contact your Contracting Officer's Representative (COR).

VI. FUNDING

Section A: 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.

ATTACHMENTS: 0