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## Office of the Medical Director Update

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FL Medicare A & B

FL Carrier Advisory Committee  
November 12, 2005

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## Agenda

- Announcements
  - ◆ CAC dates
  - ◆ New Procedure Codes for 2006
- Appeals process
- Highlights MPFS Final Rule
- Infusion Fraud and Abuse
- Q&A, open microphone

## CAC 2006

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- February 11, 2006
  - ◆ Same venue
- June 3, 2006
- October 14, 2006
  - ◆ Hurricane season
  
- Attendance, Network

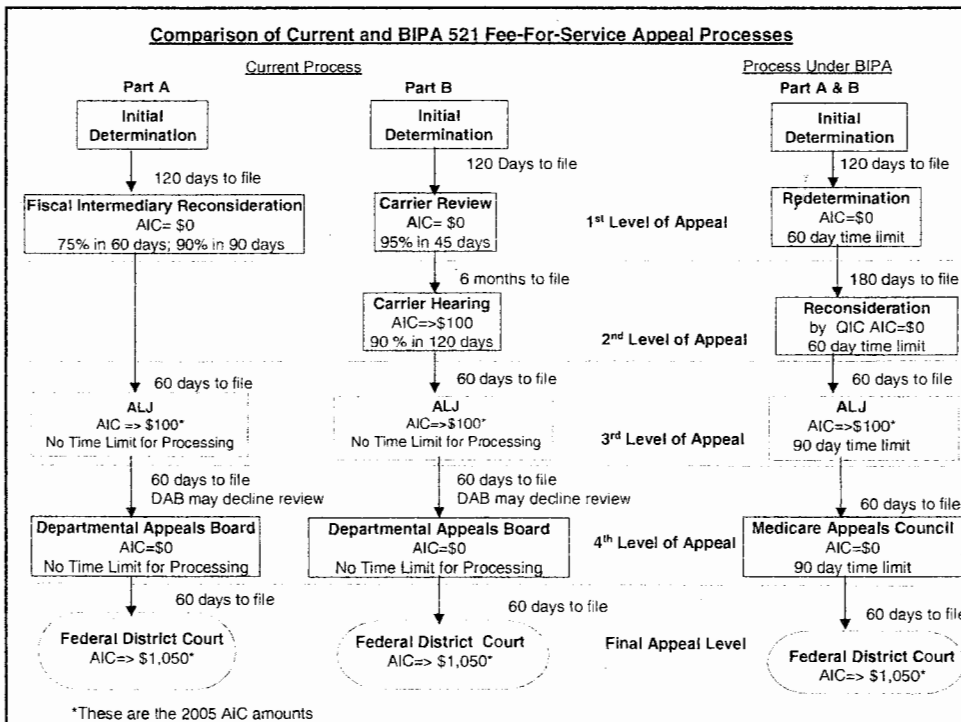
## New Procedure Codes 2006

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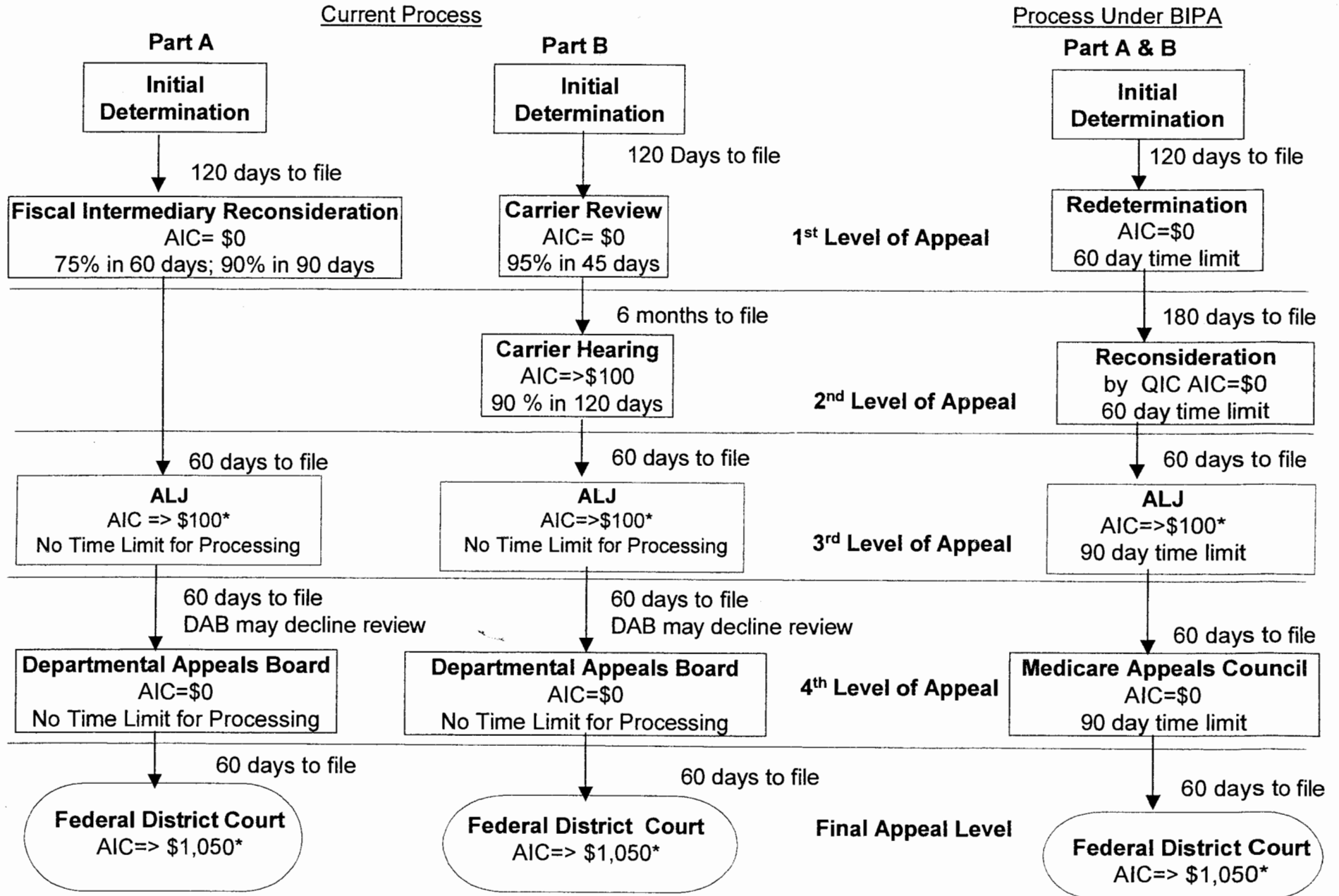
- ◆ AMA cpt, 2006
- ◆ Category I codes and HCPCS codes generally effective January 1
  
- ◆ Category II (performance measurement) – CMS currently opted for voluntary program using HCPCS G codes (MM 4183)
  
- ◆ Category III (emerging technology)

# New Medicare Claims Appeal Process

- Implements requirements established by BIPA and MMA
- No distinction between Part A and Part B appeals
- Highlights
  - ◆ See outline- (1) Initial determination and redetermination (FCSO)
  - ◆ (2) Reconsideration (QIC), (3) ALJ, etc.



## Comparison of Current and BIPA 521 Fee-For-Service Appeal Processes



\*These are the 2005 AIC amounts

## **New Medicare Claims Appeal Process**

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- All evidence must be submitted at the reconsideration level or sooner, absent good cause for late filing of evidence
- Medical necessity denials will be reconsidered by a panel of “physicians or other appropriate health care professionals”

## **New Medicare Claims Appeal Process**

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- Beneficiaries, providers, participating suppliers, and non-participating suppliers who accept assignment of an individual claim have standing to appeal.
- Beneficiaries can assign their appeal rights to a provider or supplier.
- With few exceptions, a party may appoint anyone to act as their representative

## 2006 Medicare Physician Fee Schedule (MPFS) Final Rule

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- By law annual updates to the physician fee schedule are determined according to a formula
- CMS estimates a 4.4% reduction in payments
- Equates to a conversion factor of \$36.1770.

## MPFS Final Rule

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- Payment for outpatient drugs
  - ◆ ASP payment methodology
  - ◆ IVIG- a temporary new code for infusion (G0332)
- Chemo Demonstration Project extended with modifications (level 2-5 E/M, 13 cancers, \$23)
- CAP major refinements (initial exclusion of CAP drugs from ASP calculation)

## MPFS Final Rule

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- **Drug administration G codes replaced with 2006 CPT codes**
- **Voluntary Quality Reporting for Physicians**
- **Payment for ESRD services**
  - ◆ **ASP pricing for billable drugs**
  - ◆ **Drug add-on to Composite rate (\$14.7%)**
  - ◆ **Case-Mix Adjusted Prospective Payment, Demonstration, Exceptions**

## MPFS Final Rule

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- **Multiple Procedure Reduction for Diagnostic Services**
  - ◆ **TC of 11 families of dx imaging services which include contiguous body areas**
  - ◆ **Phase in – 2006 (25% reduction for each additional procedure); 2007 (50%)**

## MPFS Final Rule

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- **Technical changes**
  - ◆ **Practice expense RVU**
    - ✦ used 2005 RVUs for all services given error in proposed rule calculations
    - ✦ CMS plans CY 2007 change in methodology
  - ◆ **Malpractice RVU changes- minimal impact on payment**

## MPFS Final Rule

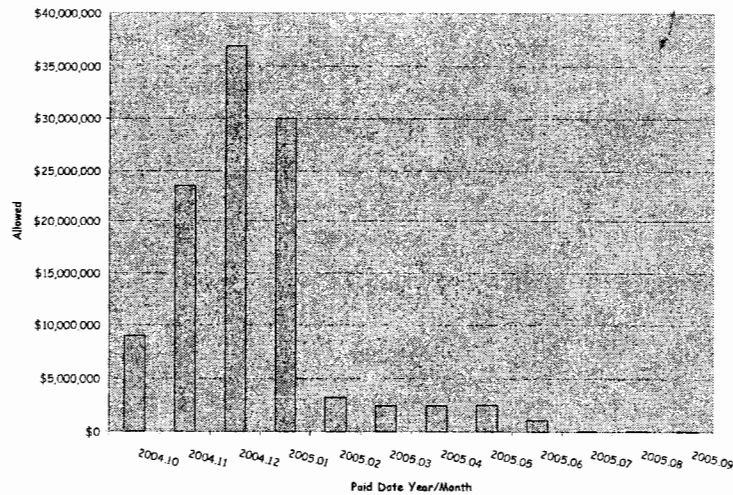
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- **Other provisions**
    - ◆ **Specific timeframes for NCD process**
    - **\$1,740 Therapy Cap starting January 1, 2006**
      - ◆ includes "physical therapy" services provided by chiropractors under the four-state demonstration project as services billed by physicians subject to the physical therapy cap
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- **2006 Part B premium \$88.50 (78.20) / deductible \$124 (110)**

## Infusion Fraud and Abuse

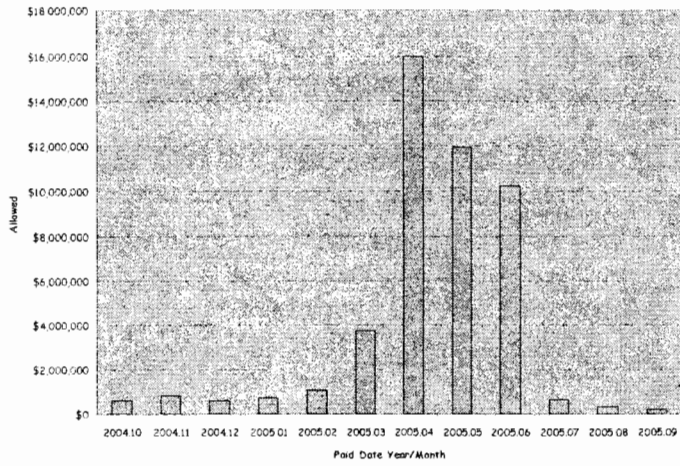
- \$ Billion dollar problem
- Pay and chase not been effective
- CMS, FCSO and EDS/IntegriGuard are partnering with Law Enforcement, the Governor's Office, Department of Health and ACHA
- Number of initiatives
  - ◆ claims impact
  - ◆ policy implications- ? Next generation LCD

J0800 Corticotropin up to 40 Units



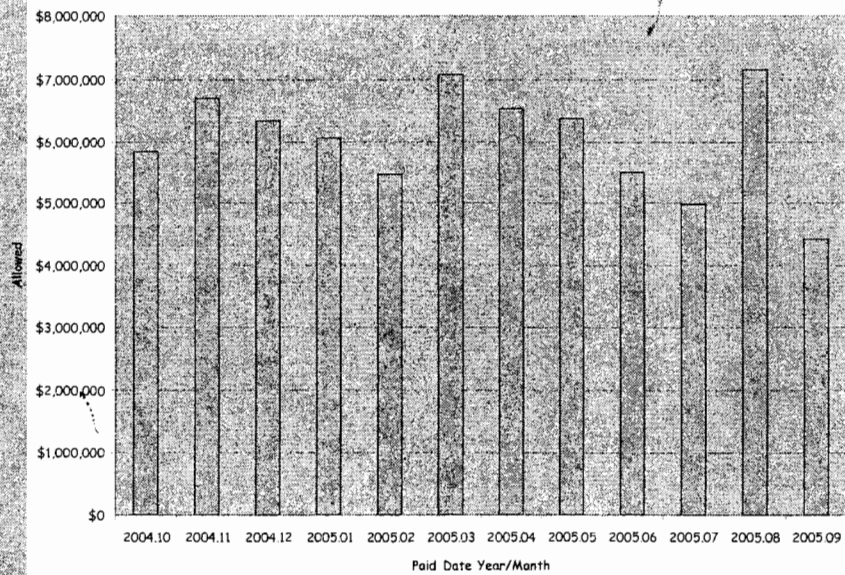
First Coast  
Service  
Options, Inc.

J1785 Inglucerase, Per Unit



First Coast  
Service  
Options, Inc.

J0880 Darbepotin Alfa, 5 mcg



## Infusion Fraud and Abuse

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- **November 2005 Report (CERT-  
Comprehensive Error Rate Testing)**
  - ◆ Claims sampled from CY 2004
- **2005 FL Carrier Rate: 11.9%**
  - ◆ 10.7% in 2004
  - ◆ 2005 National Average Rate: 6.4%
  - ◆ (7.9% in 2005 except for fraud claim)

## Infusion Fraud and Abuse

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- **2005 CT Carrier Rate: 5.8%**
  - ◆ 8.2% in 2004
  - ◆ 2005 National Average Rate: 6.4%
- **2005 FL FI Rate: 5.4%**
  - ◆ 23.1% in 2004
  - ◆ 'No documentation submitted' was improved
  - ◆ 2005 National Average Rate: 3.4%